

# **CARBON COUNTY, WYOMING**

## **FINANCIAL STATEMENTS**

**June 30, 2022**



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## INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners  
Carbon County  
Rawlins, Wyoming

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carbon County, Wyoming (the County), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Memorial Hospital of Carbon County (a discretely presented component unit), which represent 87 percent, 90 percent, and 93 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Memorial Hospital of Carbon County, is based solely on the report of the other auditors.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audit contained in

*Government Auditing Standards*, issued by the Comptroller general of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

The County's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Supplementary Information***

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

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

### ***Change in Accounting Principle***

As described in the notes to the financial statements, the County adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2023 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



JONES SIMKINS LLC  
Logan, Utah  
March 30, 2023

## **Basic Financial Statements**



CARBON COUNTY  
STATEMENT OF NET POSITION  
June 30, 2022

	Primary Government		Component Units
	Governmental Activities	Total	
Assets:			
Pooled cash and cash equivalents	\$ 15,661,828	15,661,828	-
Cash and cash equivalents	5,504,642	5,504,642	3,337,708
Investments	1,160,730	1,160,730	2,058,008
Accounts receivable	-	-	4,992,731
Taxes receivable	7,843,701	7,843,701	49,328
Due from other governments	2,451,928	2,451,928	-
Prepaid expenses	377,776	377,776	605,007
Inventory	-	-	862,429
Capital assets			
Capital assets not being depreciated	2,133,548	2,133,548	-
Capital assets, net of accumulated depreciation	43,248,554	43,248,554	18,392,381
Right to use assets, net of accumulated amortization	16,004,138	16,004,138	-
Total assets	94,386,845	94,386,845	30,297,592
Deferred outflows of resources:			
Pensions	4,532,924	4,532,924	109,039
Other post-employment benefits	338,347	338,347	-
Total deferred outflows of resources	4,871,271	4,871,271	109,039
Liabilities:			
Accounts payable and accrued liabilities	918,813	918,813	3,827,035
Unearned revenues	2,505,576	2,505,576	-
Third-party payor settlements	-	-	70,000
Long-term liabilities:			
Due within one year:			
Compensated absences	60,000	60,000	49,000
Direct borrowings	40,000	40,000	-
Lease liability	575,000	575,000	127,296
Due in more than one year:			
Compensated absences	442,100	442,100	-
Direct borrowings	466,041	466,041	-
Lease liability	16,355,277	16,355,277	128,524
Post-employment health plan liability	3,084,321	3,084,321	-
Net pension liability	7,781,439	7,781,439	380,113
Total liabilities	32,228,567	32,228,567	4,581,968
Deferred inflows of resources:			
Pensions	5,327,158	5,327,158	254,909
Property taxes	6,363,485	6,363,485	650,000
Total deferred inflows of resources	11,690,643	11,690,643	904,909
Net position:			
Net investment in capital assets	44,418,209	44,418,209	18,136,561
Restricted for:			
State statute purposes	5,968,481	5,968,481	-
Road maintenance	3,327,917	3,327,917	-
Impact mitigation	612,232	612,232	-
Unrestricted	1,012,067	1,012,067	6,783,193
Total net position	\$ 55,338,906	55,338,906	24,919,754

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

CARBON COUNTY  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units
					Governmental Activities	Total	Total
Primary government:							
Governmental:							
General	\$ 17,912,224	2,128,870	1,169,655	-	(14,613,699)	(14,613,699)	-
Public safety	6,615,638	465,908	367,130	-	(5,782,600)	(5,782,600)	-
Highways and streets	1,815,431	1,770	173,891	-	(1,639,770)	(1,639,770)	-
Health and welfare	969,972	49,529	545,011	-	(375,432)	(375,432)	-
Culture and recreation	67,830	30,377	287,852	-	250,399	250,399	-
Depreciation and amortization - unallocated	4,413,938	-	-	-	(4,413,938)	(4,413,938)	-
Interest and fiscal charges	504,165	-	-	-	(504,165)	(504,165)	-
Total governmental activities	32,299,198	2,676,454	2,543,539	-	(27,079,205)	(27,079,205)	-
Total primary government	\$ 32,299,198	2,676,454	2,543,539	-	(27,079,205)	(27,079,205)	-
Component units:							
Governmental activities:							
Weed and pest control district	\$ 1,515,559	631,224	350,306	-	-	-	(534,029)
County fair board	164,509	88,720	62,065	-	-	-	(13,724)
County library	423,382	4,485	80,240	-	-	-	(338,657)
County museum	211,574	4,962	1,180	-	-	-	(205,432)
Business-type activities:							
Memorial hospital	40,879,804	33,157,417	217,530	-	-	-	(7,504,857)
Total component units	\$ 43,194,828	33,886,808	711,321	-	-	-	(8,596,699)
General revenues:							
Taxes:							
Property taxes					\$ 7,861,662	7,861,662	1,662,905
Payments in lieu of taxes					1,566,471	1,566,471	-
Sales and use taxes					2,274,115	2,274,115	-
Other taxes and shared revenues					4,363,602	4,363,602	-
Total taxes					16,065,850	16,065,850	1,662,905
CARES Act Provider Relief Fund					-	-	859,076
COVID-19 grants					-	-	462,942
Gain on forgiveness of Paycheck Protection loan					-	-	2,000,000
Interest and investment income (loss)					(77,230)	(77,230)	11,567
Loss on disposal of assets					(32,627)	(32,627)	-
Miscellaneous					210,418	210,418	-
Total general revenues					16,166,411	16,166,411	4,996,490
Change in net position					(10,912,794)	(10,912,794)	(3,600,209)
Net position - beginning, as restated					66,251,700	66,251,700	28,519,963
Net position - ending					\$ 55,338,906	55,338,906	24,919,754

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

CARBON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2022

	<u>General</u>	<u>County Roads</u>	<u>Impact Tax Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Pooled cash and cash equivalents	\$ 14,530,316	571,461	560,051	15,661,828
Cash and cash equivalents	2,775,463	2,676,998	52,181	5,504,642
Investments	1,160,730			1,160,730
Taxes receivable	7,843,701	-	-	7,843,701
Due from other governments	2,372,398	79,530	-	2,451,928
Prepaid expenses	377,776	-	-	377,776
Total assets	<u>\$ 29,060,384</u>	<u>3,327,989</u>	<u>612,232</u>	<u>33,000,605</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 880,987	72	-	881,059
Unearned revenues	2,505,576	-	-	2,505,576
Total liabilities	<u>3,386,563</u>	<u>72</u>	<u>-</u>	<u>3,386,635</u>
Deferred inflows of resources:				
Property taxes	7,843,702	-	-	7,843,702
Total deferred inflows of resources	<u>7,843,702</u>	<u>-</u>	<u>-</u>	<u>7,843,702</u>
Fund balances:				
Nonspendable	377,776	-	-	377,776
Restricted	5,968,481	3,327,917	612,232	9,908,630
Committed	1,381,840	-	-	1,381,840
Assigned	332,310	-	-	332,310
Unassigned	9,769,712	-	-	9,769,712
Total fund balances	<u>17,830,119</u>	<u>3,327,917</u>	<u>612,232</u>	<u>21,770,268</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 29,060,384</u>	<u>3,327,989</u>	<u>612,232</u>	<u>33,000,605</u>

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

CARBON COUNTY  
RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
June 30, 2022

Total fund balances for governmental funds \$ 21,770,268

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

The net pension liability, deferred inflows and outflows of resources related to pensions, and deferred outflows related to other post-employment benefits are not reported in the funds.

Deferred outflows of resources - pensions	\$ 4,532,924	
Deferred inflows of resources - pensions	(5,327,158)	
Net pension liability	(7,781,439)	
Deferred outflows of resources - OPEB	<u>338,347</u>	
		(8,237,326)

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

Buildings and improvements	\$ 42,734,115	
Infrastructure	54,565,880	
Equipment and vehicles	16,575,102	
Land	2,133,548	
Right-to-use equipment	2,650,291	
Right-to-use buildings	14,874,394	
Accumulated depreciation and amortization	<u>(72,147,090)</u>	
		61,386,240

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

Delinquent property taxes	1,480,217
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Long-term liabilities, including related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.

Lease liability	\$ (16,930,277)	
Direct borrowing - note payable	(506,041)	
Accrued interest	(37,754)	
Post-employment health plan liability	(3,084,321)	
Compensated absences	<u>(502,100)</u>	
		<u>(21,060,493)</u>

Net position of governmental activities \$ 55,338,906

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

CARBON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2022

	General	County Roads	Impact Tax Fund	Total Governmental Funds
Revenues:				
Taxes	\$ 14,838,424	631,589	129,000	15,599,013
Intergovernmental	2,369,648	173,891	-	2,543,539
Charges for services	2,676,454	-	-	2,676,454
Interest and investment income (loss)	(87,457)	9,801	426	(77,230)
Miscellaneous	210,418	-	-	210,418
Total revenues	20,007,487	815,281	129,426	20,952,194
Expenditures:				
General government	33,198,724	-	-	33,198,724
Highways and streets	1,479,098	699,017	-	2,178,115
Public safety	5,786,637	-	595,398	6,382,035
Health and welfare	1,011,544	-	-	1,011,544
Health and welfare	67,830	-	-	67,830
Debt service	1,242,897	-	-	1,242,897
Total expenditures	42,786,730	699,017	595,398	44,081,145
Excess (deficiency) of revenues over expenditures	(22,779,243)	116,264	(465,972)	(23,128,951)
Other financing sources (uses):				
Proceeds from issuance of lease liability	14,874,394	-	-	14,874,394
Proceeds from issuance of note payable	506,041	-	-	506,041
Transfers in (out)	(8,816)	-	8,816	-
Total other financing sources	15,371,619	-	8,816	15,380,435
Net change in fund balance	(7,407,624)	116,264	(457,156)	(7,748,516)
Fund balance – beginning, as restated	25,237,743	3,211,653	1,069,388	29,518,784
Fund balance – ending	\$ 17,830,119	3,327,917	612,232	21,770,268

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

CARBON COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022

Net change in fund balance – total governmental funds	\$	(7,748,516)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlays (\$16,428,175) exceeded depreciation and amortization (\$4,413,938).		12,014,237
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The net effect of transactions involving the post-employment health plan liability result in a decrease in benefit expense and an increase in net position.		56,504
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales of capital assets) is to decrease net position.		(32,627)
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The net effect of transactions involving the net pension liability and deferred inflows and outflows of resources related to pensions results in an increase in benefit expense and a decrease in net position.		(945,238)
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Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.		466,837
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The issuance of long-term liabilities (e.g. direct borrowings) provides current financial resources to governmental funds but results in an increase in long-term liabilities in the Statement of Net Position. Repayment of principal on long-term liabilities is an expenditure in governmental funds, but reduces liabilities in the Statement of Net Position. In the Statement of Activities, interest expense and changes in compensated absences are recognized when incurred.

Proceeds from issuance of lease liability		(14,874,394)
Proceeds from issuance of note payable		(506,041)
Payment of principal on long-term liabilities		625,732
Change in compensated absences		(82,288)
Accrued interest on long-term liabilities		113,000
		113,000

Change in net position of governmental activities	\$	(10,912,794)
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The accompanying notes are an integral part of these financial statements.

CARBON COUNTY  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2022

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 2,787,558
Investments	<u>3,361,459</u>
Total assets	<u>6,149,017</u>
Liabilities:	
Due to other taxing units	<u>6,149,017</u>
Total liabilities	<u>6,149,017</u>
Net position:	<u>\$ -</u>

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

CARBON COUNTY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
Year Ended June 30, 2022

	<u>Custodial Funds</u>
Additions:	
Tax collections for other governments	\$ <u>60,070,385</u>
Total additions	<u>60,070,385</u>
Deductions:	
Tax distributions to other governments	<u>60,070,385</u>
Total deductions	<u>60,070,385</u>
Change in net position	-
Net position – beginning	<u>-</u>
Net position – ending	\$ <u><u>-</u></u>

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



CARBON COUNTY  
COMBINING STATEMENT OF NET POSITION  
COMPONENT UNITS  
June 30, 2022

	Government Activities				Business-Type Activities	
	Weed and Pest Control	County Fair Board	County Museum	County Library	Memorial Hospital	Total
<u>Assets</u>						
Cash and cash equivalents	\$ 1,537,814	340,955	129,027	310,860	1,019,052	3,337,708
Investments	-	-	-	-	2,058,008	2,058,008
Receivables, net	762,428	-	-	-	4,230,303	4,992,731
Taxes receivable	-	4,180	-	45,148	-	49,328
Prepaid expenses	13,792	-	-	-	591,215	605,007
Inventories	217,690	-	-	-	644,739	862,429
Capital assets, net of accumulated depreciation	230,609	156,685	69,437	12,100	17,923,550	18,392,381
Total assets	2,762,333	501,820	198,464	368,108	26,466,867	30,297,592
<u>Deferred outflows of resources</u>						
Pensions	36,753	-	-	72,286	-	109,039
Total deferred outflows of resources	36,753	-	-	72,286	-	109,039
<u>Liabilities</u>						
Accounts payable and accrued liabilities	97,083	-	5,945	20,925	3,703,082	3,827,035
Third-party payor settlements	-	-	-	-	70,000	70,000
Long-term liabilities:						
Due within one year:						
Compensated absences	49,000	-	-	-	-	49,000
Lease liability	-	-	-	-	127,296	127,296
Due in more than one year:						
Lease liability	-	-	-	-	128,524	128,524
Net pension liability	146,263	-	-	233,850	-	380,113
Total liabilities	292,346	-	5,945	254,775	4,028,902	4,581,968
<u>Deferred inflows of resources</u>						
Pensions	97,451	-	-	157,458	-	254,909
Property taxes	650,000	-	-	-	-	650,000
Total deferred inflows of resources	747,451	-	-	157,458	-	904,909
<u>Net position</u>						
Net investment in capital assets	230,609	156,685	69,437	12,100	17,667,730	18,136,561
Unrestricted	1,528,680	345,135	123,082	16,061	4,770,235	6,783,193
Total net position	\$ 1,759,289	501,820	192,519	28,161	22,437,965	24,919,754

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

CARBON COUNTY  
COMBINING STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
Year Ended June 30, 2022

	Government Activities				Business-Type Activities	
	Weed and Pest Control	County Fair Board	County Museum	County Library	Memorial Hospital	Total
Expenses	\$ 1,515,559	164,509	211,574	423,382	40,879,804	43,194,828
Program revenues:						
Charges for services	631,224	88,720	4,962	4,485	33,157,417	33,886,808
Operating grants and contributions	350,306	62,065	1,180	80,240	217,530	711,321
Total program revenues	981,530	150,785	6,142	84,725	33,374,947	34,598,129
Net expenses	(534,029)	(13,724)	(205,432)	(338,657)	(7,504,857)	(8,596,699)
General revenues:						
Taxes	726,907	54,024	226,084	400,273	255,617	1,662,905
CARES Act Provider Relief Fund	-	-	-	-	859,076	859,076
COVID-19 grants	-	-	-	-	462,942	462,942
Gain on forgiveness of Paycheck Protection Program loan	-	-	-	-	2,000,000	2,000,000
Interest and investment income	1,955	646	126	935	7,905	11,567
Total general revenues	728,862	54,670	226,210	401,208	3,585,540	4,996,490
Change in net position	194,833	40,946	20,778	62,551	(3,919,317)	(3,600,209)
Net position – beginning	1,564,456	460,874	171,741	(34,390)	26,357,282	28,519,963
Net position – ending	\$ 1,759,289	501,820	192,519	28,161	22,437,965	24,919,754

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

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies

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

**Financial Reporting Entity**

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

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

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

*Discretely Presented Component Units*

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

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

*Discretely Presented Component Units (continued)*

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

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

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

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

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

*Jointly Governed Organizations*

The Carbon County Specific Purpose Tax Joint Powers Board (the Board) was created for the purpose of financing and constructing certain improvements to the Carbon Building. The County entered into a lease agreement with the Board wherein the County leases the building improvements from the Board as they are constructed. The Board operates independently from the County and receives an independent financial statement audit each year. The Board's audited financial statements can be obtained from the County Treasurer.

**Basic Financial Statements**

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

*Government-Wide Statements*

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

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

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

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

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

*Fund Financial Statements*

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

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

*Governmental Funds*

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

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

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

The County's major governmental funds consist of the General Fund (see description above), the County Road Fund, and the Impact Tax Fund. The County Road Fund is a special revenue fund established to receive special fuels taxes used for road maintenance. The Impact Tax Fund is a special revenue fund established to receive various impact assistance payments to help the county mitigate the impacts associated with large industrial projects.

The County has no nonmajor governmental funds.

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

*Fiduciary Funds*

The County's fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for other individuals or organizations. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The County has two custodial funds. Custodial funds are used to account for assets held by the County as an agent for other governmental units, other organizations, or individuals. These assets are primarily made up of tax collections. The County accounts for these funds in accordance with GASB Statement No. 84 "Fiduciary Activities" (GASB 84).

**Measurement Focus and Basis of Accounting**

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

*Economic Resources Measurement Focus and Accrual Basis of Accounting*

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

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

*Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting*

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

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

*Component Unit Financial Statements*

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



CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

**Financial Statement Amounts**

*Cash and Cash Equivalents*

For the purposes of the statement of net position, the term “cash and cash equivalents” includes all demand deposits, savings accounts, certificates of deposit, or other short-term, highly liquid investments.

*Pooled Cash and Cash Equivalents*

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

*Investments*

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

*Receivables and Due from Other Governments*

Receivables consist of revenues earned as of year-end but received after year-end. All receivable balances are reported net of any allowance for uncollectible accounts. Allowances for uncollectible accounts are based upon historical trends and current data regarding the condition of specific debtors as of the date of issuance of the financial statements.

Due from other governments consists of amounts due to the County at year-end but remitted after year-end. The balance consists primarily of sales tax and other taxes due from the State of Wyoming, payments in lieu of taxes due from the federal government, and reimbursements for grant expenditures due from the State of Wyoming, the federal government, or other agencies.

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

*Inventories*

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

*Prepaid expenses*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

*Capital Assets*

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

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

Infrastructure	50 years
Buildings	40 years
Building improvements	20 years
Equipment and vehicles	5 to 12 years

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

*Leases*

The County leases various buildings, property, and equipment under noncancellable leases. The County recognizes a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements with an initial, individual value of \$50,000 or more and a lease term of more than one year, including expected extensions. At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of its useful life or lease term. Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase options that the County is reasonably certain to exercise. The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Right-to-use lease assets are reported with capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

*Deferred Outflows of Resources and Deferred Inflows of Resources*

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

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

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

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

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

*Unearned Revenues*

In the government-wide financial statements and the governmental fund financial statements, unearned revenue is recognized when cash or other assets are received or recognized prior to completion of the earnings process. The unearned revenues are related to grant proceeds.

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

*Long-Term Liabilities*

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

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

*Compensated Absences*

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

The Hospital's employees earn paid time off and sick leave at varying rates depending on years of service. Paid time off for hourly and salaried employees accumulates up to a maximum of 240 to 350 hours. All paid time off is expensed when earned and is not paid upon termination. Select senior management who have been employed at the Hospital for several years have incorporated benefits for sick pay into their contracts. Accrued sick pay is not paid out upon termination.

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick leave accumulate for all employees dependent upon years of service. Accumulated vacation leave is payable to the employee upon termination of employment up to a maximum of 240 hours depending on years of service. Fifty percent of accumulated sick leave is payable to the employee upon termination of employment up to a maximum of 1,040 hours.

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

*Compensated Absences (continued)*

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

*Interfund Balances and Transactions*

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

*Equity Classifications*

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

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

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

*Fund Balance Classifications*

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

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

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

*Net position flow assumption*

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

*Fund balance flow assumptions*

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

*Estimates*

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



CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

*Property Tax Calendar and Rates*

The County assesses all taxable property other than centrally assessed property, which is assessed by the State of Wyoming, by January 1 of each year. Property taxes are levied on or about August 1 and are billed in two installments on September 1 and March 1 and become delinquent after November 10 and May 10. If paid in full, the entire amount is due December 31, of each year. The County bills and collects its own property taxes as well as property taxes for all municipalities and political subdivisions within the County. Collections and remittances of these taxes for other taxing entities are accounted for in the Treasurer's Tax Fund. County property tax revenues are recognized when levied to the extent that they result in current receivables which means collected within the current period or expected to be collected within 60 days after the period end to be used to pay liabilities of the current period. State law allows anyone to pay the delinquent taxes on a property and obtain an enforceable lien on that property.

The County is permitted by Wyoming Statute to levy taxes up to 12 mills of assessed valuation for all purposes excluding general school tax, exclusive of state revenue, except for the payment of public debt and interest thereon. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2022, was 12.000 mills. The County has no unused tax margin as of June 30, 2022.

Note 2 – Change in Accounting Principle

On July 1, 2021, the County implemented GASB Statement No. 87, Leases, which establishes a single model for lease accounting and requires recognition of certain lease assets and liabilities. For the primary government, the adoption of this standard resulted in a \$3,149,880 change to beginning net position and no change in beginning fund balance. For component units, the adoption of this standard resulted in no change to beginning net position.

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 3 – Deposits and Investments

*Primary Government*

Deposits and investments consist of the following:

<u>Financial Statement Description</u>	<u>Deposits</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
<i>Governmental funds</i>				
Pooled cash and cash equivalents	\$ 15,661,828	-	-	15,661,828
Cash and cash equivalents:				
Demand deposits	-	-	-	-
WYO-STAR	-	5,499,911	-	5,499,911
Cash-on-hand	-	-	4,731	4,731
Total cash and cash equivalents	-	5,499,911	4,731	5,504,642
Investments:				
Government bonds	-	638,392	-	638,392
Other securities	-	1,762	188,649	190,411
Certificates of deposit	331,927	-	-	331,927
Total investments	331,927	640,154	188,649	1,160,730
<i>Total governmental funds</i>	<u>\$ 15,993,755</u>	<u>6,140,065</u>	<u>193,380</u>	<u>22,327,200</u>
<i>Fiduciary funds</i>				
Cash and cash equivalents:				
Demand deposits	\$ 2,230,642	-	-	2,230,642
Money market	556,916	-	-	556,916
Total cash and cash equivalents	2,787,558	-	-	2,787,558
Investments:				
WYO-STAR	-	2,557,804	-	2,557,804
Wyoming CLASS	-	803,655	-	803,655
Total investments	-	3,361,459	-	3,361,459
<i>Total fiduciary funds</i>	<u>\$ 2,787,558</u>	<u>3,361,459</u>	<u>-</u>	<u>6,149,017</u>

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 3 – Deposits and Investments (continued)

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

*Deposits*

State law specifies the types of financial institutions in which the County can deposit monies. In addition, State law requires that all deposits in financial institutions be fully insured by the Federal Deposit Insurance Corporation or secured by a pledge of collateral or the furnishing of a surety bond. At June 30, 2022, all deposits of the County were fully collateralized or insured.

*Investments*

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

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

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 3 – Deposits and Investments (continued)

*Investments (continued)*

- diversified money market funds in which the County does not own more than 10% of the net position of the funds and subject to several other limits.

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

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

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

WYO-STAR operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of WYO-STAR are allocated monthly based on the participant's average balance in relation to the total balance of the pool. The fair value of the WYO-STAR investment pool is approximately equal to the value of the pool shares. As such, amounts held with WYO-STAR of \$8,057,715 are carried at amortized cost and are considered cash and cash equivalents.

The County has investments with Wyoming CLASS, an investment pool authorized by the State of Wyoming and managed by a private investment management firm. Wyoming CLASS is available for investments of funds administered by any local government entity within the State of Wyoming. The general objective of Wyoming CLASS is to generate a high level of current income for participants while maintaining liquidity and preserving capital by investing only in instruments authorized by Wyoming State Statutes.

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

Wyoming CLASS operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of Wyoming CLASS are allocated monthly based on the participant's average balance in relation to the total balance of the pool. As such, amounts held with Wyoming CLASS of \$803,655 are carried at amortized cost and are considered cash and cash equivalents.

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 3 – Deposits and Investments (continued)

At June 30, 2022, the County also had investments in various US government-backed bonds, corporate bonds, and mortgage-backed securities as follows:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
FNMA bonds/securities	\$ 640,154	1,762	638,392	-	-
WYO-STAR	8,057,715	8,057,715	-	-	-
Wyoming CLASS	803,655	803,655	-	-	-
	<u>\$ 9,501,524</u>	<u>8,863,132</u>	<u>638,392</u>	<u>-</u>	<u>-</u>

The County uses the specific identification method to assess interest rate risk.

*Fair Value*

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

The County's governmental activities have the following recurring fair value measurements as of June 30, 2022:

- Government bonds and asset backed securities of \$640,154 are determined by an independent pricing service using recently executed transactions, market price quotations, and pricing models that factor in, where applicable, interest rates, bond spreads, and volatility (Level 2 inputs).

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's policy for managing its exposure to fair value loss arising from increasing interest rates is to invest no more than 75% of the portfolio of securities with maturities exceeding 1 year and no more than 25% of the portfolio of securities with maturities exceeding 5 years.

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 3 – Deposits and Investments (continued)

*Credit Risk*

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

*Concentration of Credit Risk*

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

*Custodial Credit Risk*

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

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 3 – Deposits and Investments (continued)

*Component Units*

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

Financial Statement Description	Deposits	Investments	Cash	Total
Cash and cash equivalents:				
Demand deposits	\$ 1,746,402	-	-	1,746,402
Certificates of deposit	439,574	-	-	439,574
WYO-STAR	-	80,340	-	80,340
WSL	-	8,164	-	8,164
Money market accounts	1,062,017	-	-	1,062,017
Cash-on-hand	-	-	1,211	1,211
Total cash and cash equivalents	3,247,993	88,504	1,211	3,337,708
Investments:				
Certificates of deposit	-	2,058,008	-	2,058,008
Total investments	-	2,058,008	-	2,058,008
Total component units	\$ 3,247,993	2,146,512	1,211	5,395,716

*Deposits*

State law specifies the types of financial institutions in which the component units can deposit monies. In addition, State law requires that all deposits in financial institutions be fully insured by the Federal Deposit Insurance Corporation or secured by a pledge of collateral or the furnishing of a surety bond. At June 30, 2022, all deposits of component units were fully collateralized or insured.

*Investments*

The component units have investments in WYO-STAR and WSL of \$80,340 and \$8,164, respectively. These investments are carried at amortized cost and are considered cash and cash equivalents. Certificates of deposit held by the component units in the Bank of Commerce of \$2,058,008 are considered other investments.

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 3 – Deposits and Investments (continued)

Component units manage their investment risk as follows:

*Interest Rate Risk*

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

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The component units' policies for reducing exposure to credit risk are to comply with the Wyoming State Statutes. At June 30, 2022, all investments held by the component units are in WYO-STAR, WSL, and the Bank of Commerce which are unrated.

*Concentration of Credit Risk*

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

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the component units will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. The component units have no formal policies with respect to custodial credit risk. As of June 30, 2022, all of the component units' investments are in WYO-STAR, WSL, and certificates of deposit with the Bank of Commerce.



CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 4 – Receivables and Due from Other Governments

*Primary Government*

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

Taxes receivable:	
Property taxes – current	\$ 1,480,215
Property taxes – deferred to future periods	<u>6,363,486</u>
Total taxes receivable	\$ <u>7,843,701</u>
Due from other governments:	
Sales, use, and other taxes	\$ 1,583,491
Contract reimbursements	<u>868,437</u>
Total due from other governments	\$ <u>2,451,928</u>

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

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

*Component Units*

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

*Weed and Pest:*

Trade receivables	\$ <u>762,428</u>
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*County Fair:*

Property taxes	\$ <u>4,180</u>
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*County Library:*

Property taxes	\$ <u>45,148</u>
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*Memorial Hospital:*

Trade and other receivables	
Patient accounts receivable	\$ 8,266,493
Third-party payor settlements	741,888
Other	15,922
Less allowance for uncollectible accounts	<u>(4,794,000)</u>
	\$ <u>4,230,303</u>

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 5 – Capital Assets

*Governmental Activities*

Capital asset activity is as follows:

	Balance 7/1/21	Additions	Retirements and Transfers	Balance 6/30/22
Capital assets not being depreciated/amortized:				
Land	\$ 2,133,548	-	-	2,133,548
	2,133,548	-	-	2,133,548
Capital assets being depreciated/amortized:				
Buildings and improvements	42,545,279	188,836	-	42,734,115
Infrastructure	54,236,190	329,690	-	54,565,880
Equipment and vehicles	15,639,651	1,035,255	(99,804)	16,575,102
Right-to-use equipment	2,650,291	-	-	2,650,291
Right-to-use buildings	-	14,874,394	-	14,874,394
	115,071,411	16,428,175	(99,804)	131,399,782
Accumulated depreciation and amortization for:				
Buildings and improvements	(18,822,434)	(802,194)	-	(19,624,628)
Infrastructure	(37,392,550)	(1,283,324)	-	(38,675,874)
Equipment and vehicles	(11,585,345)	(807,873)	67,177	(12,326,041)
Right-to-use equipment	-	(458,090)	-	(458,090)
Right-to-use buildings	-	(1,062,457)	-	(1,062,457)
	(67,800,329)	(4,413,938)	67,177	(72,147,090)
Total capital assets being depreciated/amortized, net	47,271,082	12,014,237	(32,627)	59,252,692
Total governmental activities capital assets, net	\$ 49,404,630	12,014,237	(32,627)	61,386,240

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 5 – Capital Assets (continued)

*Component Units*

Capital asset activity of component units is as follows:

	Balance 7/1/21	Additions	Retirements and Transfers	Balance 6/30/22
Weed and Pest:				
Buildings and improvements	\$ 210,650	-	-	210,650
Property and equipment	522,047	7,980	-	530,027
Accumulated depreciation	(482,980)	(27,088)	-	(510,068)
	<u>\$ 249,717</u>	<u>(19,108)</u>	<u>-</u>	<u>230,609</u>
County Fair:				
Equipment	\$ 70,020	131,086	-	201,106
Accumulated depreciation	(29,063)	(15,358)	-	(44,421)
	<u>\$ 40,957</u>	<u>115,728</u>	<u>-</u>	<u>156,685</u>
County Museum:				
Buildings and improvements	\$ 199,586	-	-	199,586
Accumulated depreciation	(118,509)	(11,640)	-	(130,149)
	<u>\$ 81,077</u>	<u>(11,640)</u>	<u>-</u>	<u>69,437</u>
County Library:				
Vehicles	\$ 16,500	-	-	16,500
Accumulated depreciation	(1,100)	(3,300)	-	(4,400)
	<u>\$ 15,400</u>	<u>(3,300)</u>	<u>-</u>	<u>12,100</u>
Memorial Hospital:				
Land	\$ 358,550	-	-	358,550
Construction in progress	405,772	528,533	-	934,305
Land improvements	568,360	13,834	(6,397)	575,797
Building and improvements	29,010,553	904,182	(1,178,511)	28,736,224
Equipment	20,905,034	484,366	(3,335,137)	18,054,263
Right-to-use equipment	-	759,794	-	759,794
Accumulated depreciation and amortization	(33,448,319)	(1,987,891)	3,940,827	(31,495,383)
	<u>\$ 17,799,950</u>	<u>702,818</u>	<u>(579,218)</u>	<u>17,923,550</u>

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 5 – Capital Assets (continued)

Depreciation expense was charged to the component units as follows:

Weed and Pest	\$ 27,088
County Fair	15,358
County Museum	11,640
County Library	3,300
Memorial Hospital	<u>1,987,891</u>
	\$ <u><u>2,045,277</u></u>

Note 6 – Accounts Payable and Accrued Liabilities

*Primary Government*

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

Payables to vendors	\$ 810,214
Self insurance payable	70,658
Payables to contractors	187
Accrued interest	<u>37,754</u>
	\$ <u><u>918,813</u></u>

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 6 – Accounts Payable and Accrued Liabilities (continued)

*Component Units*

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

<i>Weed and Pest:</i>	
Payables to vendors	\$ <u>97,083</u>
<i>County Museum:</i>	
Payables to vendors	\$ <u>5,945</u>
<i>County Library:</i>	
Payables to vendors	\$ <u>20,925</u>
<i>Memorial Hospital:</i>	
Payables to vendors	\$ 1,720,127
Accrued payroll and related liabilities	1,462,361
Patient refunds payable	<u>520,594</u>
	\$ <u>3,703,082</u>

*CARES Act Provider Relief Fund – Memorial Hospital*

In April through June 2020, the Hospital received approximately \$4,236,000 of funding from the CARES Act Provider Relief Fund. The Hospital also received additional grants to assist with expenses related to COVID-19. These funds are required to be used to reimburse the Hospital for healthcare-related expenses or lost revenues that are attributable to COVID-19. The Hospital recorded these funds as unearned CARES Act Provider Relief Fund until eligible expenses or lost revenues were recognized. During the year ended June 30, 2022, the Hospital recognized \$859,076 of grant revenue from these funds resulting in no unearned revenues being reported at June 30, 2022.

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 7 – Long-Term Liabilities

*Primary Government*

Long-term liability activity is as follows:

	Balance 7/1/21	Additions	Reductions	Balance 6/30/22	Due Within One Year
<i>Governmental Activities:</i>					
Compensated absences	\$ 419,812	142,288	(60,000)	502,100	60,000
Lease liability	2,681,615	14,874,394	(625,732)	16,930,277	575,000
Direct borrowing - note payable	-	506,041	-	506,041	40,000
	<u>\$ 3,101,427</u>	<u>15,522,723</u>	<u>(685,732)</u>	<u>17,938,418</u>	<u>675,000</u>

*Leases*

The County is committed under five leases as lessee for buildings and improvements and equipment. In association with these leases, initial lease liabilities and right-to-use assets were recorded in the amount of \$17,559,009. The County is required to make semiannual to annual principal and interest payments ranging from \$29,352 to \$541,112, and the leases expire at various dates from May 2023 to June 2035. The leases carry interest rates ranging from 2.19% to 3.70%. As of June 30, 2022, the lease liability was \$16,930,277. The assets being leased have estimated useful lives ranging from two to fourteen years. The value of the right-to-use assets as of June 30, 2022 was \$17,524,685 and had accumulated amortization of \$1,520,547.

The following is a schedule of future principal and interest payments required under these leases:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 574,682	471,924	1,046,606
2024	560,014	457,253	1,017,267
2025	525,320	442,823	968,143
2026	1,003,958	430,836	1,434,794
2027	1,657,497	403,549	2,061,046
2028 - 2032	7,669,350	1,356,320	9,025,670
2033 - 2035	<u>4,939,456</u>	<u>285,387</u>	<u>5,224,843</u>
	<u>\$ 16,930,277</u>	<u>3,848,092</u>	<u>20,778,369</u>

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 7 – Long-Term Liabilities (continued)

*Note Payable*

The County has an unsecured note payable with an original principal balance of \$506,041 due to the State of Wyoming. This note bears no interest and is payable in annual installments of \$40,483 through December 2035. As of June 30, 2022, the note payable had a balance of \$506,041.

The annual requirements to amortize this note payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 40,483	-	40,483
2024	40,483	-	40,483
2025	40,483	-	40,483
2026	40,483	-	40,483
2027	40,483	-	40,483
2028 - 2032	202,415	-	202,415
2033 - 2036	101,211	-	101,211
	<u>\$ 506,041</u>	<u>-</u>	<u>506,041</u>

*Component Units*

Long-term liability activity is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Weed and Pest:					
Compensated absences	\$ 39,017	14,180	(4,197)	49,000	49,000
	<u>\$ 39,017</u>	<u>14,180</u>	<u>(4,197)</u>	<u>49,000</u>	<u>49,000</u>
Memorial Hospital:					
Lease liability	\$ 119,420	299,783	(163,383)	255,820	127,296
Paycheck Protection Program direct borrowing	2,000,000	-	(2,000,000)	-	-
	<u>\$ 2,119,420</u>	<u>299,783</u>	<u>(2,163,383)</u>	<u>255,820</u>	<u>127,296</u>



CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 7 – Long-Term Liabilities (continued)

*Leases*

The Hospital is committed under three leases as lessee for equipment. In association with these leases, initial lease liabilities and right-to-use assets were recorded in the amount of \$419,203. The Hospital is required to make monthly principal and interest payments ranging from \$2,085 to \$6,900, and the leases expire at various dates from December 2022 to February 2035. The leases carry interest rates of 5%. As of June 30, 2022, the lease liability was \$255,820. The value of the right-to-use assets as of June 30, 2022 was \$759,794 and had accumulated amortization of \$488,605.

The following is a schedule of future principal and interest payments required under these leases:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 127,296	9,232	136,528
2024	75,828	4,704	80,532
2025	52,696	993	53,689
	<u>\$ 255,820</u>	<u>14,929</u>	<u>270,749</u>

*Paycheck Protection Program Direct Borrowing*

In February 2021, the Hospital was granted a second loan from Bank of Commerce in the aggregate amount of \$2,000,000 pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), which was enacted March 27, 2020. The Hospital applied for loan forgiveness for this loan in June 2021, which was approved in September 2021. The loan forgiveness is recorded as a gain on forgiveness of Paycheck Protection Program loan in the combining statement of activities for the year ended June 30, 2022.

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 8 – Net Position and Fund Equities

The following schedule details fund equity balances:

*Governmental Activities:*

Nonspendable:	
Prepaid expenses	\$ <u>377,776</u>
	<u>377,776</u>
Restricted:	
Roads	3,327,917
SPT 2019 Project	5,549,643
Impact assistance	612,232
Emergency services (E911)	330,056
Abandoned vehicles	18,284
COVID 19	<u>70,498</u>
	<u>9,908,630</u>
Committed:	
Dixon airport	153,232
Detention center operations and maintenance	798,419
Self funded insurance	<u>430,189</u>
	<u>1,381,840</u>
Assigned:	
Special projects	152,247
Vaccine	21,109
Fire strike	149,015
Other purposes	<u>9,939</u>
	<u>332,310</u>
Unassigned	<u>9,769,712</u>
	<u>\$ 21,770,268</u>

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 8 – Net Position and Fund Equities (continued)

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

Note 9 – Retirement Plans

The County participates in the Wyoming Retirement System (the "System"), a statewide cost-sharing multiple-employer public employee retirement system. The System is established and governed by the respective sections of Wyoming state statute. The statute provides for the administration of the System under the direction of the Wyoming State Retirement Board whose members are appointed by the Governor. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. Reports can be obtained on the Wyoming Retirement System website ([retirement.state.wy.us/](http://retirement.state.wy.us/)).

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

*Public Employees Pension Plan*

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

PEPP statutorily requires 18.62% of the participant's salary to be contributed to PEPP. Contributions consist of 9.25% of the participant's salary as employee contributions and 9.37% as employer contributions. The amount of contributions designated as employee contributions represent the portion of total contributions that a participant retains ownership of and can elect to receive as a refund upon termination of employment. The employer may elect to cover a portion of the employee's contribution and currently the County pays 2.25% of the employee's salary.

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

- Tier 1, PEPP allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60.

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 9 – Retirement Plans (continued)

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

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

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

Contributions by the County to PEPP for the year ended June 30, 2022 were \$828,043, and contributions by the County's Weed and Pest Control District and Library Board component units were \$31,312 and \$51,867, respectively.

*Law Enforcement Pension Plan*

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

LEPP statutorily requires participants to contribute 8.6% of their salary to LEPP and the employer is required to contribute 8.6% of each participant's salary. The County currently pays 1.6% of the employee's contribution.

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

Contributions by the County to LEPP for the year ended June 30, 2022 were \$452,940.

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 9 – Retirement Plans (continued)

*Wyoming Deferred Compensation Plan*

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

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

During 2022, the County's involvement is limited to withholding the amounts elected by employees and remitting those amounts to the Wyoming Deferred Compensation Plan.

*Defined Contribution Plans – Memorial Hospital*

The Hospital sponsors a defined contribution retirement plan under which employees may elect to become participants. The name of the plan is the Memorial Hospital of Carbon County 401(k) Plan. Employees who work 1,000 hours per year, who are at least 21 years of age, and have one year of service are eligible. The Hospital can make an annual discretionary contribution of 50 percent matching contribution up to 4 percent of the eligible employee's base salary, excluding vacation and sick pay, to this plan. The contributions are subject to Board of Trustee approval. Employees are eligible immediately upon hire and contributions are based on a flat rate. The Hospital made a discretionary contribution to this plan for the year ended June 30, 2022 of 4 percent. Employee contributions to this plan were approximately \$725,000 for the year ended June 30, 2022. Employer contributions to this plan were approximately \$360,000 for the year ended June 30, 2022.

The Hospital also sponsors a defined contribution retirement plan under which employees may elect to become participants. The name of the plan is the Memorial Hospital of Carbon County 457 Plan. All employees are eligible to participate in this plan. The Hospital does not contribute to this plan. Employee contributions to this plan were approximately \$105,000 for the year ended June 30, 2022.

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 9 – Retirement Plans (continued)

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

*Governmental Activities:*

At June 30, 2022, the County reported an entity-wide net pension liability of \$7,781,439 related to governmental activities which was calculated as follows:

	Measured at: December 31, 2021		December 31, 2020	
	Net Pension Liability	Proportionate Share	Proportionate Share	Change
PEPP	\$ 3,580,385	0.2348222%	0.2238960%	0.0109%
LEPP	<u>4,201,054</u>	1.4764443%	1.4216053%	0.0548%
Total net pension liability	<u>\$ 7,781,439</u>			

*Component Units*

The County's component units that participated in WRS only participated in PEPP. At June 30, 2022, the aggregate net pension liability for component units is \$380,113 and was calculated as follows:

	Measured at: December 31, 2021		December 31, 2020	
<u>PEPP</u>	Net Pension Liability	Proportionate Share	Proportionate Share	Change
Weed and Pest	\$ 146,263	0.0095928%	0.0095583%	0.00003%
County Library	<u>233,850</u>	0.0153372%	0.0149970%	0.00034%
Total net pension liability	<u>\$ 380,113</u>			

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 9 – Retirement Plans (continued)

The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2021.

*Governmental Activities*

For the year ended June 30, 2022, the County recognized entity-wide pension expense related to governmental activities of \$998,350. At June 30, 2022, the County reported entity-wide deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<hr/>	<hr/>
Difference between expected and actual experience	\$ 307,404	18,706
Net difference between projected and actual earnings on pension plan investments	-	3,767,761
Changes of assumptions	3,506,514	520,627
Change in proportion and differences between contributions and proportionate share of contributions	72,686	1,020,064
Contributions subsequent to the measurement date	<hr/> 646,320	<hr/> -
	<hr/> \$ 4,532,924	<hr/> 5,327,158

Deferred outflows of resources related to pensions resulting from County contributions of \$646,320 made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 9 – Retirement Plans (continued)

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

Fiscal Year Ending <u>June 30,</u>	Net Deferred Outflows (Inflows) of
2023	\$ (156,862)
2024	(741,512)
2025	(25,651)
2026	<u>(516,529)</u>
	\$ <u><u>(1,440,554)</u></u>

*Component Units*

For the year ended June 30, 2022, component units of the County recognized a combined actuarial pension benefit of \$13,623. At June 30, 2022, component units of the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Weed & Pest Deferred Outflows (Inflows) of Resources	County Library Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 2,518	(155,448)
Net difference between projected and actual	(97,226)	4027
Change in assumptions	11,836	18,923
Change in proportion and differences between contributions and proportionate share of contributions	9,852	7,586
Contributions subsequent to the measurement date	<u>12,322</u>	<u>39,740</u>
	\$ <u><u>(60,698)</u></u>	<u><u>(85,172)</u></u>



CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 9 – Retirement Plans (continued)

Deferred outflows of resources related to pensions resulting from Weed & Pest and County Library contributions of \$12,322 and \$39,740, respectively, made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	Weed & Pest Net Deferred Outflows of Resources	County Library Net Deferred Outflows of Resources
2023	\$ (8,644)	(23,384)
2024	(28,506)	(45,175)
2025	(19,342)	(29,925)
2026	(16,528)	(26,428)
	<u>\$ (73,020)</u>	<u>(124,912)</u>

*Actuarial Assumptions*

The total pension liability based on the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PEPP</u>	<u>LEPP</u>
Projected salary increases, includes inflation	2.5% to 6.5%	4.75% to 8.75%
Assumed inflation rate	2.25%	2.25%
Investment Rate of Return	6.80%	6.80%

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

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 9 – Retirement Plans (continued)

*Discount Rate*

The discount rate used to measure the total pension liability for PEPP was 6.80%. The discount rate for the LEPP was 5.17%. The long-term expected rate of return used to measure the total pension liability for all plans was 6.80%. 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 Systems' fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability. The assumed asset allocation of the plans' portfolios, the long-term expected rate of return for each asset class, and the expected rate of return is presented arithmetically and geometrically below over a 20-year period.

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 asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plans target asset allocation as of January 1, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Real Return	Arithmetic Nominal Return	Geometric Real Return	Geometric Nominal Return
Tactical Cash	2.0%	-0.5%	1.7%	-0.5%	1.7%
Fixed Income	21.0%	1.6%	3.8%	1.3%	3.5%
Equity	48.5%	7.5%	9.7%	5.6%	7.8%
Marketable Alternatives	19.0%	4.6%	6.8%	3.7%	5.9%
Private Markets	9.5%	6.0%	8.2%	4.8%	7.0%
Total	100%	5.44%	7.64%	4.17%	6.37%

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 9 – Retirement Plans (continued)

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

For PEPP, the following presents the proportionate share of the net pension liability calculated using the discount rate of 6.8 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8 percent) or 1-percentage-point higher (7.8 percent) than the current rate:

*Governmental Activities:*

	1% Decrease 5.80%	Discount Rate 6.80%	1% Increase 7.80%
<i>PEPP</i>			
Proportionate share of net pension liability	\$ 6,605,765	\$ 3,580,385	\$ 1,072,516

*Component Units:*

	1% Decrease 5.80%	Discount Rate 6.80%	1% Increase 7.80%
<i>Weed &amp; Pest Control - PEPP</i>			
Proportionate share of net pension liability	\$ 269,854	\$ 146,263	\$ 43,814

*County Library - PEPP*

Proportionate share of net pension liability	\$ 431,450	\$ 233,850	\$ 70,050
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CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 9 – Retirement Plans (continued)

For LEPP, the following presents the proportionate share of the net pension liability calculated using a discount rate of 5.17 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.17 percent) or 1-percentage-point higher (6.17 percent) than the current rate:

	<u>1% Decrease</u> <u>4.17%</u>	<u>Discount</u> <u>Rate</u> <u>5.17%</u>	<u>1% Increase</u> <u>6.17%</u>
<i>LEPP</i>			
Proportionate share of net pension liability (asset)	\$ 6,893,294	\$ 4,201,054	\$ 2,044,681

*Pension plan fiduciary net position*

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

Note 10 – Other Post-Employment Benefits

*Description*

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

*Benefits*

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

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 10 – Other Post-Employment Benefits (continued)

The other post-employment benefits (OPEB) liability represents the County's total liability for its retirees' healthcare plan. The County's net OPEB liability at June 30, 2022 was calculated as follows:

OPEB liability balance - June 30, 2021	\$ 3,042,089
Service cost	154,961
Interest on the total OPEB liability	67,230
Difference between expected and actual experience	(468,527)
Changes of assumptions	608,645
Estimated benefit payments	<u>(320,077)</u>
 OPEB liability balance - June 30, 2022	 \$ <u><u>3,084,321</u></u>

*OPEB Expense/Deferred Outflows*

For the year ended June 30, 2022, the County recognized OPEB benefit of \$56,504. The County reported deferred outflows of \$338,347 which consisted of differences between expected and actual experience, changes in assumptions, and contributions subsequent to the measurement date.

*Participants*

The OPEB plan reported the following participant data:

Active Participants:	
Active Number	101
Average Future Service	7.3
Inactive Participants:	
Retirees Number	20
Average Age	69.4
Total Participant Number	121

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 10 – Other Post-Employment Benefits (continued)

*Actuarial Assumptions*

Actuarial valuations are performed annually with the most recent valuation date of October 1, 2021. Actuarial methods and assumptions are disclosed below for the County's retirement healthcare plan.

Measurement Date	October 1, 2021
Census Data	April 1, 2022
Salary Scale	3.0% per year
Employees Included in the Calculation	All current employees on 4/1/2022
	Headcount-Weighted Mortality Table with generational projection of mortality improvements using the MP-2021 Projection Scale.
Mortality Rates	70% of retired employees are assumed to participate
Plan Participants	None
Marital Assumptions	20-year Municipal Bond AA rate
Market-related Value of Assets	Entry Age Normal based upon salary
Cost Method	

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 10 – Other Post-Employment Benefits (continued)

*Rate Sensitivity*

The following tables present the net OPEB liability considering the impact of two different rate sensitivity measures. The first measure is for interest rate sensitivity and is calculated using a discount rate of 2.26% as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate. The second measure is for healthcare cost trend rate sensitivity and also calculates what the liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 1.26%	Discount Rate 2.26%	1% Increase 3.26%
<i>Interest Rate Sensitivity</i>			
Net OPEB liability	\$ 3,494,475	\$ 3,084,321	\$ 2,765,671
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
<i>Healthcare Cost Trend Rate Sensitivity</i>			
Net OPEB liability	\$ 2,768,319	\$ 3,084,321	\$ 3,456,021

Note 11 – Risk Management

*County Health Plan*

The County operates a self-insured employee health and dental benefit plan. The plan provides benefits to eligible employees and their dependents. The County pays the entire premium for the employee and pays all claims below the threshold of the reinsurance contracts the County has entered into. The County has entered into (stop-loss) reinsurance contracts for this plan at \$75,000 per individual and \$1,000,000 for the overall plan. At June 30, 2022, the plan had incurred claims payable and estimated claims incurred but not reported (IBNR) of \$70,658.

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 11 – Risk Management (continued)

Changes to aggregate claims liabilities for the years ended June 30, 2022 and 2021, respectively, are as follows:

Claims Liabilities 7/1/21	Claims Incurred and Changes in Estimates	Claims Paid	Claims Liabilities 6/30/22
\$ 191,694	3,007,345	(3,128,381)	70,658

  

Claims Liabilities 7/1/20	Claims Incurred and Changes in Estimates	Claims Paid	Claims Liabilities 6/30/21
\$ 161,505	2,887,049	(2,856,860)	191,694

*Memorial Hospital Health Plan*

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



CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 11 – Risk Management (continued)

Changes to aggregate claims liabilities for the years ended June 30, 2022 and 2021, respectively, are as follows:

Claims Liabilities 7/1/21	Claims Incurred and Changes in Estimates	Claims Paid	Claims Liabilities 6/30/22
\$ 233,000	2,571,111	(2,516,011)	288,100

  

Claims Liabilities 7/1/20	Claims Incurred and Changes in Estimates	Claims Paid	Claims Liabilities 6/30/21
\$ 165,000	1,762,633	(1,694,633)	233,000

*General Liability*

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

*Medical Malpractice Claims – Memorial Hospital*

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

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 11 – Risk Management (continued)

*Industry Regulations – Memorial Hospital*

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

*Contingencies and Commitments*

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

The County has executed contracts for the completion of various projects in process as of June 30, 2022 or expected to begin in fiscal year 2023. The aggregate remaining expenditure commitment for services yet to be performed on these contracts as of June 30, 2022 is approximately \$4 million. However, the total commitment amount is subject to adjustment for change orders and additional costs incurred for the projects.

CARBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 12 – Restatement

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

	<u>Governmental Activities</u>	<u>General Fund</u>
Net position/fund balance at June 30, 2021, as originally stated:	\$ 70,838,943	\$ 26,675,106
Restatements and reclassifications:		
Implementation of GASB 87	(3,149,880)	-
Overstatement of revenues and understatement of unearned revenues related to ARPA grant funds	<u>(1,437,363)</u>	<u>(1,437,363)</u>
Net position/fund balance at June 30, 2020, as restated	\$ <u>66,251,700</u>	\$ <u>25,237,743</u>

## **Required Supplementary Information**

CARBON COUNTY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes				
Property taxes	\$ 8,003,357	8,003,357	7,394,825	(608,532)
Payment in lieu of property taxes	1,053,658	1,053,658	1,566,471	512,813
Sales and use taxes	3,498,923	3,498,923	2,145,115	(1,353,808)
State gasoline tax	1,871,586	1,871,586	1,749,818	(121,768)
Other taxes	839,938	839,938	1,982,195	1,142,257
Total taxes	<u>15,267,462</u>	<u>15,267,462</u>	<u>14,838,424</u>	<u>(429,038)</u>
Other revenues				
Intergovernmental	3,528,321	3,528,321	2,369,648	(1,158,673)
Charges for services	3,391,304	3,391,304	2,676,454	(714,850)
Interest and investment income (loss)	67,873	67,873	(87,457)	(155,330)
Miscellaneous	93,056	93,056	210,418	117,362
Total other revenues	<u>7,080,554</u>	<u>7,080,554</u>	<u>5,169,063</u>	<u>(1,911,491)</u>
Total revenues	<u>22,348,016</u>	<u>22,348,016</u>	<u>20,007,487</u>	<u>(2,340,529)</u>
Expenditures:				
General government	24,537,848	25,752,151	33,198,724	(7,446,573)
Public safety	9,557,279	9,573,029	5,786,637	3,786,392
Highways and streets	1,628,867	1,778,867	1,479,098	299,769
Health and welfare	1,259,154	1,259,154	1,011,544	247,610
Culture and recreation	70,787	70,787	67,830	2,957
Debt service	11,514,056	11,514,056	1,242,897	10,271,159
Total expenditures	<u>48,567,991</u>	<u>49,948,044</u>	<u>42,786,730</u>	<u>7,161,314</u>
Deficiency of revenues over expenditures	<u>(26,219,975)</u>	<u>(27,600,028)</u>	<u>(22,779,243)</u>	<u>4,820,785</u>
Other financing sources (uses):				
Proceeds from issuance of lease liability	10,000,000	10,000,000	14,874,394	4,874,394
Proceeds from long-term debt	-	-	506,041	506,041
Transfers out	-	-	(8,816)	(8,816)
Total other financing sources	<u>10,000,000</u>	<u>10,000,000</u>	<u>15,371,619</u>	<u>5,371,619</u>
Net change in fund balance	<u>\$ (16,219,975)</u>	<u>(17,600,028)</u>	<u>(7,407,624)</u>	<u>10,192,404</u>
Fund balance – beginning, as restated			<u>25,237,743</u>	
Fund balance – ending	\$		<u>17,830,119</u>	

CARBON COUNTY  
BUDGETARY COMPARISON SCHEDULE  
COUNTY ROADS FUND  
Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 500,000	500,000	631,589	131,589
Intergovernmental	175,000	175,000	173,891	(1,109)
Interest and investment income	<u>8,000</u>	<u>8,000</u>	<u>9,801</u>	<u>1,801</u>
Total revenues	<u>683,000</u>	<u>683,000</u>	<u>815,281</u>	<u>132,281</u>
Expenditures:				
Highways and streets	<u>3,877,586</u>	<u>3,877,586</u>	<u>699,017</u>	<u>3,178,569</u>
Total expenditures	<u>3,877,586</u>	<u>3,877,586</u>	<u>699,017</u>	<u>3,178,569</u>
Excess (deficiency) of revenues over expenditures	<u>(3,194,586)</u>	<u>(3,194,586)</u>	<u>116,264</u>	<u>3,310,850</u>
Net change in fund balance	<u>\$ (3,194,586)</u>	<u>(3,194,586)</u>	<u>116,264</u>	<u>3,310,850</u>
Fund balance – beginning			<u>3,211,653</u>	
Fund balance – ending	\$		<u><u>3,327,917</u></u>	

CARBON COUNTY  
BUDGETARY COMPARISON SCHEDULE  
IMPACT TAX FUND  
Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Sales and use taxes	\$ 4,954,661	4,954,661	129,000	(4,825,661)
Interest and investment income	<u>-</u>	<u>-</u>	<u>426</u>	<u>426</u>
Total revenues	<u>4,954,661</u>	<u>4,954,661</u>	<u>129,426</u>	<u>(4,825,235)</u>
Expenditures:				
Public safety	<u>5,892,534</u>	<u>5,892,534</u>	<u>595,398</u>	<u>5,297,136</u>
Total expenditures	<u>5,892,534</u>	<u>5,892,534</u>	<u>595,398</u>	<u>5,297,136</u>
Deficiency of revenues over expenditures	<u>(937,873)</u>	<u>(937,873)</u>	<u>(465,972)</u>	<u>471,901</u>
Other financing sources:				
Transfers in	<u>-</u>	<u>-</u>	<u>8,816</u>	<u>8,816</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>8,816</u>	<u>8,816</u>
Net change in fund balance	\$ <u><u>(937,873)</u></u>	<u><u>(937,873)</u></u>	<u>(457,156)</u>	<u><u>480,717</u></u>
Fund balance – beginning			<u>1,069,388</u>	
Fund balance – ending	\$		<u><u>612,232</u></u>	

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

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
<b><u>Public Employee Pension Plan:</u></b>								
Proportion of the net pension liability	0.2348222%	0.2238960%	0.2193259%	0.2098257%	0.1974800%	0.2143900%	0.2274700%	0.2320300%
Proportionate share of the net pension liability	\$ 3,580,385	\$ 4,866,066	\$ 5,153,997	\$ 6,013,706	\$ 4,501,141	\$ 5,182,968	\$ 5,298,540	\$ 4,094,640
Covered employee payroll	\$ 4,273,595	\$ 3,986,395	\$ 3,812,351	\$ 3,439,152	\$ 3,497,087	\$ 3,607,953	\$ 3,638,970	\$ 3,785,290
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	83.78%	122.07%	135.19%	174.86%	128.71%	143.65%	145.61%	108.17%
Plan fiduciary net position as a percentage of the total pension liability	86.03%	79.24%	76.83%	69.17%	76.35%	73.42%	76.40%	79.08%
<b><u>Law Enforcement Pension Plan:</u></b>								
Proportion of the net pension liability	1.4764443%	1.4216053%	1.4799690%	1.4373031%	1.4831600%	1.3871200%	1.4121200%	1.3524000%
Proportionate share of the net pension liability	\$ 4,201,054	\$ 968,429	\$ 1,275,714	\$ 3,479,312	\$ 1,276,173	\$ 1,047,167	\$ 1,060,786	\$ 398,481
Covered employee payroll	\$ 2,452,835	\$ 2,285,080	\$ 2,306,553	\$ 2,365,619	\$ 2,324,244	\$ 2,361,149	\$ 2,316,847	\$ 2,386,939
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	171.27%	42.38%	55.31%	147.08%	54.91%	44.35%	45.79%	16.69%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	91.82%	89.05%	71.22%	87.99%	88.11%	87.49%	94.76%



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

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
<b><u>Public Employee Pension Plan - Weed &amp; Pest Control:</u></b>								
Proportion of the net pension liability	0.00959300%	0.00955830%	0.00924750%	0.00843000%	0.00772000%	0.01043000%	0.00996000%	0.01072000%
Proportionate share of the net pension liability	\$ 146,263	207,736	217,309	\$ 256,669	\$ 176,019	\$ 252,258	\$ 231,903	\$ 189,237
Covered employee payroll	\$ 174,586	170,182	160,741	\$ 146,796	\$ 136,322	\$ 173,135	\$ 154,922	\$ 168,330
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	83.78%	122.07%	135.19%	174.85%	129.12%	145.70%	149.69%	112.42%
Plan fiduciary net position as a percentage of the total pension liability	86.03%	79.24%	76.83%	69.17%	76.35%	73.42%	76.40%	79.08%
<b><u>Public Employee Pension Plan - County Library:</u></b>								
Proportion of the net pension liability	0.01533720%	0.01499700%	0.01478540%	0.01506000%	0.01448000%	0.01758000%	0.02218000%	0.02285000%
Proportionate share of the net pension liability	\$ 233,850	325,939	347,446	\$ 458,356	\$ 329,994	\$ 424,883	\$ 513,574	\$ 403,312
Covered employee payroll	\$ 279,126	267,017	257,002	\$ 262,248	\$ 252,148	\$ 291,615	\$ 343,092	\$ 358,688
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	83.78%	122.07%	135.19%	174.78%	130.87%	145.70%	149.69%	112.44%
Plan fiduciary net position as a percentage of the total pension liability	86.03%	79.24%	76.83%	69.17%	76.35%	73.42%	76.40%	79.08%

CARBON COUNTY  
SCHEDULE OF CONTRIBUTIONS  
PRIMARY GOVERNMENT

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
<b><u>Public Employee Pension Plan:</u></b>								
Contractually required contribution	\$ 828,043	851,899	\$ 712,326	\$ 668,973	\$ 580,081	\$ 595,673	\$ 603,915	\$ 626,646
Contributions in relation to the contractually required contribution	<u>828,043</u>	<u>851,899</u>	<u>712,326</u>	<u>668,973</u>	<u>580,081</u>	<u>595,673</u>	<u>603,915</u>	<u>626,646</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,447,062	4,701,429	\$ 4,042,713	\$ 3,925,898	\$ 3,490,259	\$ 3,584,073	\$ 3,633,664	\$ 3,948,620
Contributions as a percentage of covered employee payroll	18.62%	18.12%	17.62%	17.04%	16.62%	16.62%	16.62%	15.87%
<b><u>Law Enforcement Pension Plan:</u></b>								
Contractually required contribution	\$ 452,940	467,165	\$ 433,530	\$ 406,887	\$ 402,196	\$ 388,163	\$ 377,322	\$ 410,554
Contributions in relation to the contractually required contribution	<u>452,940</u>	<u>467,165</u>	<u>433,530</u>	<u>406,887</u>	<u>402,196</u>	<u>388,163</u>	<u>377,322</u>	<u>410,554</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,633,372	2,716,076	\$ 2,520,523	\$ 2,365,622	\$ 2,338,349	\$ 2,256,762	\$ 2,193,733	\$ 2,386,942
Contributions as a percentage of covered employee payroll	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%

CARBON COUNTY  
SCHEDULE OF CONTRIBUTIONS  
COMPONENT UNITS

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
<b><u>Public Employee Pension Plan - Weed &amp; Pest Control:</u></b>								
Contractually required contribution	\$ 31,312	31,909	\$ 30,305	\$ 26,553	\$ 20,986	\$ 26,894	\$ 28,644	\$ 17,071
Contributions in relation to the contractually required contribution	<u>31,312</u>	<u>31,909</u>	<u>30,305</u>	<u>26,553</u>	<u>20,986</u>	<u>26,894</u>	<u>28,644</u>	<u>17,071</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 168,163	176,098	\$ 171,992	\$ 156,286	\$ 126,270	\$ 161,817	\$ 172,347	\$ 107,568
Contributions as a percentage of covered employee payroll	18.62%	18.12%	17.62%	16.99%	16.62%	16.62%	16.62%	15.87%
<b><u>Public Employee Pension Plan - County Library:</u></b>								
Contractually required contribution	\$ 51,867	49,165	\$ 45,693	\$ 45,535	\$ 40,657	\$ 39,369	\$ 66,236	\$ 63,115
Contributions in relation to the contractually required contribution	<u>51,867</u>	<u>49,165</u>	<u>45,693</u>	<u>45,535</u>	<u>40,657</u>	<u>39,369</u>	<u>66,236</u>	<u>63,115</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 278,555	271,330	\$ 259,325	\$ 268,011	\$ 244,627	\$ 236,877	\$ 398,532	\$ 397,700
Contributions as a percentage of covered employee payroll	18.62%	18.12%	17.62%	16.99%	16.62%	16.62%	16.62%	15.87%

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

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total OPEB liability	\$ 3,084,321	3,042,089	\$ 2,734,562	\$ 2,774,956
Covered employee payroll	\$ 5,100,045	4,970,925	\$ 4,826,141	\$ 4,506,883
Total OPEB liability as a percentage of covered employee payroll	60.48%	61.20%	56.66%	61.57%

NOTE: Only three years of information is currently available.

CARBON COUNTY  
SCHEDULE OF CHANGES IN THE OPEB LIABILITY

	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
OPEB liability balance, beginning	\$ 3,042,089	2,734,562	\$ 2,774,956	\$ 2,881,659
Service cost	154,961	150,447	108,498	113,978
Interest on the total OPEB liability	67,230	72,739	99,343	82,127
Difference between expected and actual experience	(468,527)	(95,033)	-	60,867
Changes of assumptions	608,645	306,737	(116,331)	(243,152)
Estimated benefit payments	<u>(320,077)</u>	<u>(127,363)</u>	<u>(131,904)</u>	<u>(120,523)</u>
OPEB liability balance, ending	<u>\$ 3,084,321</u>	<u>3,042,089</u>	<u>\$ 2,734,562</u>	<u>\$ 2,774,956</u>

NOTE: Only three years of information is currently available.

CARBON COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2022

Note 1 – Budget Presentation

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

Note 2 – Budget Adoption and Monitoring and Compliance Related Matters

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

Note 3 – Schedules of the Proportionate Share of the Net Pension Liability and Contributions

Generally accepted accounting standards require the presentation of 10 years of the County's proportionate share of the net pension liability and the County's annual contributions. Transition provisions in the accounting standard indicate that information should be presented for as many years as are available. The County determined that it is not practicable to provide information prior to 2015.

Note 4 – Changes in Actuarial Assumptions and Methods

The assumptions used in the actuarial valuation used to calculate the net pension liability reflect an update to the mortality tables, adjustments to the demographic and salary scale, as well as a lower long-term investment return.

## **Governmental and Single Audit Reports**

CARBON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing No.	Contract Number	Expenditures
<u>U.S. Department of Agriculture (DOA)</u>			
<i>Passed through State Department of Agriculture</i> Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	None	\$ 2,336
Schools and Roads - Grants to Counties	10.666	None	<u>1,604,919</u>
Total DOA			<u>1,607,255</u>
<u>U.S. Department of Justice (DOJ)</u>			
<i>Passed through Wyoming Department of Justice:</i> Victim Assistance Services Grant	16.575	VOCA 21-22	10,989
Violence Against Woman Grant - Prosecutions	16.588	VAWA 20-21	102
Violence Against Woman Grant - Prosecutions	16.588	VAWA 21-22	<u>23,635</u>
Total DOJ			<u>34,726</u>
<u>Department of Transportation (DOT)</u>			
<i>Passed through Wyoming Department of Transportation:</i> Airport Improvement Program	20.106	Operations	9,000
Airport Improvement Program	20.106	Repair	326,216
Airport Improvement Program	20.106	Master Plan	46,204
<i>Highway Planning and Construction Cluster</i> CMAQ Air Quality Education & Outreach	20.205	CMAQ FY 20	<u>140,195</u>
Total DOT			<u>521,615</u>
<u>Department of Treasury (DOTT)</u>			
<i>Passed through Wyoming State Lands and Investment Board:</i> Coronavirus Relief Fund	21.019	None	111,963
Coronavirus State and Local Fiscal Recovery Fund	21.027	None	<u>369,150</u>
Total DOTT			<u>481,113</u>
<u>Health and Human Services (HHS)</u>			
<i>Passed through Wyoming Department of Health:</i> Public Health Emergency Preparedness - County Health Nurse	93.069	None	103,594
Substance Abuse and Mental Health Services Projects	93.243	None	70,141
Immunization Cooperative Agreements	93.268	None	7,657
Epidemiology and Laboratory Capacity	93.323	None	130,771
Public Health Emergency Response	93.354	None	26,735
National and State Tobacco Control Program	93.387	None	17,690
HIV Care Forumula Grant	93.917	None	1,546
HIV Prevention Activities	93.940	None	1,355
Block Grants for Prevention and Treatment of Substance Abuse	93.959	None	81,418
Maternal and Child Health Services Block Grant	93.994	None	1,164
<i>Passed through Wyoming Department of Family Services:</i> Temporary Assistance for Needy Families Cluster	93.558	None	<u>68,269</u>
Total HHS			<u>510,340</u>



CARBON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing No.	Contract Number	Expenditures
<u>Department of Homeland Security (DHS)</u>			
<i>Passed through Wyoming Office of Homeland Security:</i>			
Emergency Management Performance Grant	97.042	None	124,431
Homeland Security Cluster:			
Homeland Security	97.067	None	<u>56,986</u>
Total DHS			<u>181,417</u>
Total Expenditures of Federal Awards			<u>\$ 3,336,466</u>

CARBON COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2022

Note 1 – Purpose of the Schedule

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

Note 2 – Significant Accounting Policies

Basis of Accounting

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

Assistance Listing Numbers

Title 2 U.S. *Code of Federal Regulations* Part 200 requires the Schedule to show the total expenditures for each of the County's federal financial assistance programs as identified by Assistance Listing number. Assistance Listing is a government-wide compendium of individual federal programs which assigns a five-digit program identification Assistance Listing number to each federal program.

Major Programs

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

Expenditures of \$1,604,919 included in the Secure Rural School expenditures were incurred during fiscal year 2022. Secure Rural School funding to support these expenditures occurred from 2018 to 2022.

Indirect Costs

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

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

To the Board of County Commissioners  
Carbon County  
Rawlins, Wyoming

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carbon County, Wyoming (the County) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 30, 2023. Our report includes a reference to other auditors who audited the financial statements of the Memorial Hospital of Carbon County (a discretely presented component unit), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Report on Internal Control over Financial Reporting***

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as

described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

*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 County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be material weaknesses.

### ***Report on Compliance and Other Matters***

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

### **The County's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



JONES SIMKINS LLC  
Logan, Utah  
March 30, 2023

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

To the Board of County Commissioners  
Carbon County  
Rawlins, Wyoming

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Carbon County, Wyoming's (the County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2022. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit

evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



JONES SIMKINS LLC

Logan, Utah

March 30, 2023

CARBON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2022

A. Summary of Auditors' Results:

*Financial Statements*

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

*Federal Awards*

- |   |   |
|---|---|
| 4. Internal control over major federal programs:  |   |
| • Material weaknesses identified:   | No  |
| • Significant deficiencies identified:  | Yes – One   |
| 5. Type of auditors' report issued on compliance for major federal programs:                          | Unmodified  |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): | Yes – One   |
| 7. Identification of major federal programs:  |   |
| • Assistance Listing Number   | #10.666 – Schools and Roads<br>– Grants to Counties |
| 8. Dollar threshold used to distinguish between Type A and Type B programs:                           | \$750,000   |
| 9. Auditee qualified as a low-risk auditee?   | No  |



CARBON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2022

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

Finding 2022-001

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

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

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

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

Recommendation: County management should implement procedures to ensure all material accounts are being regularly reconciled. County management should seek consulting from qualified sources on complex accounting matters. Key management personnel should continue to improve their understanding of financial reporting through continued professional education.

Finding 2022-002

Criteria: Generally accepted accounting principles require fiduciary activities to be segregated from all other activities of the County.

Condition: Some of the County's governmental activities have been reported within its fiduciary funds.

Cause: Certain county revenues and expenditures are closely related to similar activities accounted for within the County's fiduciary funds. Specifically, revenues and expenditures related to specific purpose taxes and lease transactions. This has resulted in these County expenditures and revenues being occasionally netted with amounts that should be reported in fiduciary funds.

Effect: The County has a material weakness in internal controls with respect to reporting its governmental and fiduciary activities in accordance with Generally Accepted Accounting Principles.

CARBON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2022

Recommendation: County management should implement procedures to ensure all fiduciary activity is reported in the fiduciary funds and governmental fund accounts are updated to reflect transactions related to governmental activities.

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

Finding 2022-003

Criteria: Uniform Guidance requirements indicate that a certificate report is to be filed on funds received from the *School and Roads – Grants to Counties* program (10.666) no later than February 1 of the year after the year in which any Title III funds were expended.

Condition: Per discussion with County officials, this report is not being filed.

Cause: County officials were not familiar enough with the grant requirements to identify this reporting requirement.

Effect: The County has a significant deficiency with regard to filing the required report for the *School and Roads – Grants to Counties* program.

Recommendation: The required report should be filed as soon as possible.

CARBON COUNTY  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
(Client Submitted Document)  
Year Ended June 30, 2022

Finding 2021-001

Status: County management continues to evaluate how to improve their financial reporting understanding.

Finding 2021-002

Status: The County believes that all cash accounts are now being reconciled to the bank statements.

Finding 2021-003

Status: The County is still working on identifying all fiduciary activities and implementing new accounting standards.

CARBON COUNTY  
CORRECTIVE ACTION PLAN  
(Client Submitted Document)  
Year Ended June 30, 2022

Carbon County respectfully submits the following corrective action plan for the year ended June 30, 2022:

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

**Findings – Financial Statement Audit**

Response to finding 2022-001

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

Response to finding 2022-002

The County will consider ways and develop processes to ensure all activity is reported in fiduciary funds, new accounting standards are properly adopted and implemented, and secondary reviews are performed over all key processes.

Response to finding 2022-003

The County will submit the required report as soon as possible and will implement policies and controls to ensure that all required grant reporting is performed in accordance with grant requirements and on a timely basis.