



CARBON COUNTY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

To the County Commissioners
Carbon County, Wyoming
Rawlins, Wyoming

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carbon County, Wyoming, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Carbon County, Wyoming's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Carbon County, Wyoming, as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 34 through 36 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. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Madee Tschacher Peterson + Co, LLC

Laramie, Wyoming
February 25, 2013

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

As management of the Carbon County, we offer readers of the Carbon County financial statements this narrative overview and analysis of the financial activities of the Carbon County for the fiscal year ended June 30, 2012.

Financial Highlights

- \$ The assets of Carbon County exceeded its liabilities at the close of the most recent fiscal year by \$63,486,054 (*net assets*). Of this amount, \$12,210,320 (*undesignated net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- \$ At the end of the current fiscal year, the Carbon County general fund reported \$4,976,206 *available for spending* at the government's discretion (*unreserved fund balance*) and \$5,631,201 reserved for future funding requirements.
- \$ Last fiscal year (FY 2010-2011) the County received \$10,731,006 in property taxes. For the fiscal year ending of June 30, 2012 the County received \$12,773,643 in property taxes noting a increase of \$2,042,637. Overall, total revenues increased \$2,269,870.
- \$ The county's valuation for the fiscal year ending June 30, 2012 increased to \$915,134,660 from the fiscal year ending June 30, 2011 of \$764,194,959, an increase of \$150,939,701. The increase is mainly due to the increase in production tax of the mineral industry.

Overview of the Financial Statements

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

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

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

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

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

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

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

The government-wide financial statement can be found on pages 9 and 10 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Carbon County own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

The basic fiduciary funds financial statements can be found on pages 15 and 16 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 33 of this report.

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

Government-wide Financial Analysis

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

Carbon County's Net Assets

	Governmental Activities		Fiduciary-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other assets	\$ 14,028,802	\$ 14,893,824	\$ 9,576,875	\$ 7,556,787	\$ 23,605,677	\$ 22,450,611
Capital assets	54,258,695	56,107,196	-	-	54,258,695	56,107,196
Total assets	68,287,497	71,001,020	9,576,875	7,556,787	77,864,372	78,557,807
Long-term liabilities outstanding	2,523,421	3,333,242	-	-	2,523,421	3,333,242
Other liabilities	2,278,022	1,684,809	8,809,528	6,818,479	11,087,550	8,503,288
Total liabilities	4,801,443	5,018,051	8,809,528	6,818,479	13,610,971	11,836,530
Net assets:						
Invested in capital assets, net of related debt	50,920,489	51,998,656	-	-	50,920,489	51,998,656
Restricted	355,245	831,420	767,347	738,308	1,122,592	1,569,728
Unrestricted	12,210,320	13,152,893	-	-	12,210,320	13,152,893
Total net assets	\$ 63,486,054	\$ 65,982,969	\$ 767,347	\$ 738,308	\$ 64,253,401	\$ 66,721,277

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$64,253,401 at the close of the most recent fiscal year. By far the largest portion of the County's net assets reflects its net investment of \$50,920,489 in capital assets (for example, land, buildings, infrastructure,

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

machinery and equipment), net of related debt used to acquire those assets and that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County investment in its capital assets is reported net of related debt it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net assets in all County funds of \$12,210,320 may be used to meet the government's ongoing obligations to citizens and creditors. Specific expenditure restrictions apply to specific revenue funds and to much of the capital project funds.

At June 30, 2012, the County is able to report positive balances in both categories of net assets for the government as a whole and fiduciary.

Carbon County Changes in Net Income

	Governmental Activities		Fiduciary-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues						
Charges for Services	\$ 1,815,287	\$ 3,313,037	\$ -	\$ -	\$ 1,815,287	\$ 3,313,037
Operating grants and contributions	3,027,775	3,400,343	76,765	213,724	3,104,540	3,614,067
General Revenues:						
Property Taxes	12,773,643	10,731,006	-	-	12,773,643	10,731,006
Sales Taxes	2,117,064	1,990,545			2,117,064	1,990,545
Other Taxes	830,170	917,868	-	-	830,170	917,868
Payment in Lieu of taxes	1,201,747	1,137,320	-	-	1,201,747	1,137,320
Other Revenues	547,284	423,298	-	-	547,284	423,298
Total revenues	22,312,970	21,913,417	76,765	213,724	22,389,735	22,127,141

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Expenses:						
General government	9,604,927	8,895,268	-	-	9,604,927	8,895,268
Public Safety	4,365,331	4,444,918	-	-	4,365,331	4,444,918
Public Works	3,551,478	3,745,350	-	-	3,551,478	3,745,350
Health, welfare and recreation	1,012,719	1,124,580	-	-	1,012,719	1,124,580
Non-departmental	4,647,945	4,452,166			4,647,945	4,452,166
Interest on long term debt	162,293	222,643	-	-	162,293	222,643
Admin fees	-	-	2,492	2,187	2,492	2,187
Participant withdrawl	-	-	45,234	33,394	45,234	33,394
Total expenses	23,344,693	22,884,925	47,726	35,581	23,392,419	22,920,506
Total general revenues:	22,312,970	21,913,417	76,765	213,724	22,389,735	22,127,141
Changes in net assets	(1,031,723)	(971,508)	29,039	178,143	(1,002,684)	(793,365)
Net assets - beginning (restated)	64,517,777	66,954,477	738,308	560,165	65,256,085	67,514,642
Net assets - ending	\$ 63,486,054	\$ 65,982,969	\$ 767,347	\$ 738,308	\$ 64,253,401	\$ 66,721,277

Analysis of Changes in Net Assets

The County's net assets decreased \$1,002,684 (FY 2010-2011 amount was \$66,721,277 as compared to our current year-end amount of \$63,253,401) during the current fiscal year.

Budgetary Highlights

The significant highlight of the fiscal year 2011-2012 was the large increase in assessed valuation explained above which obviously resulted in a increase in property tax collections.

Capital Assets and Debt Administration

Capital asset and debt administration are discussed in Notes to Financial Statements 4 and 5 to the financial statement in detail. A summary follows:

Capital Assets	Governmental Activities
Land & construction in progress	\$ 2,099,347
Capital assets being depreciated	103,763,102
Accumulated depreciation	(51,603,754)
Net capital assets	<u>\$ 54,258,695</u>
Long term debt	<u>\$ 2,523,421</u>

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Economic Factors and Next Year's Budget

The County's valuation decreased in FY 2011-2012 to FY 2012-2013 by over \$37 million due to the decrease in gas and oil prices. The local assessed increased \$17 million while the state assessed decreased over \$55 million. The budget decrease was offset by the fact that PILT and sales tax revenues increased as well as a larger cash carryover. Due to the overall decrease, county departments were asked to cut budget requests back to the FY11-12 levels and additional cuts were realized from there.

Requests for Information

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

CARBON COUNTY, WYOMING

STATEMENT OF NET ASSETS

June 30, 2012

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 5,556,067
Investments	7,750,290
Receivables:	
Taxes	112,565
Accounts	71,352
Other	22,185
Due from other governments	121,250
Prepaid expenses	206,226
Inventories	188,867

NONCURRENT ASSETS

Land	2,099,347
Infrastructure	48,362,383
Buildings and improvements	39,837,098
Equipment	15,563,621
Less: accumulated depreciation	<u>(51,603,754)</u>
Net capital assets	<u>54,258,695</u>
Total Assets	<u><u>\$ 68,287,497</u></u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 996,208
Accrued compensated absences	412,716
Deferred revenue	34,923
Accrued interest payable	19,389

NONCURRENT LIABILITIES

Due within one year	814,786
Due in more than one year	<u>2,523,421</u>
Total Liabilities	<u>4,801,443</u>

NET ASSETS

Invested in capital assets, net of related debt	50,920,489
Restricted	355,245
Unrestricted	<u>12,210,320</u>
Total Net Assets	<u><u>\$ 63,486,054</u></u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
Functions/Programs				
Governmental activities				
General government	\$ 9,604,927	\$ 1,588,734	\$ 438,236	\$ (7,577,957)
Public safety	4,365,331	133,972	530,087	(3,701,272)
Highways and streets	3,551,478	2,189	950,169	(2,599,120)
Health and welfare	1,012,719	90,392	699,811	(222,516)
Culture and recreation	2,093,779	-	409,472	(1,684,307)
Interest	162,293	-	-	(162,293)
Depreciation - unallocated	2,554,166	-	-	(2,554,166)
Total governmental activities	23,344,693	1,815,287	3,027,775	(18,501,631)
General Revenues				
Property taxes				12,773,643
Sales taxes				2,117,064
Other taxes				830,170
Interest and investment revenue				214,229
Other				333,055
Payment in lieu of taxes				1,201,747
Total general revenues				17,469,908
Change in net assets				(1,031,723)
Net assets - beginning of year (as restated)				64,517,777
Net assets - end of year				\$ 63,486,054

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2012

	General Fund	Nonmajor - Special Revenue Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and temporary investments	\$ 3,683,797	\$ 1,872,270	\$ 5,556,067
Investments	7,602,629	147,661	7,750,290
Receivables:			
Accounts receivable	-	71,352	71,352
Taxes	54,219	6,988	61,207
Interest	22,185	-	22,185
Due from other governments	121,250	-	121,250
Prepaid expenses	206,226	-	206,226
Inventory	<u>-</u>	<u>192,949</u>	<u>192,949</u>
Total Assets	<u>\$ 11,690,306</u>	<u>\$ 2,291,220</u>	<u>\$ 13,981,526</u>
LIABILITIES			
Accounts payable	\$ 946,434	\$ 49,772	\$ 996,206
Deferred revenue	34,923	-	34,923
Accrued compensated absences	<u>101,542</u>	<u>13,804</u>	<u>115,346</u>
Total Liabilities	<u>1,082,899</u>	<u>63,576</u>	<u>1,146,475</u>
FUND BALANCES			
Fund balances			
Nonspendable	403,880	271,289	675,169
Restricted for road projects	355,245	-	355,245
Committed	2,722,361	-	2,722,361
Assigned	2,149,715	1,956,355	4,106,070
Unassigned - undesignated	<u>4,976,206</u>	<u>-</u>	<u>4,976,206</u>
Total Fund Balances	<u>10,607,407</u>	<u>2,227,644</u>	<u>12,835,051</u>
Total Liabilities and Fund Balances	<u>\$ 11,690,306</u>	<u>\$ 2,291,220</u>	<u>\$ 13,981,526</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

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

June 30, 2012

Total fund balances - governmental funds \$ 12,835,051

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

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

Cost of capital assets	105,862,449	
Less accumulated depreciation	<u>(51,603,754)</u>	54,258,695

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

Governmental leases payable	(3,338,207)	
Compensated absences	(297,370)	
Accrued interest on long-term debt	<u>(19,389)</u>	(3,654,966)

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

Taxes and other receivables		<u>47,274</u>
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Total net assets - statement of net assets (governmental activities) \$ 63,486,054

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

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

For the Year Ended June 30, 2012

	Governmental Funds		Total Governmental Funds
	General Fund	Nonmajor - Special Revenue Funds	
REVENUES			
Taxes	\$ 13,496,546	\$ 2,164,927	\$ 15,661,473
Licenses and permits	432,595	-	432,595
Intergovernmental	4,191,466	30,952	4,222,418
Program revenue	-	968,093	968,093
Interest	196,297	17,932	214,229
Miscellaneous	499,123	21,457	520,580
Total revenue	<u>18,816,027</u>	<u>3,203,361</u>	<u>22,019,388</u>
EXPENDITURES			
Current:			
General government	9,587,704	-	9,587,704
Public safety	4,292,148	-	4,292,148
Highways and streets	2,348,427	1,159,530	3,507,957
Health and welfare	1,012,523	-	1,012,523
Culture and recreation	272,158	1,805,167	2,077,325
Capital outlay	205,236	227,333	432,569
Debt service:			
Principal retirement	770,333	-	770,333
Interest	168,306	-	168,306
Total expenditures	<u>18,656,835</u>	<u>3,192,030</u>	<u>21,848,865</u>
Excess of expenditures over revenues	159,192	11,331	170,523
Fund balance, beginning (as restated)	<u>10,448,215</u>	<u>2,216,313</u>	<u>12,664,528</u>
Fund balance, ending	<u>\$ 10,607,407</u>	<u>\$ 2,227,644</u>	<u>\$ 12,835,051</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

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

June 30, 2012

Total net change in fund balances - governmental funds \$ 170,523

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	575,341	
Current year depreciation	<u>(2,554,166)</u>	(1,978,825)

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

Capital lease principal payments	770,333
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Some expenses reported in the statement of activities do not require current financial resources and therefore are not reported as expenditures in governmental funds.

Change in long-term compensated absences	(95,938)
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Some revenue reported in the statement of activities do not provide current financial resources and therefore are not reported as revenue in governmental funds.

Change in property taxes receivable	<u>102,183</u>
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Change in net assets on statement of activities (governmental activities) \$ (1,031,724)

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

June 30, 2012

	<u>Deferred Compensation</u>	<u>Agency Funds</u>	<u>Total</u>
ASSETS			
Cash	\$ -	\$ 8,565,008	\$ 8,565,008
Investments	767,347	-	767,347
Taxes receivable	<u>-</u>	<u>244,520</u>	<u>244,520</u>
 Total assets	 <u>\$ 767,347</u>	 <u>\$ 8,809,528</u>	 <u>\$ 9,576,875</u>
LIABILITIES			
Due to other tax units	<u>\$ -</u>	<u>\$ 8,809,528</u>	<u>\$ 8,809,528</u>
NET ASSETS HELD IN TRUST			
 Total liabilities and net assets held in trust	 <u>767,347</u>	 <u>-</u>	 <u>767,347</u>
	<u>\$ 767,347</u>	<u>\$ 8,809,528</u>	<u>\$ 9,576,875</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

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

For the Year Ended June 30, 2012

	<u>Deferred Compensation</u>
ADDITIONS	
Employee contributions	\$ 95,651
Investment income	
Interest and dividends	11,542
Net appreciation (depreciation) in fair value of investments	<u>(30,428)</u>
Total investment income	<u>(18,886)</u>
Total additions	<u>76,765</u>
DEDUCTIONS	
Administrative expenses and fees	2,492
Participant withdrawals	<u>45,234</u>
Total deductions	<u>47,726</u>
Net increase in plan assets	29,039
Net assets held in trust, beginning of year	<u>738,308</u>
Net assets held in trust, end of year	<u>\$ 767,347</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

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

Nature of Operations

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

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

Reporting Entity

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

Based on the foregoing criteria, the financial statements of the following entities have been combined with those of the County for the fiscal year ended June 30, 2012:

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

Description of Funds

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

Governmental Funds

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

NOTES TO FINANCIAL STATEMENTS

provide revenue to the General Fund.

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

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

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

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

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

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

Major and Nonmajor Funds

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

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

Significant Accounting Policies Followed By The County Are As Follows:

Basis of Presentation

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

NOTES TO FINANCIAL STATEMENTS

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

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

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

NOTES TO FINANCIAL STATEMENTS

Investments

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

Inventories

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

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

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

The County bills and collects its own property taxes and also collects taxes for the County School District, City of Rawlins and other County districts. Collection of the City of Rawlins and District’s taxes and remittance of these are accounted for in the Fiduciary Funds. Property tax revenue represents the 2011 tax levy, which was collectible during the year ended June 30, 2012.

Compensated Absences

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

Regular employees of the General Fund accrue sick leave of one day per month. The Fair Board Fund and the Weed and Pest Control District Fund accrue sick leave on the basis of the number of hours worked in a month. Sick leave may be accumulated to a total of sixty (60) working days. The Fair Board Fund and Weed and Pest Control District employees will be paid for one-half (1/2) of their unused sick leave at their salary rate in effect upon termination of employment. General Fund employees will receive payment for one-half (1/2) the current balance of unused sick

NOTES TO FINANCIAL STATEMENTS

leave, up to a maximum of 30 days, at the rate of \$50 per day. The liability for the vested sick leave has been included in the government – wide financial statements.

Use of Estimates

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

Capital Assets

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

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

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

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

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

Accrued Liabilities and Long-Term Obligations

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

NOTES TO FINANCIAL STATEMENTS

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

Net Assets

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

Governmental Fund Balance Reserves

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

Subsequent Events

Management has evaluated subsequent events through February 25, 2013, the date the financial statements were available for use.

Note 2. Budgets, Budgetary Basis of Accounting

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

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

NOTES TO FINANCIAL STATEMENTS

General Fund	Actual	Adjustment to Budget Basis	Budget Basis
Revenues:			
Taxes	\$ 13,496,546	\$ (64,183)	\$ 13,432,363
Licenses and permits	432,595	-	432,595
Intergovernmental	4,191,466	35,767	4,227,233
Interest	196,297	3,130	199,427
Miscellaneous	499,123	(11,189)	487,934
Total revenues	\$ 18,816,027	\$ (36,475)	\$ 18,779,552
Expenditures:			
General government	\$ 9,587,704	\$ (157,280)	\$ 9,430,424
Public safety	4,292,148	2,329	4,294,477
Highways and streets	2,348,427	217,785	2,566,212
Health and welfare	1,012,523	300,331	1,312,854
Cultural and recreation	272,158	(898)	271,260
Capital outlay	205,236	297,885	503,121
Principal retirement	770,333	(770,333)	-
Interest	168,306	(168,306)	-
Total expenditures	\$ 18,656,835	\$ (278,487)	\$ 18,378,348
Special Revenue Fund	Actual	Adjustment to Budget Basis	Budget Basis
Revenues:			
Taxes	\$ 2,164,927	\$ (18,168)	\$ 2,146,759
Intergovernmental	30,952	(11,345)	19,607
Program revenue	968,093	(963,085)	5,008
Interest	17,932	955,095	973,027
Miscellaneous	21,457	3,677	25,134
Total revenues	\$ 3,203,361	\$ (33,826)	\$ 3,169,535
Expenditures:			
Highways and streets	\$ 1,159,530	\$ 17,916	\$ 1,177,446
Cultural and recreation	1,805,167	200,437	2,005,604
Capital outlay	227,333	(110,326)	117,007
Total expenditures	\$ 3,192,030	\$ 108,027	\$ 3,300,057

Legal spending control is at the fund level, however, management control is exercised at the department level. All budget appropriations lapse at the end of the budget year to the extent they are not expended. Budgets may be amended by the County Commissioners through a public hearing process as required by State statute. During the year ended

NOTES TO FINANCIAL STATEMENTS

June 30, 2012, there were no budgets of Carbon County that had expenditures in excess of appropriations.

Note 3. Cash and Investments

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

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

Deposits

At June 30, 2012, the carrying amount of the County's deposits in financial institutions was \$15,010,818. The deposits were fully insured with a combination of FDIC insurance and pledged collateral held in the name of the County. All deposits qualified were held by a qualified depository as outlined in the state statutes.

At June 30, 2012, the County had \$3,209,535 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

NOTES TO FINANCIAL STATEMENTS

Investments

As of June 30, 2012, the County had investments with weighted average maturities as shown in the following table:

Investment Type	Carrying Amount	Fair Value	Weighted Average Maturity in Years
Federal National Mortgage Association	\$ 681,426	\$ 681,426	14.21
Government National Mortgage Association	25,345	25,345	1.16
Federal Home Loan Bank	1,593,709	1,593,709	3.96
Federal Home Loan Mortgage Corporation	370,442	370,442	9.13
Other Banks	292,222	292,222	1.73
Certificates of Deposit	1,577,611	1,577,611	0.55
State of Wyoming Investment Pool	<u>3,209,535</u>	<u>3,209,535</u>	
Total	<u>\$ 7,750,290</u>	<u>\$ 7,750,290</u>	

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal policy for interest rate risk. However, the County does manage its exposure to fair value loss arising from interest rate changes on internally invested funds by reviewing the portfolio ongoing basis for changes in effective yields amounts.

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

Credit Risk

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

NOTES TO FINANCIAL STATEMENTS

<u>Investment Type</u>	<u>Fair Value</u>	<u>AAA</u>	<u>Insured</u>	<u>Unrated</u>
Federal National Mortgage Association	\$ 681,426	\$ -	\$ 681,426	\$ -
Government National Mortgage Association	25,345	-	25,345	-
Federal Home Loan Bank	1,593,709	-	1,593,709	-
Federal Home Loan Mortgage Corporation	370,442	-	370,442	-
Other Banks	292,222	-	292,222	-
Certificates of Deposit	1,577,611	-	1,577,611	-
State of Wyoming Investment Pool	<u>3,209,535</u>	<u>-</u>	<u>-</u>	<u>3,209,535</u>
Total	<u>\$ 7,750,290</u>	<u>\$ -</u>	<u>\$ 4,540,755</u>	<u>\$ 3,209,535</u>

Custodial Credit Risk

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. Concentration of risk is not addressed in the internal investment policy. At June 30, 2012, the County held securities from the following issuers in excess of 5% of the total portfolio:

Federal National Mortgage Association	\$ 681,426
Federal Home Loan Mortgage Corporation	370,442
Bank of Commerce	1,126,300
Rawlins National Bank	450,311
State of Wyoming Investment Pool	<u>3,209,535</u>
Total	<u>\$ 5,838,014</u>

NOTES TO FINANCIAL STATEMENTS

Foreign Currency Risk

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

Note 4. Changes in Capital Assets

During the year ended June 30, 2012 changes in capital assets were as follows:

	Governmental Activities			
	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Land	\$ 2,099,347	\$ -	\$ -	\$ 2,099,347
Infrastructure	48,517,556	-	155,173	48,362,383
Buildings and improvements	39,347,489	489,609	-	39,837,098
Equipment	15,317,177	246,444	-	15,563,621
Total	\$ 105,281,569	\$ 736,053	\$ 155,173	\$ 105,862,449

	Accumulated Depreciation Governmental Activities			
	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Infrastructure	\$ 28,015,278	\$ 951,617	\$ 155,173	\$ 28,811,722
Buildings and improvements	13,938,487	1,242,474	-	15,180,961
Equipment	7,220,608	390,463	-	7,611,071
Total	\$ 49,174,373	\$ 2,584,554	\$ 155,173	\$ 51,603,754

NOTES TO FINANCIAL STATEMENTS

Note 5. Long-Term Debt

The following is a summary of long-term debt transactions for the year ended June 30, 2012:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Accrued compensated absences	\$ 332,479	\$ 80,237	\$ -	\$ 412,716
Capital lease obligations	4,108,540	-	770,333	3,338,207
Total	\$ 4,441,019	\$ 80,237	\$ 770,333	\$ 3,750,923

As of June 30, 2012, the governmental long-term debt of the financial reporting entity consisted of the following:

Capital lease payable to the U.S. Bank National Association, due in annual principal and semi annual interest installments ranging from \$295,400 to \$306,800 including interest at 3.53% through June 2018, secured by real estate and the hospital building.	\$1,610,000
Capital lease payable to Community First Leasing Services, due in semi-annual installments of \$88,063, including interest at 4.755% through June 2014, secured by real estate.	332,276
Capital lease payable to Kinetic Leasing, due in semi-annual installments of \$124,550, including interest at 4.60% through June 2013, secured by equipment.	119,016
Capital lease payable to Caterpillar Financial Services Corporation, due in annual installments of \$46,665, including interest at 4.40% through November 2016, secured by equipment.	167,402
Capital lease payable to Kinetic Leasing, due in semi-annual installments of \$52,594, including interest at 4.60% through December 2019, secured by equipment.	670,349
Capital lease payable to Kinetic Leasing, due in semi-annual installments of \$8,822, including interest at 4.60% through December 2019, secured by equipment.	111,000

NOTES TO FINANCIAL STATEMENTS

Capital lease payable to Caterpillar Financial Services Corporation, due in annual installments of \$44,652, including interest at 4.25% through December 2013, secured by equipment.	83,816
Capital lease payable to Caterpillar Financial Services Corporation, due in annual installments of \$572,971, including interest at 3.75% through December 2013, secured by equipment.	<u>244,348</u>
Total governmental activity debt	<u>\$ 3,338,207</u>

Annual Debt Service Requirements

The annual requirements to amortize all outstanding debt as of June 30, 2012 are as follows:

	Governmental Activities		
	Principal	Interest	Total
2013	\$ 814,786	\$ 133,243	\$ 948,029
2014	725,880	98,830	824,710
2015	399,782	69,637	469,419
2016	421,271	51,723	472,994
2017	386,399	34,553	420,952
Thereafter	<u>590,089</u>	<u>35,559</u>	<u>625,648</u>
	<u>\$ 3,338,207</u>	<u>\$ 423,545</u>	<u>\$ 3,761,752</u>

The June 30, 2012 debt issued by the County did not exceed its legal debt margin which is computed as follows:

Assessed valuation	<u>\$ 915,134,660</u>
Debt Limit – 2% of total assessed valuation	\$ 18,302,693
Amount of debt applicable to debt limit	-
Legal debt margin	<u>\$ 18,302,693</u>

Compensated absences:

The County accrues a liability for future vacation benefits. This liability is attributable to employees' services already rendered. The liability for compensated absences is determined at the end of each fiscal year and the portion paid within 60 days of year-end is adjusted to current salary costs. The liability for the total remaining portion is recorded in the statement of net assets (entity wide reporting) for the vested amount owed as of June 30, 2012.

NOTES TO FINANCIAL STATEMENTS

Note 6. Retirement Commitments

All County full-time or regular part-time employees participate in the Wyoming Retirement System (“System”), a multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended June 30, 2012 was \$6,219,955 and the County’s total payroll was \$6,574,132.

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

The System statutorily requires 14.12% of the covered employees’ salary to be contributed to the plan, of which 7% is paid by the employee and the remaining 7.12% is paid by the County. For rehired retired employees, all 17.20% was paid to the plan by the County. For law enforcement officers, 17.20% was contributed to the plan, of which 8.60% was paid by the employee and 8.60% was paid by the County. The contribution requirement for the year ended June 30, 2012, was \$945,221 which consisted of \$470,240 from employees and \$474,981 from the County. 100% of the required contribution was made for the previous two years.

Historical trend information showing the System’s progress in accumulating sufficient assets to pay benefits when due is presented in the System’s December 31, 2011 annual financial report for the periods for which the information is available.

The System’s annual financial report is available by contacting the Wyoming Retirement System at 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming, 82002, (307) 777-7691 or online at <http://retirement.state.wy.us>.

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The total assets under this plan were \$767,347 as of June 30, 2012. This amount is included in the fiduciary funds as investments held by the Wyoming Retirement System.

NOTES TO FINANCIAL STATEMENTS

Note 7. Contingencies

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

Note 8. Self-Funded Health Insurance

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

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

Note 9. Liability Risk

Claims Liabilities

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

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which include estimates of both future payments of losses and related claim adjustment expenses. The following represents the changes in approximate aggregate liabilities for the County from July 1, 2011 to June 30, 2012:

NOTES TO FINANCIAL STATEMENTS

Liability balance, June 30, 2010	\$	569,496
Claims and changes in estimates		2,270,860
Claims payments		<u>(2,662,986)</u>
Liability balance, June 30, 2011		177,370
Claims and changes in estimates		2,913,251
Claims payments		<u>(2,343,054)</u>
Liability balance, June 30, 2012	\$	<u>747,567</u>
Assets available to pay claims, June 30, 2012	\$	<u>(53,360)</u>

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

Note 10. Other Postemployment Healthcare Benefits

Plan Description. The County's self-insured single-employer postemployment healthcare plan is available to retirees of the County who have attained the age of fifty (50) and has fifteen (15) or more years of service, or a retiree with twenty-five (25) years of service (with no age limit) This Plan is secondary to Medicare for all eligible retirees and/or dependents who are age sixty-five (65) or older.

The plan had a total of 19 active participants as of June 30, 2012 of which the participants paid premiums of \$90,713. For the year ended June 30, 2012 the total expense for the plan including fixed costs, claims, and prescriptions was \$180,228.

NOTES TO FINANCIAL STATEMENTS

Note 11. Fund Balance Classification

Classification of fund balances and descriptions as of June 30, 2012 are as follows:

General Fund

Nonspendable for receivables	
Taxes	\$ 54,219
Interest	22,185
Due from other governments	121,250
Nonspendable for prepaid expenses	206,226
Total general fund nonspendable fund balances	\$ 403,880

Restricted for road projects	\$ 355,245
Restricted for detention center operating	198,750
Restricted for hospital	938,240
Restricted for unclaimed property	64
Restricted for abandoned vehicles	16,209
Restricted for E911 surcharge	264,755
Total general fund restricted fund balances	\$ 1,773,263

Committed for forest reserve	\$ 42,409
Committed for self funded insurance	(53,360)
Committed for special projects	450,867
Committed for museum	713,701
Committed for health	150,727
Total general fund committed fund balances	\$ 1,304,344

Assigned for breast pumps	\$ 4,715
Assigned for cash reserve	2,145,000
Total general fund assigned fund balances	\$ 2,149,715

Special Revenue Funds

Nonspendable for receivables	
Accounts receivable	\$ 71,352
Taxes	6,988
Total special revenue fund nonspendable fund balances	\$ 78,340

Assigned for cash reserve	\$ 1,956,355
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NOTES TO FINANCIAL STATEMENTS

Note 12. Restatement

The June 30, 2011 fund balances have been restated to reflect additional restricted fund activity. As a result, beginning fund balances were restated in the general fund as a decrease in cash of \$274,215, a decrease in warrants payable of \$355,247 and a decrease in investments of \$835,729.

REQUIRED SUPPLEMENTARY INFORMATION

CARBON COUNTY, WYOMING

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

For the Year Ended June 30, 2012

	General Fund		Variance Positive (Negative)
	Budget - Original & Final	Actual (Budgetary Basis)	
Revenue			
Taxes	\$ 12,835,000	\$ 13,432,363	\$ 597,363
Licenses and permits	471,000	432,595	(38,405)
Intergovernmental	4,225,000	4,227,233	2,233
Interest	129,500	199,427	69,927
Miscellaneous	625,000	487,934	(137,066)
Total revenue	<u>18,285,500</u>	<u>18,779,552</u>	<u>494,052</u>
Expenditures			
Current:			
General government	9,565,870	9,430,424	135,446
Public safety	4,312,564	4,294,477	18,087
Highways and streets	3,250,875	2,566,212	684,663
Health and welfare	1,421,500	1,312,854	108,646
Culture and recreation	310,000	271,260	38,740
Capital outlay	600,000	503,121	96,879
Total expenditures	<u>19,460,809</u>	<u>18,378,348</u>	<u>1,082,461</u>
Excess (deficiency) of revenues over (under) expenditures	(1,175,309)	401,204	1,576,513
Fund balance, beginning	<u>10,448,215</u>	<u>10,448,215</u>	<u>-</u>
Fund balance, ending	<u>\$ 9,272,906</u>	<u>\$ 10,849,419</u>	<u>\$ 1,576,513</u>

(Continued)

CARBON COUNTY, WYOMING

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

For the Year Ended June 30, 2012

(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$ 18,779,552
Differences- budget to GAAP	
Property taxes accrual difference	64,189
Grants receivable	11,237
Accounts receivable and other accrual differences	(35,822)
Interest receivable difference	<u>(3,129)</u>

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental basis	<u>\$ 18,816,027</u>
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Expenditures:

Actual total expenditures budgetary basis	\$ 18,378,348
Differences- budget to GAAP	
Vacation accrual difference	(17,346)
Accounts payable and other accrual differences	(95,489)
Unpaid claims liabilities accrual difference	<u>391,322</u>

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental basis	<u>\$ 18,656,835</u>
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CARBON COUNTY, WYOMING

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

June 30, 2012

A. Budgetary Basis

Annual budgets are adopted for all governmental fund types on a basis of accounting that demonstrates compliance with Wyoming Statutes.. Since all accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of the resultant timing differences has been provided on page 35. All annual appropriations lapse at year end.

B. Budgetary Information

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

C. Excess of Expenditures over Appropriations

For the year ended June 30, 2012, there were no instances of excess of expenditures over appropriations in the General Fund.

OTHER SUPPLEMENTARY INFORMATION

CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2012**

	Special Revenue Funds		Variance
	Budget Original & Final	Actual (Budgetary Basis)	Positive (Negative)
Revenue			
Taxes	\$ 2,049,500	\$ 2,146,759	\$ 97,259
Intergovernmental	20,000	19,607	(393)
Interest	8,100	5,008	(3,092)
Program revenue	920,150	973,027	52,877
Miscellaneous	7,000	25,134	18,134
	<u>3,004,750</u>	<u>3,169,535</u>	<u>164,785</u>
Total revenue			
Expenditures			
Current:			
Highways and streets	1,278,000	1,177,446	100,554
Culture and recreation	2,351,643	2,005,604	346,039
Capital outlay	130,000	117,007	12,993
	<u>3,759,643</u>	<u>3,300,057</u>	<u>459,586</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(754,893)	(130,522)	624,371
Fund balance, beginning	<u>2,216,313</u>	<u>2,216,313</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,461,420</u>	<u>\$ 2,085,791</u>	<u>\$ 624,371</u>

CARBON COUNTY, WYOMING

**COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS**

June 30, 2012

	<u>Weed and Pest</u>	<u>Fair</u>	<u>Library</u>
ASSETS			
Cash	\$ 861,802	\$ 213,059	\$ 181,769
Investments	-	-	147,661
Receivables			
Taxes	-	471	3,663
Accounts	71,352	-	-
Inventory	<u>192,729</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>\$ 1,125,883</u>	 <u>\$ 213,530</u>	 <u>\$ 333,093</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 47,410	\$ 570	\$ -
Accrued liabilities	<u>5,844</u>	<u>-</u>	<u>7,960</u>
 Total liabilities	 <u>53,254</u>	 <u>570</u>	 <u>7,960</u>
 FUND BALANCES			
Nonspendable	264,081	471	3,663
Assigned	<u>808,548</u>	<u>212,489</u>	<u>321,470</u>
 Total fund balances	 <u>1,072,629</u>	 <u>212,960</u>	 <u>325,133</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,125,883</u>	 <u>\$ 213,530</u>	 <u>\$ 333,093</u>

<u>Museum</u>	<u>Jeffrey Center</u>	<u>Total</u>
\$ 541,768	\$ 73,872	\$ 1,872,270
-	-	147,661
2,524	330	6,988
-	-	71,352
<u>220</u>	<u>-</u>	<u>192,949</u>
<u>\$ 544,512</u>	<u>\$ 74,202</u>	<u>\$ 2,291,220</u>
\$ 1,792	\$ -	\$ 49,772
<u>-</u>	<u>-</u>	<u>13,804</u>
<u>1,792</u>	<u>-</u>	<u>63,576</u>
2,744	330	271,289
<u>539,976</u>	<u>73,872</u>	<u>1,956,355</u>
<u>542,720</u>	<u>74,202</u>	<u>2,227,644</u>
<u>\$ 544,512</u>	<u>\$ 74,202</u>	<u>\$ 2,291,220</u>

CARBON COUNTY, WYOMING

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

For the Year Ended June 30, 2012

	Weed and Pest	Fair	Library
Revenues			
Taxes	\$ 794,175	\$ 59,812	\$ 757,817
Intergovernmental	-	30,952	-
Interest	3,499	1,509	9,929
Program revenue	402,557	50,578	395,208
Miscellaneous	120	21,087	-
	<u>1,200,351</u>	<u>163,938</u>	<u>1,162,954</u>
Total revenues			
Expenditures			
Highways and streets	1,159,530	-	-
Culture and recreation	-	166,968	1,210,657
Capital outlay	68,568	20,421	20,786
	<u>1,228,098</u>	<u>187,389</u>	<u>1,231,443</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(27,747)	(23,451)	(68,489)
Fund balances, beginning	<u>1,100,376</u>	<u>236,411</u>	<u>393,622</u>
Fund balances, ending	<u>\$ 1,072,629</u>	<u>\$ 212,960</u>	<u>\$ 325,133</u>

<u>Museum</u>	<u>Jeffrey Center</u>	<u>Total</u>
\$ 534,648	\$ 18,475	\$ 2,164,927
-	-	30,952
1,973	1,022	17,932
116,750	3,000	968,093
-	250	21,457
<u>653,371</u>	<u>22,747</u>	<u>3,203,361</u>
-	-	1,159,530
377,348	50,194	1,805,167
98,982	18,576	227,333
<u>476,330</u>	<u>68,770</u>	<u>3,192,030</u>
177,041	(46,023)	11,331
<u>365,679</u>	<u>120,225</u>	<u>2,216,313</u>
<u>\$ 542,720</u>	<u>\$ 74,202</u>	<u>\$ 2,227,644</u>

CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WEED AND PEST SPECIAL REVENUE FUND
For the Year Ended June 30, 2012**

	Budget Original and Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues			
Taxes	\$ 689,000	\$ 787,378	\$ 98,378
Interest	6,000	3,499	(2,501)
Program revenue	<u>284,000</u>	<u>400,213</u>	<u>116,213</u>
Total revenues	<u>979,000</u>	<u>1,191,090</u>	<u>212,090</u>
Expenditures			
Highways and streets	1,278,000	1,177,446	100,554
Capital outlay	<u>99,000</u>	<u>68,568</u>	<u>30,432</u>
Total expenditures	<u>1,377,000</u>	<u>1,246,014</u>	<u>130,986</u>
Excess (deficiency) of revenues over (under) expenditures	(398,000)	(54,924)	343,076
Fund balance, beginning	<u>1,100,376</u>	<u>1,100,376</u>	<u>-</u>
Fund balance, ending	<u>\$ 702,376</u>	<u>\$ 1,045,452</u>	<u>\$ 343,076</u>

CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FAIR BOARD SPECIAL REVENUE FUND**
For the Year Ended June 30, 2012

	Budget Original and Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues			
Taxes	\$ 59,000	\$ 58,683	\$ (317)
Intergovernmental	20,000	19,607	(393)
Interest	2,100	1,509	(591)
Program revenue	60,000	50,927	(9,073)
Miscellaneous	<u>3,000</u>	<u>21,087</u>	<u>18,087</u>
Total revenues	<u>144,100</u>	<u>151,813</u>	<u>7,713</u>
Expenditures			
Culture and recreation	241,792	166,968	74,824
Capital outlay	<u>10,000</u>	<u>9,077</u>	<u>923</u>
Total expenditures	<u>251,792</u>	<u>176,045</u>	<u>75,747</u>
Excess (deficiency) of revenues over (under) expenditures	(107,692)	(24,232)	83,460
Fund balance, beginning	<u>236,411</u>	<u>236,411</u>	<u>-</u>
Fund balance, ending	<u>\$ 128,719</u>	<u>\$ 212,179</u>	<u>\$ 83,460</u>

CARBON COUNTY, WYOMING

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

For the Year Ended June 30, 2012

	Budget Original and Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues			
Taxes	\$ 753,000	\$ 752,608	\$ (392)
Program revenue	<u>405,000</u>	<u>405,137</u>	<u>137</u>
Total revenues	<u>1,158,000</u>	<u>1,157,745</u>	<u>(255)</u>
Expenditures			
Culture and recreation	1,306,000	1,305,897	103
Capital outlay	<u>21,000</u>	<u>20,786</u>	<u>214</u>
Total expenditures	<u>1,327,000</u>	<u>1,326,683</u>	<u>317</u>
Excess (deficiency) of revenues over (under) expenditures	(169,000)	(168,938)	62
Fund balance, beginning	<u>393,622</u>	<u>393,622</u>	<u>-</u>
Fund balance, ending	<u>\$ 224,622</u>	<u>\$ 224,684</u>	<u>\$ 62</u>

CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MUSEUM SPECIAL REVENUE FUND**
For the Year Ended June 30, 2012

	Budget Original and Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues			
Taxes	\$ 530,000	\$ 529,611	\$ (389)
Program revenue	<u>171,150</u>	<u>116,750</u>	<u>(54,400)</u>
Total revenues	<u>701,150</u>	<u>646,361</u>	<u>(54,789)</u>
Expenditures			
Culture and recreation	<u>726,544</u>	<u>482,545</u>	<u>243,999</u>
Total expenditures	<u>726,544</u>	<u>482,545</u>	<u>243,999</u>
Excess (deficiency) of revenues over (under) expenditures	(25,394)	163,816	189,210
Fund balance, beginning	<u>365,679</u>	<u>365,679</u>	<u>-</u>
Fund balance, ending	<u>\$ 340,285</u>	<u>\$ 529,495</u>	<u>\$ 189,210</u>

CARBON COUNTY, WYOMING

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

JEFFREY CENTER SPECIAL REVENUE FUND

For the Year Ended June 30, 2012

	Budget Original and Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues			
Taxes	\$ 18,500	\$ 18,479	\$ (21)
Miscellaneous	4,000	4,047	47
Total revenues	<u>22,500</u>	<u>22,526</u>	<u>26</u>
Expenditures			
Culture and recreation	77,307	50,194	27,113
Capital outlay	-	18,576	(18,576)
Total expenditures	<u>77,307</u>	<u>68,770</u>	<u>8,537</u>
Excess (deficiency) of revenues over (under) expenditures	(54,807)	(46,244)	8,563
Fund balance, beginning	<u>120,225</u>	<u>120,225</u>	<u>-</u>
Fund balance, ending	<u>\$ 65,418</u>	<u>\$ 73,981</u>	<u>\$ 8,563</u>

CARBON COUNTY, WYOMING

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

June 30, 2012

	<u>Units</u>	<u>Districts</u>	<u>Other</u>	<u>Total</u>
ASSETS				
Cash	\$ 15,080	\$ 709,837	\$ 7,840,091	\$ 8,565,008
Investments	-	-	767,347	767,347
Taxes receivable	<u>19,548</u>	<u>224,972</u>	<u>-</u>	<u>244,520</u>
 Total Assets	 <u>\$ 34,628</u>	 <u>\$ 934,809</u>	 <u>\$ 8,607,438</u>	 <u>\$ 9,576,875</u>
LIABILITIES				
Due to other taxing units	<u>\$ 34,628</u>	<u>\$ 934,809</u>	<u>\$ 7,840,091</u>	<u>\$ 8,809,528</u>
 NET ASSETS HELD IN TRUST	 <u>-</u>	 <u>-</u>	 <u>767,347</u>	 <u>767,347</u>
 Total Liabilities & Net Assets Held in Trust	 <u>\$ 34,628</u>	 <u>\$ 934,809</u>	 <u>\$ 8,607,438</u>	 <u>\$ 9,576,875</u>

CARBON COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
Department of Homeland Security		
Passed through State of Wyoming, Office of Homeland Security/ Emergency Management		
Homeland Security Grant Program	97.067	\$ 166,528
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	40,459
Emergency Management Performance Grant	97.042	<u>26,129</u>
Total Expenditures of Department of Homeland Security Awards		<u>233,116</u>
Department of Agriculture		
Cooperative Forestry Assistance	10.664	<u>29,538</u>
Total Expenditures of Department of Agriculture		<u>29,538</u>
Department of Housing and Urban Development		
Homeless Prevention and Rapid Re-Housing Program - ARRA	14.257	49,469
Community Development Block Grant	14.228	<u>12,450</u>
Total Expenditures of Department of Housing and Urban Development		<u>61,919</u>
Department of Justice		
Passed through State of Wyoming, Attorney General's Office		
Violence Against Women Formula Grants	16.588	<u>37,988</u>
Total Expenditures of Department of Justice Awards		<u>37,988</u>
Department of Health and Human Services		
Administration for Children and Families		
Passed through State of Wyoming, Department of Health		
Temporary Assistance for Needy Families	93.558	46,784
Community Services Block Grant	93.569	91,594

(Continued)

CARBON COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

(Continued)

Centers for Disease Control and Prevention	
Passed through State of Wyoming, Department of Health	
Public Health Emergency Preparedness	93.069 <u>48,718</u>
Total Expenditures of Department of Health and Human Services Awards	<u>187,096</u>
Department of Transportation	
Federal Aviation Administration	
Passed through the State of Wyoming, Department of Transportation	
Airport Improvement Program	20.106 <u>27,167</u>
Total Expenditures of Department of Transportation Awards	<u>27,167</u>
Total Federal Assistance	<u>\$ 576,824</u>

CARBON COUNTY, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

Basis of Presentation

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

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

Major Programs

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

CARBON COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

1. Summary of Auditor's results:

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

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Award Expenditures</u>
U.S. Department of Homeland Security Passed through the State of Wyoming, Homeland Security Grant Program	97.067	<u>166,528</u>
Total		<u>\$ 166,528</u>

- The dollar threshold used to distinguish between Type A and Type B programs is as follows:
Type A programs are all programs with more than \$300,000 or more in federal awards. Type
B programs are all programs with less than \$300,000 in federal awards.
- The auditee does qualify as a low-risk auditee.

CARBON COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

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

- No such findings

3. Findings and questioned costs for Federal Awards:

- No such findings



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

To the County Commissioners
Carbon County, Wyoming
Rawlins, Wyoming

We have audited the financial statements of the governmental activities and the aggregate remaining fund information of Carbon County, Wyoming as of and for the year ended June 30, 2012, which collectively comprise Carbon County, Wyoming's basic financial statements and have issued our report thereon dated February 25, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Carbon County, Wyoming is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Carbon County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carbon County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Carbon County's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Madee Tschacher Peterson + Co, LLC

Laramie, Wyoming
February 25, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

To the County Commissioners
Carbon County, Wyoming
Rawlins, Wyoming

Compliance

We have audited the compliance of Carbon County, Wyoming, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. Carbon County, Wyoming's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Carbon County, Wyoming's management. Our responsibility is to express an opinion on Carbon County, Wyoming's compliance based on our audit.

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

In our opinion, Carbon County, Wyoming complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of Carbon County's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on Carbon County's compliance but not to provide an opinion on the effectiveness of Carbon County's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carbon County's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

Madee Tschacher Peterson + Co, LLC

Laramie, Wyoming
February 25, 2013