



Carbon County, Wyoming

Financial Statements
and Supplemental Information

For the Year Ended June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the County Commissioners
Carbon County, Wyoming
Rawlins, Wyoming

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carbon County, Wyoming, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Carbon County, Wyoming, as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 41 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carbon County, Wyoming's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United



States of America. In our opinion, the individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, on our consideration of Carbon County, Wyoming's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carbon County, Wyoming's internal control over financial reporting and compliance.

Anton Collins Mitchell LLP

Laramie, Wyoming
December 15, 2016

CARBON COUNTY, WYOMING

MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

As management of Carbon County, we offer readers of the Carbon County financial statements this narrative overview and analysis of the financial activities of Carbon County for the fiscal year ended June 30, 2016.

Financial Highlights

- \$ The assets of Carbon County exceeded its liabilities at the close of the most recent fiscal year by \$58,437,196 (*net position*). Of this amount, \$8,177,709 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- \$ At the end of the current fiscal year, the Carbon County general fund reported \$7,682,369 *available for spending* at the government's discretion (*unassigned fund balance*) and \$6,257,840 reserved for future funding requirements.
- \$ Last fiscal year (FY 2014-2015) the County received \$10,830,640 in property taxes. For the fiscal year ending on June 30, 2016 the County received \$11,936,113 in property taxes noting an increase of \$1,105,473. Overall, total revenues increased \$1,279,276.
- \$ The County's valuation for the fiscal year ending June 30, 2016 increased to \$834,521,908 from the fiscal year ending June 30, 2015 of \$760,910,660, an increase of \$73,611,248. 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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

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

CARBON COUNTY, WYOMING

MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

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

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

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

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

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

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

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

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

CARBON COUNTY, WYOMING

MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Carbon County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements can be found on pages 16 and 17 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 18 through 40 of this report.

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

Government-wide Financial Analysis

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

Carbon County's Net Position

	Governmental Activities		Fiduciary-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other assets	\$ 17,849,685	\$ 15,803,345	\$ 11,813,613	\$ 16,724,808	\$ 29,663,298	\$ 32,528,153
Capital assets	50,836,692	51,714,650	-	-	50,836,692	51,714,650
Deferred outflows	2,705,160	1,114,436	-	-	2,705,160	1,114,436
Total assets and deferred outflows	71,391,537	68,632,431	11,813,613	16,724,808	83,205,150	85,357,239
Long-term liabilities outstanding	11,766,093	10,381,980	-	-	11,766,093	10,381,980
Other liabilities	995,431	977,297	10,549,025	15,510,404	11,544,456	16,487,701
Total liabilities	12,761,524	11,359,277	10,549,025	15,510,404	23,310,549	26,869,681
Deferred outflows	192,817	-	-	-	192,817	-
Net position:						
Invested in capital assets, net of related debt	46,178,402	46,418,340	-	-	46,178,402	46,418,340
Restricted	4,081,085	5,070,396	1,264,588	1,214,404	5,345,673	6,284,800
Unrestricted	8,177,709	5,784,418	-	-	8,177,709	5,784,418
Total net position	\$ 58,437,196	\$ 57,273,154	\$ 1,264,588	\$ 1,214,404	\$ 59,701,784	\$ 58,487,558

CARBON COUNTY, WYOMING

MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$58,437,196 at the close of the most recent fiscal year. By far the largest portion of the County's net position reflects its net investment of \$46,178,402 in capital assets (for example, land, buildings, infrastructure, machinery and equipment), net of related debt used to acquire those assets and that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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 position in all County funds of \$8,177,709 may be used to meet the government's ongoing obligations to citizens and creditors. Specific expenditure restrictions apply to specific revenue funds and to the capital project funds.

At June 30, 2016, the County is able to report positive balances in both categories of net position for the government as a whole and for fiduciary-type activities.

Carbon County Changes in Net Income

	Governmental Activities		Fiduciary-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,468,417	\$ 1,765,650	\$ -	\$ -	\$ 1,468,417	\$ 1,765,650
Operating Grants and Contributions	3,140,254	4,066,463	114,743	109,873	3,254,997	4,176,336
General Revenues:						
Property Taxes	11,936,113	10,830,640	-	-	11,936,113	10,830,640
Sales Taxes	2,129,992	2,169,025	-	-	2,129,992	2,169,025
Other Taxes	1,871,469	1,953,005	-	-	1,871,469	1,953,005
Payment in Lieu of Taxes	1,470,127	1,198,560	-	-	1,470,127	1,198,560
Other Revenues	506,411	483,606	7,363	91,090	513,774	574,696
Total Revenues	\$ 22,522,783	\$ 22,466,949	\$ 122,106	\$ 200,963	\$ 22,644,889	\$ 22,667,912

CARBON COUNTY, WYOMING

MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

	Governmental Activities		Fiduciary-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Expenses:						
General Government	\$ 8,071,882	\$ 10,874,643	\$ -	\$ -	\$ 8,071,882	\$ 10,874,643
Public Safety	4,903,929	4,823,157	-	-	4,903,929	4,823,157
Public Works	2,913,779	2,522,710	-	-	2,913,779	2,522,710
Health, Welfare and	972,963	787,806			972,963	787,806
Recreation	1,962,765	1,566,083	-	-	1,962,765	1,566,083
Non-departmental	2,380,113	2,351,722			2,380,113	2,351,722
Interest on Long Term Debt	153,310	176,134	-	-	153,310	176,134
Admin Fees	-	-	2,813	3,060	2,813	3,060
Participant Withdrawal	-	-	69,109	130,415	69,109	130,415
Total Expenses	21,358,741	23,102,255	71,922	133,475	21,430,663	23,235,730
Total General Revenues:	22,522,783	22,466,949	122,106	200,963	22,644,889	22,667,912
Changes in Net Position	1,164,042	(635,306)	50,184	67,488	1,214,226	(567,818)
Net Position - beginning	57,273,154	57,908,460	1,214,404	1,146,916	58,487,558	59,055,376
Net Position - ending	\$ 58,437,196	\$ 57,273,154	\$ 1,264,588	\$ 1,214,404	\$ 59,701,784	\$ 58,487,558

Analysis of Changes in Net Position

The County's net position increased \$1,164,042 during the current fiscal year. The FY 2014-2015 amount was \$57,273,154 as compared to our current year-end amount of \$58,437,196.

Budgetary Highlights

The significant highlight of the fiscal year 2015-2016 was the increase in assessed valuation explained above which resulted in an 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 in detail. A summary follows:

Capital Assets	Governmental Activities
Land & construction in progress	\$ 5,747,559
Capital assets being depreciated	106,046,488
Accumulated depreciation	<u>(60,957,355)</u>
Net capital assets	<u>\$ 50,836,692</u>
Long term debt	<u>\$ 4,658,290</u>

CARBON COUNTY, WYOMING

MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

Economic Factors and Next Year's Budget

A lack of gas and oil production as well as numerous oil and gas company bankruptcies has greatly affected the county's budget and fiscal outlook. The county has received one payment of impact assistance funds related to the Chokecherry and Sierra Madre wind projects of approximately \$20,000 and expects to receive up to \$15 million over the next several years. There are other wind projects on the horizon as well as likely transmission lines which could bring additional revenue to the county in future years.

Payment in Lieu of Taxes (PILT) funding was approved for two years. However, it is a reduced amount from past years and not guaranteed to be paid in the future.

Another potential major loss of revenue could be whether or not the legislature decides not to reimburse the County for salaries paid in the County Attorney's Office. The law was recently changed and the legislature may not fund this should they not have the available revenues to disperse.

The WY Department of Transportation recently alerted counties to an increase in required matching funds for road projects which will hinder the county's ability to fund the match on future projects.

Requests for Information

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

CARBON COUNTY, WYOMING

STATEMENT OF NET POSITION
June 30, 2016

ASSETS

Cash and cash equivalents	\$ 5,737,804
Investments	10,891,229
Receivables:	
Taxes	662,365
Accounts	41,093
Other	17,395
Due from other governments	238,260
Prepaid expenses	61,312
Inventories	200,227
Capital assets	
Land	2,099,347
Infrastructure	49,268,491
Buildings and improvements	40,823,858
Equipment	15,954,139
Construction in progress	3,648,212
Accumulated depreciation	(60,957,355)
Total Assets	<u>68,686,377</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources related to pensions	<u>2,705,160</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 71,391,537</u>

LIABILITIES

Accounts payable	\$ 609,974
Accrued compensated absences	376,930
Accrued interest payable	8,527
Non-current liabilities	
Due within one year	769,767
Due in more than one year	3,888,523
Aggregate net pension liability	<u>7,107,803</u>
Total Liabilities	<u>12,761,524</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pensions	<u>192,817</u>
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NET POSITION

Invested in capital assets, net of related debt	46,178,402
Restricted	4,081,085
Unrestricted	8,177,709
Total Net Position	<u>\$ 58,437,196</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Functions/Programs				
Governmental activities				
General government	\$ 8,071,882	\$ 1,267,028	\$ 454,506	\$ (6,350,348)
Public safety	4,903,929	141,316	878,008	(3,884,605)
Highways and streets	2,913,779	1,200	1,215,865	(1,696,714)
Health and welfare	972,963	58,873	335,614	(578,476)
Culture and recreation	1,962,765	-	256,261	(1,706,504)
Interest	153,310	-	-	(153,310)
Depreciation - unallocated	2,380,113	-	-	(2,380,113)
Total governmental activities	<u>\$ 21,358,741</u>	<u>\$ 1,468,417</u>	<u>\$ 3,140,254</u>	<u>\$ (16,750,070)</u>
General Revenues				
Property taxes				\$ 11,936,113
Sales taxes				2,129,992
Other taxes				1,871,469
Interest and investment revenue				173,992
Other				332,419
Payment in lieu of taxes				<u>1,470,127</u>
Total general revenues				<u>17,914,112</u>
Change in net position				1,164,042
Net position - beginning of year				<u>57,273,154</u>
Net position - end of year				<u>\$ 58,437,196</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**BALANCE SHEET
GOVERNMENTAL FUNDS**
June 30, 2016

	General Fund	Nonmajor - Special Revenue Funds	Total Governmental Funds
ASSETS			
Cash and temporary investments	\$ 3,490,542	\$ 2,247,262	\$ 5,737,804
Investments	10,695,107	196,122	10,891,229
Receivables:			
Accounts receivable	-	41,093	41,093
Taxes	49,345	9,174	58,519
Interest	17,395	-	17,395
Due from other governments	238,260	-	238,260
Prepaid expenses	61,312	-	61,312
Inventory	-	200,227	200,227
Total Assets	<u>\$ 14,551,961</u>	<u>\$ 2,693,878</u>	<u>\$ 17,245,839</u>
LIABILITIES			
Accounts payable	\$ 531,486	\$ 86,587	\$ 618,073
Accrued compensated absences	80,266	13,757	94,023
Total Liabilities	<u>611,752</u>	<u>100,344</u>	<u>712,096</u>
FUND BALANCES			
Fund balances			
Nonspendable	366,312	250,494	616,806
Restricted	4,081,085	-	4,081,085
Committed	40,103	-	40,103
Assigned	1,770,340	2,343,040	4,113,380
Unassigned - undesignated	7,682,369	-	7,682,369
Total Fund Balances	<u>13,940,209</u>	<u>2,593,534</u>	<u>16,533,743</u>
Total Liabilities and Fund Balances	<u>\$ 14,551,961</u>	<u>\$ 2,693,878</u>	<u>\$ 17,245,839</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**
June 30, 2016

Total fund balances - governmental funds \$ 16,533,743

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	111,794,047
Less accumulated depreciation	<u>(60,957,355)</u>
	50,836,692

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

Aggregate deferred outflows and inflows related to pensions	2,512,343	2,512,343
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Governmental leases payable	(4,658,290)
Compensated absences	(282,907)
Other payables	8,099
Accrued interest on long-term debt	(8,527)
Aggregate net pension liability	<u>(7,107,803)</u>
	(12,049,428)

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

Taxes and other receivables	<u>603,846</u>
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Total net position - statement of net position (governmental activities) \$ 58,437,196

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, 2016

	Governmental Funds		
	General Fund	Nonmajor - Special Revenue Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 13,649,914	\$ 1,769,023	\$ 15,418,937
Licenses and permits	563,122	-	563,122
Intergovernmental	4,613,522	-	4,613,522
Program revenue	-	658,456	658,456
Interest	152,037	21,954	173,991
Miscellaneous	460,516	31,218	491,734
Total revenues	<u>19,439,111</u>	<u>2,480,651</u>	<u>21,919,762</u>
EXPENDITURES			
Current:			
General government	9,581,356	-	9,581,356
Public safety	4,905,788	-	4,905,788
Highways and streets	2,069,379	1,000,315	3,069,694
Health and welfare	1,280,067	-	1,280,067
Culture and recreation	198,954	1,153,015	1,351,969
Capital outlay	12,949	74,983	87,932
Total expenditures	<u>18,048,493</u>	<u>2,228,313</u>	<u>20,276,806</u>
Excess of revenues over expenditures	1,390,618	252,338	1,642,956
Fund balance, beginning	<u>12,549,591</u>	<u>2,341,196</u>	<u>14,890,787</u>
Fund balance, ending	<u>\$ 13,940,209</u>	<u>\$ 2,593,534</u>	<u>\$ 16,533,743</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2016

Total net change in fund balances - governmental funds \$ 1,642,956

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	941,103
Current year depreciation	<u>(2,224,068)</u> (1,282,965)

The repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which repayments exceeded proceed.

Capital lease principal payments	796,515
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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	(31,526)
Change in pension expense	<u>(624,226)</u> (655,752)

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

Change in receivables	<u>663,288</u>
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Change in net position on statement of activities (governmental activities)	<u>\$ 1,164,042</u>
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See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2016

	Deferred Compensation	Agency Funds	Total
ASSETS			
Cash	\$ -	\$ 6,657,972	\$ 6,657,972
Investments	1,264,588	3,666,743	4,931,331
Taxes receivable	-	224,310	224,310
 Total Assets	 <u>\$ 1,264,588</u>	 <u>\$ 10,549,025</u>	 <u>\$ 11,813,613</u>
LIABILITIES			
Due to other tax units	\$ -	\$ 10,549,025	\$ 10,549,025
 NET POSITION HELD IN TRUST	 <u>1,264,588</u>	 - -	 <u>1,264,588</u>
 Total Liabilities and Net Position Held in Trust	 <u>\$ 1,264,588</u>	 <u>\$ 10,549,025</u>	 <u>\$ 11,813,613</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**
For the Year Ended June 30, 2016

	<u>Deferred Compensation</u>
ADDITIONS	
Employee contributions	\$ 114,743
Investment income	
Interest and dividends	31,758
Net appreciation (depreciation) in fair value of investments	<u>(24,395)</u>
Total investment income	<u>7,363</u>
Total additions	<u>122,106</u>
DEDUCTIONS	
Administrative expenses and fees	2,813
Participant withdrawals	<u>69,109</u>
Total deductions	<u>71,922</u>
Net increase in plan net position	50,184
Net position held in trust, beginning of year	<u>1,214,404</u>
Net position held in trust, end of year	<u>\$ 1,264,588</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, 2016:

Carbon County Public Library
Carbon County Fair Board
Carbon County Weed and Pest Control District
Carbon County Museum

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.

NOTES TO FINANCIAL STATEMENTS

Governmental Funds

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

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

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

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

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

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

Major and Nonmajor Funds

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

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

NOTES TO FINANCIAL STATEMENTS

Significant Accounting Policies Followed By The County Are As Follows:

Basis of Presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. As a general rule the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or activity. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants

NOTES TO FINANCIAL STATEMENTS

designated for payment of specific County expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as deferred revenues until earned. Expenditures generally are recognized when a liability is incurred, as under accrual accounting.

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

Investments

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

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.

NOTES TO FINANCIAL STATEMENTS

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 1. Fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in this category include publicly-traded securities with restrictions on disposition.

Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation.

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

Inventories

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

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 2015 tax levy, which was collectible during the year ended June 30, 2016.

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 the General Fund, Fair Board Fund and the Weed and 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.

NOTES TO FINANCIAL STATEMENTS

The entire vested compensated absences liability is reported in the government-wide financial statements. The liability on the governmental funds financial statements represents the amounts used within 60 days of the County's fiscal year end.

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

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 is included as part of the capitalized value of the assets constructed.

NOTES TO FINANCIAL STATEMENTS

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

Assets	Years
Infrastructure	80
Buildings	60
Building improvements	10
Equipment	10-20

Accrued Liabilities and Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

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

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

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt 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 position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the County or through

NOTES TO FINANCIAL STATEMENTS

external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Governmental Fund Balance Reserves

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

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

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

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form (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.

NOTES TO FINANCIAL STATEMENTS

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 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 December 15, 2016 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:

General Fund	Actual	Adjustment to Budget Basis	Budget Basis
Revenues:			
Taxes	\$ 13,649,914	\$ (200,691)	\$ 13,449,223
Licenses and permits	563,122	(1)	563,121
Intergovernmental	4,613,522	(477,823)	4,135,699
Interest	152,037	(17,978)	134,059
Miscellaneous	460,516	(25,411)	435,105
Total revenues	<u>\$ 19,439,111</u>	<u>\$ (721,904)</u>	<u>\$ 18,717,207</u>
 Expenditures:			
General government	\$ 9,581,356	\$ (681,693)	\$ 8,899,663
Public safety	4,905,788	32,166	4,937,954
Highways and streets	2,069,379	(32,052)	2,037,327
Health and welfare	1,280,067	(1,820)	1,278,247
Cultural and recreation	198,954	4,897	203,851
Capital outlay	12,949	(12,949)	-
Total expenditures	<u>\$ 18,048,493</u>	<u>\$ (691,451)</u>	<u>\$ 17,357,042</u>

NOTES TO FINANCIAL STATEMENTS

Special Revenue Fund	Actual	Adjustment to Budget Basis	Budget Basis
Revenues:			
Taxes	\$ 1,769,023	\$ 18,830	\$ 1,787,853
Program revenue	658,456	184,547	843,003
Interest	21,954	(18,792)	3,162
Miscellaneous	31,218	(21,808)	9,410
Total revenues	<u>\$ 2,480,651</u>	<u>\$ 162,777</u>	<u>\$ 2,643,428</u>
Expenditures:			
Highways and streets	\$ 1,000,315	\$ 140,396	\$ 1,140,711
Cultural and recreation	1,153,015	1,988	1,155,003
Capital outlay	74,983	(1)	74,982
Total expenditures	<u>\$ 2,228,313</u>	<u>\$ 142,383</u>	<u>\$ 2,370,696</u>

Legal spending control is at the fund level; however, management control is exercised at the department level. All budget appropriations lapse at the end of the budget year to the extent they are not expended. Budgets may be amended by the County Commissioners through a public hearing process as required by State statute. During the year ended June 30, 2016, 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, 2016, the carrying amount of the County's deposits in financial institutions was \$9,883,590. 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.

NOTES TO FINANCIAL STATEMENTS

At June 30, 2016, the County had \$9,578,328 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

Investments

As of June 30, 2016, 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	\$ 1,195,125	\$ 1,195,125	8.12
Government National Mortgage Association	18,710	18,710	7.16
Federal Home Loan Bank	663,618	663,618	7.72
Federal Home Loan Mortgage	328,876	328,876	7.46
Farm Credit Bank	390,531	390,531	9.93
Certificates of Deposit	1,827,979	1,827,979	0.82
Morgan Stanley Govt Instl Fund	358,683	358,683	
State of Wyoming Investment Pool	<u>9,578,328</u>	<u>9,578,328</u>	
Total	<u>\$ 14,361,850</u>	<u>\$ 14,361,850</u>	

Interest Rate Risk

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

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

NOTES TO FINANCIAL STATEMENTS

Credit Risk

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

Investment Type	Fair Value	AAA	Insured	Unrated
Federal National Mortgage Association	\$ 1,195,125	\$ -	\$ 1,195,125	\$ -
Government National Mortgage Association	18,710	-	18,710	-
Federal Home Loan Bank	663,618	-	663,618	-
Federal Home Loan Mortgage	328,876	-	328,876	-
Farm Credit Bank	390,531	-	390,531	-
Certificates of Deposit	1,827,979	-	1,827,979	-
Morgan Stanley Govt Instl Fund	358,683	-	358,683	-
State of Wyoming Investment Pool	<u>9,578,328</u>	<u>-</u>	<u>-</u>	<u>9,578,328</u>
Total	<u>\$ 14,361,850</u>	<u>\$ -</u>	<u>\$ 4,783,522</u>	<u>\$ 9,578,328</u>

Custodial Credit Risk

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

Foreign Currency Risk

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

NOTES TO FINANCIAL STATEMENTS

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. Concentration of risk is not addressed in the internal investment policy. At June 30, 2016, the County held securities from the following issuers in excess of 5% of the total portfolio:

Federal National Mortgage Association	\$ 1,195,125
Certificates of Deposit	1,827,979
State of Wyoming Investment Pool	<u>9,578,328</u>
Total	<u><u>\$ 12,601,432</u></u>

Note 4. Changes in Capital Assets

During the year ended June 30, 2016, changes in capital assets were as follows:

	Governmental Activities			
	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Land	\$ 2,099,347	\$ -	\$ -	\$ 2,099,347
Infrastructure	48,864,488	404,003	-	49,268,491
Buildings and improvements	40,671,439	152,419	-	40,823,858
Equipment	15,721,174	302,267	69,302	15,954,139
Construction in progress	3,202,522	445,690	-	3,648,212
Total	<u>\$ 110,558,970</u>	<u>\$ 1,304,379</u>	<u>\$ 69,302</u>	<u>\$ 111,794,047</u>

	Accumulated Depreciation Governmental Activities			
	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Infrastructure	\$ 31,174,661	\$ 1,029,620	\$ -	\$ 32,204,281
Buildings and improvements	18,533,267	511,264	-	19,044,531
Equipment	9,136,392	641,453	69,302	9,708,543
Total	<u>\$ 58,844,320</u>	<u>\$ 2,182,337</u>	<u>\$ 69,302</u>	<u>\$ 60,957,355</u>

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, 2016:

	Balance	Additions	Deletions	Balance
	June 30, 2015			June 30, 2016
Accrued compensated absences	\$ 407,140	\$ -	\$ 30,210	\$ 376,930
Capital lease obligations	<u>5,296,310</u>	<u>-</u>	<u>638,020</u>	<u>4,658,290</u>
Total	<u><u>\$ 5,703,450</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 668,230</u></u>	<u><u>\$ 5,035,220</u></u>

As of June 30, 2016, 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.	\$ 575,000
Capital lease payable to Caterpillar Financial Services Corporation, due in annual installments of \$20,616, including interest at 3.20% through November 2016, secured by equipment.	19,978
Capital lease payable to Kinetic Leasing, Inc. due in semi-annual, installments of \$52,594, including interest at 4.60% through December 2019, secured by equipment.	338,843
Capital lease payable to Kinetic Leasing, Inc. due in semi-annual, installments of \$8,822, including interest at 4.60% through December 2019, secured by equipment.	55,784
Capital lease payable to Caterpillar Financial Services Corporation, due in annual installments of \$21,102, including interest at 3.20% through November 2016, secured by equipment.	20,448
Capital lease payable to Kinetic Leasing, Inc. due in semi-annual, installments of \$25,038, including interest at 3.32% through January 2020, secured by equipment.	163,945
Capital lease payable to Pinnacle Bank Public Finance, Inc. due in annual installments of \$26,351, including interest at 2.60% through December 2017, secured by equipment.	50,717
Capital lease payable to Pinnacle Bank Public Finance, Inc. due in semi-annual installments of \$158,741, including interest at 2.35% through June 2028, secured by equipment.	3,302,964
Capital lease payable to Kinetic Leasing, Inc. due in semi-annual, annual installments of \$34,432, including interest at 2.15% through June 2021, secured by equipment.	130,611
	<u><u>\$ 4,658,290</u></u>

NOTES TO FINANCIAL STATEMENTS

Annual Debt Service Requirements

The annual requirements to amortize all outstanding debt as of June 30, 2016 are as follows:

	Governmental Activities		
	Principal	Interest	Total
2017	\$ 769,767	\$ 121,246	\$ 891,013
2018	757,892	94,902	852,794
2019	450,544	74,998	525,542
2020	376,989	61,221	438,210
2021	264,906	52,576	317,482
Thereafter	<u>2,038,192</u>	<u>184,162</u>	<u>2,222,354</u>
	<u><u>\$ 4,658,290</u></u>	<u><u>\$ 589,105</u></u>	<u><u>\$ 5,247,395</u></u>

The June 30, 2016 debt issued by the County did not exceed its legal debt margin which is computed as follows:

Assessed valuation	<u><u>\$ 834,521,908</u></u>
Debt limit - 2% of total assessed valuation	<u><u>\$ 16,690,438</u></u>
Amount of debt applicable to debt limit	<u><u>-</u></u>
Legal debt margin	<u><u>\$ 16,690,438</u></u>

Compensated Absences

The County accrues a liability for future vacation benefits. This liability is attributable to employees' services already rendered. The liability for compensated absences is determined at the end of each fiscal year and the portion paid within 60 days of year-end is adjusted to current salary costs. The liability for the total remaining portion is recorded in the statement of net position (entity-wide reporting) for the vested amount owed as of June 30, 2016.

Note 6. Pension Plan

Description

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

Benefits

All County full-time or regular part-time employees are eligible to participate in 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

NOTES TO FINANCIAL STATEMENTS

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 statutes.

Contribution Rates

The System statutorily requires 16.62% of the covered employee's salary to be contributed to the plan. The County has elected to fund both the employer's and employees' share of the required contribution into the plan for its employees. The contribution requirement for the years ended June 30, 2016 and 2015 was \$1,097,200 and \$1,094,078, respectively.

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

Pension Liabilities

As of June 30, 2016, the pension liability recorded for the County represents its proportionate share of the excess of the total pension liability over the pension plan fiduciary net position for the Wyoming Retirement System plans of which the County is a participant. The County reported a pension liability as follows for the fiscal years ended June 30, 2016 and June 30, 2015:

	Proportionate Share of Net Pension Liability as of June 30, 2016	Proportionate Share of Net Pension Liability as of June 30, 2015
Public Employee Pension	\$ 6,047,017	\$ 4,687,189
Law Enforcement Pension	1,060,786	398,481
Aggregate Net Pension Liability	<u>\$ 7,107,803</u>	<u>\$ 5,085,670</u>

The measurement date of the Wyoming Retirement System pension plan fiduciary net position was December 31, 2015 and the actuarial determination of the total pension liability was January 1, 2016. The County's proportionate share of the net pension liability was determined per plan by calculating the percentage of the County's total contributions (employer and employee) to the total contributions received by Wyoming Retirement System during the plan measurement period (January 1, 2015 to December 31, 2015). The County's proportionate share of the net pension liability for each plan as of December 31, 2015 and December 31, 2014 is as follows:

	Proportionate Share as of December 31, 2015	Proportionate Share as of December 31, 2014
Public Employee Pension	0.259601%	0.265609%
Law Enforcement Pension	1.412124%	1.352448%

NOTES TO FINANCIAL STATEMENTS

Pension Expense

The measurement of pension expense fundamentally changed with the implementation of GASB Statement 68. Pension expense is calculated for the pension plan measurement period and includes changes in the net pension liability and the amortization of specific deferred inflows and outflows of resources. For the fiscal year ended June 30, 2016, the County recognized a total pension expense of \$624,227.

Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2016, the County reported the following deferred outflows and inflows of resources related to pensions:

Deferred Outflows of Resources

Proportionate share of differences between the projected and actual earnings on pension plan investments	\$ 2,149,671
Contributions subsequent to the measurement date	<u>555,489</u>
Total Deferred Outflows Related of Pensions	<u>\$ 2,705,160</u>

Deferred Inflows of Resources

Amounts related to the change in the County's proportionate share of the net pension liability	\$ 64,890
Difference between expected and actual experience	<u>127,927</u>
Total Deferred Inflows Related of Pensions	<u>\$ 192,817</u>

The \$555,489 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

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

<u>Year Ended June 30</u>		
2017	\$	469,959
2018	\$	469,959
2019	\$	479,516
2020	<u>\$</u>	<u>474,418</u>
		<u>1,893,852</u>

NOTES TO FINANCIAL STATEMENTS

Actuarial Assumptions

Actuarial valuations are performed annually with the most recent valuation date of January 1, 2016. Actuarial methods and assumptions are disclosed below for the Wyoming Retirement System pension plans in which the County participates. Significant assumptions are based on an experience study that covered a five-year period ending December 31, 2011. More detail about the actuarial methods and assumptions or the experience study can be found on the Wyoming Retirement System website.

	Public Employee Pension	Law Enforcement Pension
Valuation Date	01/01/2016	01/01/2016
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Percent Open	Level Percent Open
Remaining Amortization Period	30	30
Asset Valuation Method	5 year	5 year
Actual Assumptions:		
Investment Rate of Return	7.75%	7.75%
Projected Salary Increases Includes Inflation	4.25% to 6.00%	4.25% to 8.00%
Assumed Inflation Rate	3.25%	3.25%
Mortality	*	*

*Mortality Assumptions: Pre-Retirement Mortality

RP-2000 Combined Mortality table, fully generational, projected with Scale BB
 Males: Set back 5 years with multiplier of 104%
 Females: Set back 4 years with a multiplier of 90%

Healthy Post-Retirement Mortality

RP-2000 Combined Mortality table, fully generational, projected with Scale BB
 Males: Set back 1 years with multiplier of 104%
 Females: Set back 0 years with a multiplier of 90%

Disabled Mortality

RP-2000 Combined Mortality table, fully generational, projected with Scale BB
 Males: Set back 5 years with multiplier of 120%
 Females: Set back 5 years with a multiplier of 120%

Wyoming Retirement System assumes a 7.75% long term investment rate of return for its pension plans. The long term rate of return is determined through a 4.5% net real

NOTES TO FINANCIAL STATEMENTS

rate of return and an inflation rate of 3.25%. For the fiscal year ended December 31, 2015, WRS pension plans saw an annual money-weighted real rate of return, net of expenses, of (0.26)% compared to the 4.5% expected rate of return.

The assumed asset allocation of the WRS pension plan portfolio, the long term expected rate of return for each asset class, and the expected rate of return is presented arithmetic below. The geometric expected rate of return is presented for the overall plan.

	30 Year Assumptions - Nominal Arithmetic Return	30 Year Assumptions - Real Arithmetic Return	Policy Allocation	30 Year Assumptions - Nominal Geometric*
Total Plan	8.27%	5.30%	100.00%	7.56%
Inflation - US CPI	2.75%			
US Equity	8.83%	5.92%	25.00%	
Large Cap Equities	8.83%	5.92%	25.00%	
Non-US Equity	10.37%	7.42%	30.00%	
Int'l Equities (Unhedged)	9.89%	6.95%	12.00%	
Int'l Equities (Hedged)	9.79%	6.85%	12.00%	
Emerging Int'l Equities	12.50%	9.49%	6.00%	
Fixed Income	3.86%	1.08%	15.00%	
Global Bonds (Unhedged)	3.09%	0.33%	6.00%	
Global Bonds (Hedged)	2.99%	0.23%	6.00%	
EMD (External)	6.76%	3.90%	1.50%	
EMD (Local Currency)	7.50%	4.62%	1.50%	
Real Estate	7.50%	4.62%	3.00%	
Real Estate (Core)	7.50%	4.62%	3.00%	
Private Markets	10.31%	7.36%	9.00%	
Private Equity	11.72%	8.73%	4.00%	
Private Debt	8.98%	6.07%	3.00%	
Private Real Assets	9.47%	6.54%	2.00%	
Hedge Funds	6.86%	4.00%	8.50%	
Hedge Funds	6.86%	4.00%	8.50%	
GAA	7.17%	4.30%	3.00%	
GMO BFAF	7.17%	4.30%	3.00%	
Risk Parity	6.72%	3.87%	4.00%	
AQR GRP EL 10%	6.72%	3.87%	2.00%	
Bridgewater All Weather	6.72%	3.87%	2.00%	
Cash	3.00%	0.25%	2.50%	
Cash	3.00%	0.25%	2.50%	

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate arithmetic expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These assumptions are converted into nominal assumptions by adding inflation, then combined by weighting them by the target asset allocation percentages. Finally, the arithmetic portfolio expected return is converted into geometric expected return using assumed asset class standard deviations and correlations.

*Geometric return projections by asset class are not presented. Only the aggregate plan-level geometric projection is included.

NOTES TO FINANCIAL STATEMENTS

Discount Rate

The discount rate used to measure the total pension liability for all plans was 7.75%. The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Wyoming state statutes. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan	Single Discount Rate	Long-Term Expected Rate of Return	Long-Term Municipal Bond Rate	Last year ending December 31 in the 2015 to 2114 projection period for which projected benefit payments are fully funded
Public Employee Pension	7.75%	7.75%	3.57%	2114
Law Enforcement Pension	7.75%	7.75%	3.57%	2114

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

The following table represents the County's proportionate share of the net pension liability calculated using the discount rate 7.75%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage higher (8.75%) than the current rate.

Pension Plan	1.0% Decrease 6.75%	Current Discount Rate 7.75%	1.0% Increase 8.75%
Public Employee Pension	\$ 8,681,377	\$ 6,047,017	\$ 3,819,898
Law Enforcement Pension	2,152,313	1,060,786	158,815

NOTES TO FINANCIAL STATEMENTS

Note 8. Deferred Compensation Plan

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 \$1,264,588 as of June 30, 2016. This amount is included in the fiduciary funds as investments held by the Wyoming Retirement System.

Note 9. 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 10. Self-Funded Health Insurance

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

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

Note 11. 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.

NOTES TO FINANCIAL STATEMENTS

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, 2014 to June 30, 2016:

Liability balance, June 30, 2014	\$ 269,162
Claims and changes in estimates	2,819,347
Claims payments	<u>(2,799,550)</u>
Liability balance, June 30, 2015	288,959
Claims and changes in estimates	2,350,486
Claims payments	<u>(2,380,782)</u>
Liability balance, June 30, 2016	\$ <u>258,663</u>
Assets available to pay claims, June 30, 2016	\$ <u>291,330</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 13. 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.

NOTES TO FINANCIAL STATEMENTS

Note 14. Fund Balance Classification

Classification of fund balances and descriptions as of June 30, 2016 are as follows:

General Fund

Nonspendable for receivables		
Taxes	\$	49,345
Interest		17,395
Due from other governments		238,260
Nonspendable for prepaid expenses		61,312
Total general fund nonspendable fund balances	\$	<u>366,312</u>
Restricted for road projects	\$	1,831,061
Restricted for detention center operating		971,696
HVAC Project		358,683
Restricted for hospital		468,084
Restricted for unclaimed property		15
Restricted for self funded insurance		291,330
Restricted for abandoned vehicles		15,963
Restricted for E911 surcharge		55,845
Restricted for forest reserve		73,656
Restricted for Dixon airport		14,752
Total general fund restricted fund balances	\$	<u>4,081,085</u>
Committed for crisis center	\$	30,103
Committed for health		10,000
Total general fund committed fund balances	\$	<u>40,103</u>
Assigned for breast pumps	\$	4,340
Assigned for special projects		314,881
Assigned for cash reserve		1,451,119
Total general fund assigned fund balances	\$	<u>1,770,340</u>
Special Revenue Funds		
Nonspendable for receivables		
Accounts receivable	\$	41,093
Taxes		9,174
Nonspendable for inventory		200,227
Total special revenue fund nonspendable fund balances	\$	<u>250,494</u>
Assigned for cash reserve	\$	<u>2,343,040</u>

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, 2016

	Budget Original and Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues			
Taxes	\$ 5,597,809	\$ 13,449,223	\$ 7,851,414
Licenses and permits	788,385	563,121	(225,264)
Intergovernmental	7,901,436	4,135,699	(3,765,737)
Interest	136,411	134,059	(2,352)
Miscellaneous	<u>11,280,107</u>	<u>435,105</u>	<u>(10,845,002)</u>
 Total revenues	 <u>25,704,148</u>	 <u>18,717,207</u>	 <u>(6,986,941)</u>
 Expenditures			
Current:			
General government	12,526,402	8,899,663	3,626,739
Public safety	16,153,869	4,937,954	11,215,915
Highways and streets	4,911,820	2,037,327	2,874,493
Health and welfare	2,450,477	1,278,247	1,172,230
Culture and recreation	<u>262,231</u>	<u>203,851</u>	<u>58,380</u>
 Total expenditures	 <u>36,304,799</u>	 <u>17,357,042</u>	 <u>18,947,757</u>
Excess (deficiency) of revenues over (under) expenditures	(10,600,651)	1,360,165	11,960,816
Fund balance, beginning	<u>12,549,591</u>	<u>12,549,591</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,948,940</u>	<u>\$ 13,909,756</u>	<u>\$ 11,960,816</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, 2016

(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$ 18,717,207
Differences- budget to GAAP	
Property taxes accrual difference	200,683
Grants receivable	477,822
Unearned grant revenue	25,421
Interest receivable difference	<u>17,978</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental basis	<u>\$ 19,439,111</u>

Expenditures:

Actual total expenditures budgetary basis	\$ 17,357,042
Differences- budget to GAAP	
Vacation accrual difference	80,266
Assets acquired with proceeds from capital lease	125,727
Accounts payable and other accrual differences	226,795
Unpaid claims liabilities accrual difference	<u>258,663</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental basis	<u>\$ 18,048,493</u>

CARBON COUNTY, WYOMING

**NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND**
For the Year Ended June 30, 2016

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 42. 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, 2016, there were no instances of excess of expenditures over appropriations in the General Fund.

CARBON COUNTY, WYOMING

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

Public Employee Pension Plan
Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability*	0.25960%	0.26561%
County's proportionate share of the net pension liability* \$	6,047,017	4,687,189
County's covered-employee payroll	\$ 4,039,699	\$ 4,169,438
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	149.69%	112.42%
Plan fiduciary net position as a percentage of the total pension liability* %	73.40%	79.08%

Law Enforcement Pension Plan
Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability*	1.4121%	1.3524%
County's proportionate share of the net pension liability* \$	1,060,786	398,481
County's covered-employee payroll	\$ 2,316,847	\$ 2,386,939
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	45.786%	16.694%
Plan fiduciary net position as a percentage of the total pension liability* %	87.49%	94.76%

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

CARBON COUNTY, WYOMING

SCHEDULE OF CONTRIBUTIONS

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Contractually required contribution	\$ 338,089	\$ 377,215	\$ 417,733	\$ 436,225	\$ 537,276	\$ 571,880	\$ 578,218	\$ 608,517	\$ 683,524	\$ 667,030
Contributions in relation to the contractually required contribution	<u>338,089</u>	<u>377,215</u>	<u>417,733</u>	<u>436,225</u>	<u>537,276</u>	<u>571,880</u>	<u>578,218</u>	<u>608,517</u>	<u>683,524</u>	<u>667,030</u>
Contribution deficiency (excess)	<u>\$ -</u>									
County's covered-employee payroll	\$ 3,005,225	\$ 3,353,014	\$ 3,713,175	\$ 3,877,550	\$ 3,938,133	\$ 4,050,143	\$ 4,095,031	\$ 3,950,181	\$ 4,169,438	\$ 4,039,699
Contributions as a percentage of covered-employee payroll	11.25%	11.25%	11.25%	11.25%	13.64%	14.12%	14.12%	15.40%	16.39%	16.51%

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Contractually required contribution	\$ 333,411	\$ 362,992	\$ 388,924	\$ 395,533	\$ 402,568	\$ 373,341	\$ 387,575	\$ 413,144	\$ 410,554	\$ 377,322
Contributions in relation to the contractually required contribution	<u>333,411</u>	<u>362,992</u>	<u>388,924</u>	<u>395,533</u>	<u>402,568</u>	<u>373,341</u>	<u>387,575</u>	<u>413,144</u>	<u>410,554</u>	<u>377,322</u>
Contribution deficiency (excess)	<u>\$ -</u>									
County's covered-employee payroll	\$ 1,938,432	\$ 2,110,419	\$ 2,261,187	\$ 2,299,604	\$ 2,340,507	\$ 2,169,812	\$ 2,253,326	\$ 2,403,332	\$ 2,386,939	\$ 2,317,847
Contributions as a percentage of covered-employee payroll	17.20%	17.20%	17.20%	17.20%	17.20%	17.21%	17.20%	17.19%	17.20%	16.28%

OTHER SUPPLEMENTARY INFORMATION

CARBON COUNTY, WYOMING

**COMBINED 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, 2016

	Budget Original	Budget Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues				
Taxes	\$ 1,752,040	\$ 1,752,040	\$ 1,787,853	\$ 35,813
Program revenue	1,025,370	1,025,370	843,003	(182,367)
Interest	700	700	3,162	2,462
Miscellaneous	<u>-</u>	<u>-</u>	<u>9,410</u>	<u>9,410</u>
Total revenues	<u>2,778,110</u>	<u>2,778,110</u>	<u>2,643,428</u>	<u>(134,682)</u>
Expenditures				
Current:				
Highways and streets	1,423,421	1,423,421	1,140,711	282,710
Culture and recreation	1,579,253	1,571,753	1,155,003	416,750
Capital outlay	<u>153,000</u>	<u>153,000</u>	<u>74,982</u>	<u>78,018</u>
Total expenditures	<u>3,155,674</u>	<u>3,148,174</u>	<u>2,370,696</u>	<u>777,478</u>
Excess (deficiency) of revenues over (under) expenditures	(377,564)	(370,064)	272,732	642,796
Fund balance, beginning	<u>2,341,196</u>	<u>2,341,196</u>	<u>2,341,196</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,963,632</u>	<u>\$ 1,971,132</u>	<u>\$ 2,613,928</u>	<u>\$ 642,796</u>

CARBON COUNTY, WYOMING

**COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS**
June 30, 2016

	Weed and Pest	Fair	Library	Museum	Total
ASSETS					
Cash	\$ 1,210,251	\$ 454,908	\$ 285,580	\$ 296,523	\$ 2,247,262
Investments	-	-	196,122	-	196,122
Receivables					
Accounts	36,010	5,083	-	-	41,093
Taxes	4,599	276	3,179	1,120	9,174
Inventory	<u>200,007</u>	<u>-</u>	<u>-</u>	<u>220</u>	<u>200,227</u>
Total Assets	<u>\$ 1,450,867</u>	<u>\$ 460,267</u>	<u>\$ 484,881</u>	<u>\$ 297,863</u>	<u>\$ 2,693,878</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 73,316	\$ -	\$ 13,271	\$ -	\$ 86,587
Accrued liabilities	<u>6,800</u>	<u>-</u>	<u>1,785</u>	<u>5,172</u>	<u>13,757</u>
Total liabilities	<u>80,116</u>	<u>-</u>	<u>15,056</u>	<u>5,172</u>	<u>100,344</u>
FUND BALANCES					
Nonspendable	240,616	5,359	3,179	1,340	250,494
Assigned	<u>1,130,135</u>	<u>454,908</u>	<u>466,646</u>	<u>291,351</u>	<u>2,343,040</u>
Total fund balances	<u>1,370,751</u>	<u>460,267</u>	<u>469,825</u>	<u>292,691</u>	<u>2,593,534</u>
Total Liabilities and Fund Balances	<u>\$ 1,450,867</u>	<u>\$ 460,267</u>	<u>\$ 484,881</u>	<u>\$ 297,863</u>	<u>\$ 2,693,878</u>

CARBON COUNTY, WYOMING

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

For the Year Ended June 30, 2016

	Weed and Pest	Fair	Library	Museum	Total
Revenues					
Taxes	\$ 895,460	\$ 48,207	\$ 598,368	\$ 226,988	\$ 1,769,023
Program revenue	444,850	81,321	110,477	21,808	658,456
Interest	735	1,848	19,071	300	21,954
Miscellaneous	20,678	10,540	-	-	31,218
Total revenues	<u>1,361,723</u>	<u>141,916</u>	<u>727,916</u>	<u>249,096</u>	<u>2,480,651</u>
Expenditures					
Highways and streets	1,000,315	-	-	-	1,000,315
Culture and recreation	-	82,536	719,493	350,986	1,153,015
Capital outlay	-	53,105	21,878	-	74,983
Total expenditures	<u>1,000,315</u>	<u>135,641</u>	<u>741,371</u>	<u>350,986</u>	<u>2,228,313</u>
Excess (deficiency) of revenues over (under) expenditures	361,408	6,275	(13,455)	(101,890)	252,338
Fund balances, beginning	<u>1,009,343</u>	<u>453,992</u>	<u>483,280</u>	<u>394,581</u>	<u>2,341,196</u>
Fund balances, ending	<u>\$ 1,370,751</u>	<u>\$ 460,267</u>	<u>\$ 469,825</u>	<u>\$ 292,691</u>	<u>\$ 2,593,534</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, 2016

	Budget Original and Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues			
Taxes	\$ 833,601	\$ 897,263	\$ 63,662
Program revenue	718,820	460,198	(258,622)
Interest	-	735	735
Total revenues	<u>1,552,421</u>	<u>1,358,196</u>	<u>(194,225)</u>
Expenditures			
Highways and streets	1,423,421	1,140,711	282,710
Capital outlay	95,000	-	95,000
Total expenditures	<u>1,518,421</u>	<u>1,140,711</u>	<u>377,710</u>
Excess (deficiency) of revenues over (under) expenditures	34,000	217,485	183,485
Fund balance, beginning	<u>1,009,343</u>	<u>1,009,343</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,043,343</u>	<u>\$ 1,226,828</u>	<u>\$ 183,485</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, 2016

	Budget Original and Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues			
Taxes	\$ 51,733	\$ 51,732	\$ (1)
Program revenue	81,500	86,326	4,826
Interest	700	1,848	1,148
Miscellaneous	-	9,410	9,410
Total revenues	<u>133,933</u>	<u>149,316</u>	<u>15,383</u>
Expenditures			
Culture and recreation	312,400	82,535	229,865
Capital outlay	58,000	53,105	4,895
Total expenditures	<u>370,400</u>	<u>135,640</u>	<u>234,760</u>
Excess of revenues over expenditures	(236,467)	13,676	250,143
Fund balance, beginning	<u>453,992</u>	<u>453,992</u>	<u>-</u>
Fund balance, ending	<u>\$ 217,525</u>	<u>\$ 467,668</u>	<u>\$ 250,143</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, 2016

	Budget Original	Budget Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues				
Taxes	\$ 617,748	\$ 617,748	\$ 606,773	\$ (10,975)
Program revenue	91,050	91,050	274,216	183,166
Interest	-	-	579	579
Total revenues	<u>708,798</u>	<u>708,798</u>	<u>881,568</u>	<u>172,770</u>
Expenditures				
Culture and recreation	751,845	744,345	719,493	24,852
Capital outlay	-	-	21,877	(21,877)
Total expenditures	<u>751,845</u>	<u>744,345</u>	<u>741,370</u>	<u>2,975</u>
Excess of revenues over expenditures	(43,047)	(35,547)	140,198	175,745
Fund balance, beginning	<u>453,992</u>	<u>483,280</u>	<u>483,280</u>	<u>-</u>
Fund balance, ending	<u>\$ 410,945</u>	<u>\$ 447,733</u>	<u>\$ 623,478</u>	<u>\$ 175,745</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, 2016

	Budget Original and Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues			
Taxes	\$ 248,958	\$ 232,085	\$ (16,873)
Program revenue	<u>134,000</u>	<u>22,263</u>	<u>(111,737)</u>
Total revenues	<u>382,958</u>	<u>254,348</u>	<u>(128,610)</u>
Expenditures			
Culture and recreation	<u>515,008</u>	<u>352,975</u>	<u>162,033</u>
Total expenditures	<u>515,008</u>	<u>352,975</u>	<u>162,033</u>
Excess (deficiency) of revenues over (under) expenditures	(132,050)	(98,627)	33,423
Fund balance, beginning	<u>394,581</u>	<u>394,581</u>	<u>-</u>
Fund balance, ending	<u>\$ 262,531</u>	<u>\$ 295,954</u>	<u>\$ 33,423</u>

CARBON COUNTY, WYOMING

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

June 30, 2016

	Governmental Units	Special Districts	Other	Total
ASSETS				
Cash	\$ 1,952,908	\$ 298,728	\$ 4,406,336	\$ 6,657,972
Investments	-	-	3,666,743	3,666,743
Taxes receivable	<u>24,662</u>	<u>199,648</u>	<u>-</u>	<u>224,310</u>
Total Assets	<u><u>\$ 1,977,570</u></u>	<u><u>\$ 498,376</u></u>	<u><u>\$ 8,073,079</u></u>	<u><u>\$ 10,549,025</u></u>
LIABILITIES				
Due to other taxing units	<u><u>\$ 1,977,570</u></u>	<u><u>\$ 498,376</u></u>	<u><u>\$ 8,073,079</u></u>	<u><u>\$ 10,549,025</u></u>
Total Liabilities and Net Position	<u><u>\$ 1,977,570</u></u>	<u><u>\$ 498,376</u></u>	<u><u>\$ 8,073,079</u></u>	<u><u>\$ 10,549,025</u></u>

CARBON COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

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	97.047	\$ 1,030
Pre-disaster mitigation	97.067	<u>148,568</u>
Homeland Security Grant Program		
Total Expenditures of Department of Homeland Security Awards		<u>149,598</u>
Department of Agriculture		
Cooperative Forestry Assistance	10.664	26,386
Passed through State of Wyoming, Department of Health		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	<u>4,038</u>
Total Expenditures of Department of Agriculture		<u>30,424</u>
Department of Justice		
Passed through State of Wyoming, Attorney General's Office		
Juvenile Justice and Delinquency Prevention	16.540	10,073
Crime Victim Assistance	16.575	10,704
Violence Against Women Formula Grants	16.588	<u>28,538</u>
Total Expenditures of Department of Justice Awards		<u>49,315</u>
Department of Health and Human Services		
Administration for Children and Families		
Passed through State of Wyoming, Department of Health		
Temporary Assistance to Needy Families	93.558	95,225
Community Services Block Grant	93.569	87,396
Centers for Disease Control and Prevention		
Passed through State of Wyoming, Department of Health		
Public Health Emergency Preparedness	93.069	<u>57,629</u>
Total Expenditures of Department of Health and Human Services Awards		<u>240,250</u>
Department of Transportation		
Federal Aviation Administration		
Airport Improvement Program	20.106	363,602
Passed through the State of Wyoming, Department of Transportation		
Highway Planning and Construction	20.205	<u>194,603</u>
Total Expenditures of Department of Transportation Awards		<u>558,205</u>
Total Federal Assistance	\$	<u>1,027,792</u>

CARBON COUNTY, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

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 Uniform Guidance, *“Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.”*

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, 2016

1. Summary of Auditor's results:

- An unmodified opinion was issued on the financial statements.
- Two significant deficiencies in internal control over financial reporting were 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 unmodified 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 Transportation, Federal Aviation Administration – Airport Improvement Program	20.106	\$ 363,602
U.S. Department of Transportation Passed through State of Wyoming Department of Transportation – Highway Planning and Construction	20.205	<u>194,603</u>
Total		<u>\$ 558,205</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 \$750,000 or more in federal awards. Type B programs are all programs with less than \$750,000 in federal awards.
- The auditee does not qualify as a low-risk auditee.

(Continued)

CARBON COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016
(Continued)

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

2016-001: Significant Deficiency in Internal Control – Financial Statement Preparation

Criteria

An integral part of the internal control system is the ability to prepare financial statements, including the necessary footnote disclosures.

Condition

Carbon County, Wyoming does not have an individual with the expertise to prepare the annual financial statements, including footnotes in accordance with generally accepted accounting principles.

Recommendation

As it is not economically feasible for Carbon County, Wyoming to hire a CPA in order to prepare their financial statements, it is recommended that management and the County Commissioners continue to be actively involved in the fiscal activities during the year and closely review the financial statements to verify that they are not materially misstated.

Response

Management will continue to review the financial statements that are prepared by the auditor and ensure that all information recorded in the report agrees to internal accounting records.

2016-002: Significant Deficiency in Internal Control – Invoice Approval

Criteria

An integral part of the internal control system is management's approval for transactions.

Condition

During audit testing, we found two instances of invoices being processed and paid without approval from Carbon County, Wyoming's management.

Recommendation

We recommend that management carefully review all invoices and document their approval before the invoice is processed for payment.

(Continued)

CARBON COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016
(Continued)

Response

Carbon County, Wyoming will review their procedures to ensure all invoices are approved by management before payment is issued.

3. Findings and questioned costs for Federal Awards:

- No such findings



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

To the County Commissioners
Carbon County, Wyoming
Rawlins, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the business-type activities, and the aggregate remaining fund information of Carbon County, Wyoming as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Carbon County, Wyoming's basic financial statements, and have issued our report thereon dated December 15, 2016.

Internal Control Over Financial Reporting

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

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

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

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did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies, References 2016-001 and 2016-002.

Compliance and Other Matters

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

Carbon County, Wyoming's Response to Findings

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

Purpose of this Report

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

Anton Collins Mitchell LLP

Laramie, Wyoming
December 15, 2016



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

To the County Commissioners
Carbon County, Wyoming
Rawlins, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Carbon County, Wyoming's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Carbon County, Wyoming's major federal programs for the year ended June 30, 2016. 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.

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 Carbon County, Wyoming'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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Carbon County, Wyoming's compliance.

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Opinion on Each Major Federal Program

In our opinion, Carbon County, Wyoming 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, 2016.

Report on Internal Control Over Compliance

The management of Carbon County, Wyoming 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 Carbon County, Wyoming's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in 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 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. A *significant deficiency in internal control over compliance* is a deficiency, or 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.

Anton Collins Mitchell LLP

Laramie, Wyoming
December 15, 2016