

CARBON COUNTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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FINANCIAL STATEMENTS
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SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
R. KIRT RICH, C.P.A.
GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Carbon County
Price, Utah 84501

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carbon County, as of December 31, 2011, and for the year then ended, which collectively comprise the County's basic financial statement as listed in the table of contents. These financial statements are the responsibility of Carbon County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carbon County as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 6, 2012 on our consideration of Carbon County's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10, and budget comparison on pages 60 through 64, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

SMUIN, RICH & MARSING

A handwritten signature in cursive script, appearing to read "Smuin, Rich & Marsing", written in dark ink.

Price, Utah

July 6, 2012

**CARBON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

This discussion of Carbon County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2011. This report is in conjunction with the County's financial statements.

The purpose of the County is to provide general services to its residents, which includes general government, public safety, public health, highways and public improvements, park and recreation, and economic development. Additional services provided to residents in the unincorporated areas include road maintenance and fire control.

Financial Highlights

- The assets of Carbon County exceeded its liabilities as of December 31, 2011 by \$133,994,775 (net assets), compared to \$111,218,306 as of December 31, 2010, an increase of \$22,776,469. Of this amount, \$26,915,414 (unrestricted net assets) may be used to meet the governments' ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$22,776,469. Net assets increased by \$1,574,017 in the prior year. An increase of \$21,202,452, attributable mostly to income received for capital projects.
- At the close of the current year, the Carbon County governmental funds reported combined ending fund balances of \$30,832,660, an increase of \$13,072,129 in comparison with the prior year. Approximately 35 percent of this total amount, \$11,620,555 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current year, unassigned fund balance for the general fund was \$11,620,555, or approximately 95 percent of total general funds' fund balance.
- Carbon County's total debt increased \$604,375 during the current year, because new loan proceeds of \$3,137,000 exceeded the payments of \$2,532,625.

Overview of the Financial Statements

This annual report consists of a series of financial statements. Government-wide financial statements consist of the following: the Statement of Net Assets and the Statement of Activities, which provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements, for governmental activities, tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. This report also contains notes and other supplementary information in addition to the basic financial statements.

Government-wide financial statements

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

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

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

Both of the government-wide financial statements distinguish functions of Carbon County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Carbon County include general government, public safety, public health, highways and public improvements, parks and recreation, and economic development. The business-type activities of Carbon County are the Carbon County Municipal Building Authority and the County Court Complex.

The government-wide financial statements include not only Carbon County itself (known as the primary government), but also two legally separate special service districts, the Scofield Special Service District and the Carbon County Recreation & Transportation Special Service District, for which Carbon County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Fund financial statements

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

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

Fund financial statements (Continued)

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

Carbon County maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, municipal services fund, Southeastern Utah District Health, tax stability - permanent fund, and capital projects all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Carbon County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

- Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Carbon County uses an enterprise fund to account for its County Court Complex and Municipal Building Authority operations.
- Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Carbon County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.
- The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.
- Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Carbon County. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information.

Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Carbon County, assets exceeded liabilities by \$133,994,775 at December 31, 2011.

By far the largest portion of Carbon County's net assets (76.9 percent) reflects its investment in capital assets (e.g. land, building, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. Carbon County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Carbon County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 33,540,562	\$ 20,950,619	\$ 961,025	\$ 794,180	\$ 34,501,587	\$ 21,744,799
Capital assets	117,743,903	66,509,677	911,089	42,074,514	118,654,992	108,584,191
Total assets	<u>\$ 151,284,465</u>	<u>\$ 87,460,296</u>	<u>\$ 1,872,114</u>	<u>\$ 42,868,694</u>	<u>\$ 153,156,579</u>	<u>\$ 130,328,990</u>
Long-term debt outstanding	\$ 15,660,703	\$ 713,551		\$ 14,004,409	\$ 15,660,703	\$ 14,717,960
Other liabilities	3,412,534	2,079,602		2,313,122	3,412,534	4,392,724
Total liabilities	<u>\$ 19,073,237</u>	<u>\$ 2,793,153</u>	<u>\$...</u>	<u>\$ 16,317,531</u>	<u>\$ 19,073,237</u>	<u>\$ 19,110,684</u>
Net assets:						
Investment in capital assets, net of debt	\$ 102,083,200	\$ 66,450,680	\$ 911,089	\$ 27,077,186	\$ 102,994,289	\$ 93,527,866
Restricted	4,085,072	1,462,540	872,458		4,957,530	1,462,540
Unrestricted (Deficit)	26,042,956	16,753,923		(526,023)	26,042,956	16,227,900
Total net assets	<u>\$ 132,211,228</u>	<u>\$ 84,667,143</u>	<u>\$ 1,783,547</u>	<u>\$ 26,551,163</u>	<u>\$ 133,994,775</u>	<u>\$ 111,218,306</u>

A portion of Carbon County's net assets (3.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$26,042,956 may be used to meet the government's on going obligations to citizens and creditors.

At the end of the year, Carbon County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Government-wide financial analysis (Continued)

Governmental activities increased Carbon County's net assets by \$22,569,448. Key elements of this increase are as follows:

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues:						
Charges for services	\$ 8,164,154	\$ 7,846,137	\$ 278,846	\$ 799,814	\$ 8,443,000	\$ 8,645,951
Operating grants and cont.	4,371,409	4,135,910			4,371,409	4,135,910
Capital grants and cont.	25,049,324	2,267,606		1,555,475	25,049,324	3,823,081
General Revenues:						
Property taxes	6,693,312	6,707,909			6,693,312	6,707,909
Sales taxes	2,277,970	2,040,094			2,277,970	2,040,094
Other general revenues	8,794,604	4,441,264		13,684	8,794,604	4,454,948
Total revenues	\$ 55,350,773	\$ 27,438,920	\$ 278,846	\$ 2,368,973	\$ 55,629,619	\$ 29,807,893
Program expenses						
General government	\$ 5,320,763	\$ 5,407,749			\$ 5,320,763	\$ 5,407,749
Public safety	10,409,531	7,782,766			10,409,531	7,782,766
Public health	4,592,806	5,156,108			4,592,806	5,156,108
Highways and public improve.	4,836,045	4,918,456			4,836,045	4,918,456
Parks and recreation	6,638,521	1,527,787			6,638,521	1,527,787
Conservation & Econ. Dev.	844,177	830,727			844,177	830,727
Contributions and Misc.	139,482	104,782			139,482	104,782
Capital outlay		1,206,267				1,206,267
MBA				\$ 1,177,836		1,177,836
County Court Complex			\$ 104,604	121,398	104,604	121,398
Total expenses	\$ 32,781,325	\$ 26,934,642	\$ 104,604	\$ 1,299,234	\$ 32,885,929	\$ 28,233,876
Excess (deficiency) before transfers	\$ 22,569,448	\$ 504,278	\$ 174,242	\$ 1,069,739	\$ 22,743,690	\$ 1,574,017
Change in net assets	\$ 22,569,448	\$ 504,278	\$ 174,242	\$ 1,069,739	\$ 22,743,690	\$ 1,574,017
Net assets - beginning	\$ 109,641,780	\$ 84,162,865	\$ 21,795,290	\$ 25,481,424	\$ 131,437,070	\$ 109,644,289
Net assets - ending	132,211,228	84,667,143	21,969,532	26,551,163	154,180,760	111,218,306
Change in net assets	\$ 22,569,448	\$ 504,278	\$ 174,242	\$ 1,069,739	\$ 22,743,690	\$ 1,574,017

Government-wide financial analysis (Continued)

For 2011 Carbon County experienced growth totaling \$34,372,207 as reported to the State Tax Commission on form TC 714. This increase in growth is due primarily to the value of centrally assessed property increasing from \$1,005,106,928 in 2010 to \$1,014,038,147 in 2011. This represents an \$8,931,219 increase in property values by the largest value property holders in Carbon County. Certified tax rates did not need to be increased to adjust for a decrease in centrally assessed property values as been experienced in the last three years. This modest increase in new growth was due to commercial and residential new construction county-wide.

Business-type activities increased Carbon County's net assets by \$1,069,739. Key elements of this increase are shown in Table 2 Change in Net Assets.

As noted earlier, Carbon County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

- **Governmental funds** -The focus of Carbon County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Carbon County's financing requirements. In particular unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, Carbon County's governmental funds reported combined ending fund balances of \$30,832,660, which is an increase of \$13,072,129 in comparison with the prior year. Approximately, 37.7 percent or \$11,620,555 constitutes unreserved fund balance, which is available for spending at the government's discretion. The general fund is the chief operating fund of Carbon County. At the end of the current year, unreserved fund balance of the general fund was \$11,620,555.

- **Proprietary funds** - Carbon County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total unrestricted net assets of the proprietary funds at year end amounted to \$872,458.

General Fund Budgetary Highlights

Changes from the original budget to the final are outlined below:

<u>Function</u>	<u>Original</u>	<u>Final</u>	<u>Inc. (Dec.)</u>
General Government	\$ 6,555,038	\$ 6,181,813	\$ (373,225)
Public Safety	3,703,684	4,666,721	963,037
Public Health	350,453	347,419	(3,034)
Highway and Public Improvements	1,400,800	1,279,179	(121,621)
Parks, recreation and public property	323,600	279,852	(43,748)
Conservation and Economic Development	113,740	539,146	425,406
Contributions and miscellaneous	238,950	229,093	(9,857)
Other Financing Sources (Uses)	2,058,450	4,000,807	1,942,357
Net			<u>\$ 2,779,315</u>

Capital Asset and Debt Administration

Capital Assets

Carbon County's investment in capital assets for its governmental activities as of December 31, 2011, amounts to \$108,653,581 (net of accumulated depreciation). This investment in capital assets includes land, rights of way, buildings, improvements other than buildings, equipment, and infrastructure, which includes roads, highways, and bridges. The total increases in Carbon County's governmental activities capital assets for the current year was \$42,143,904.

Table 3
Capital Assets at Year-end
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Right of ways	\$ 1,401,918	\$ 1,361,829			\$ 1,401,918	\$ 1,361,829
Land	1,867,894	1,698,402	\$ 198,000	\$ 367,492	2,065,894	2,065,894
Buildings	33,239,226	1,566,306	572,470	30,337,572	33,811,696	31,903,878
Improvements other than buildings	9,886,977	9,689,871			9,886,977	9,689,871
Machinery and equipment	7,046,725	6,839,577	140,619	632,432	7,187,344	7,472,009
Infrastructure	55,064,841	45,207,692		10,737,018	55,064,841	55,944,710
Water stock	146,000	146,000			146,000	146,000
	<u>\$ 108,653,581</u>	<u>\$ 66,509,677</u>	<u>\$ 911,089</u>	<u>\$ 42,074,514</u>	<u>\$ 109,564,670</u>	<u>\$ 108,584,191</u>

Additional information on Carbon County's capital assets can be found in the notes to the financial statements.

Long-term debt

As presented in the schedule below, the total long-term debt of Carbon County was \$15,660,703, which included revenue bonds, capital leases and compensated absences.

Additional information on Carbon County's long-term debt can be found in the notes to financial statements.

Table 4
Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenue Bonds	15,630,696			\$ 14,997,328	\$ 15,630,696	\$ 14,997,328
Capital Leases	\$ 30,007	\$ 58,997			30,007	58,997
Compensated Absences		682,497				682,497
	<u>\$ 15,660,703</u>	<u>\$ 741,494</u>	<u>\$...</u>	<u>\$ 14,997,328</u>	<u>\$ 15,660,703</u>	<u>\$ 15,738,822</u>

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for Carbon County in 2011 was 6.1%, a decrease of 2.1% from 2010. This is higher than the state's average unemployment rate of 5.8%, but lower than the national average of 8.2% as of June 2012. Employment in Carbon County has declined from 9,268 jobs in May 2011 to 9,239 jobs in May 2012. Population in Carbon County hit a low point in 2005 of 19,205 and has shown a slight increase every year closing in 2007 at 19,634. Population in Carbon County decreased slightly for 2011 closing in at 21,318.

The value of new construction decreased from \$15,046,018 in 2010 to \$13,748,416 in 2011. This represents an 8.62% decrease from the previous year. This decrease is largely due to a decrease in residential and commercial construction.

The value of centrally assessed property in Carbon County decreased \$8,931,219 in 2011. This decrease is considerably smaller than the decreases in the previous three years and explains why the County experienced positive New Growth of \$34,372,207.

Coal mining and oil and gas production remained relatively constant for 2011 and contributed to the positive growth figure to the \$34,372,207. All of these factors were considered in preparing Carbon County's budget for the 2012 year.

Requests for Information

This financial report is designed to provide a general overview of Carbon County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Carbon County Clerk-Auditor, 120 East Main, Price, Utah, 84501.

CARBON COUNTY
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	PRIMARY GOVERNMENT			
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 28,031,462	\$ 961,025	\$ 28,992,487	\$ 3,653,310
Restricted - Cash and cash equivalents	2,935,198		2,935,198	13,048,710
Taxes receivable	191,492		191,492	
Notes receivable	2,355,311		2,355,311	9,473
Due from other governments				634,547
Inventory of supplies	22,586		22,586	
Prepaid expenses	4,513		4,513	
Capital assets (net of accumulated depreciation):				
Land	1,867,894	198,000	2,065,894	1,723,164
Rights-of-way	1,401,918		1,401,918	
Water stock	146,000		146,000	110,000
Works of art				11,500
Buildings	33,239,226	572,470	33,811,696	7,368,471
Improvements other than buildings	9,886,977		9,886,977	1,380,399
Fixtures and equipment	7,046,725	140,619	7,187,344	390,829
Work in progress	9,090,322		9,090,322	
Infrastructure	55,064,841		55,064,841	
Total assets	\$ 151,284,465	\$ 1,872,114	\$ 153,156,579	\$ 28,330,403
<u>LIABILITIES</u>				
Accounts payable	\$ 1,844,144	\$ 1,742	\$ 1,845,886	\$ 34,997
Accrued payroll	240,586		240,586	
Accrued liabilities	347,054		347,054	865
Deferred revenue	227,998	86,825	314,823	
Cash deficit	48,120		48,120	
Bond interest payable				30,021
Capital leases payable - Due within one year	49,007		49,007	
Capital leases payable - Due in more than one year	556,000		556,000	
Revenue bonds payable - Due within one year	858,000		858,000	799,416
Revenue bonds payable - Due in more than one year	14,197,696		14,197,696	4,744,380
Compensated absences	704,632		704,632	
Total liabilities	\$ 19,073,237	\$ 88,567	\$ 19,161,804	\$ 5,609,679

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNITS</u>
	<u>GOVERN- MENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>	
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	\$ 102,083,200	\$ 911,089	\$ 102,994,289	\$ 10,966,567
Nonspendable:				
Inventory	4,513		4,513	
Restricted:				
Class "B" roads	974,919		974,919	
Economic development	511,451		511,451	
Municipal services	972,505		972,505	
Health care	279,519		279,519	
Capital projects	1,048,748		1,048,748	
Landfill	27,485		27,485	
Debt service	265,932		265,932	1,968,540
Unrestricted	<u>26,042,956</u>	<u>872,458</u>	<u>26,915,414</u>	<u>9,785,617</u>
Total net assets	<u>\$ 132,211,228</u>	<u>\$ 1,783,547</u>	<u>\$ 133,994,775</u>	<u>\$ 22,720,724</u>

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Function/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	COMPONENTS UNITS
Primary government:							
General government	\$ 5,320,763	\$ 193,875			\$ (5,126,888)	\$ (5,126,888)	
Public safety	10,409,531	2,068,973	\$ 400,393	\$ 479,005	(7,461,160)	(7,461,160)	
Highways and public improvements	4,836,045	4,534,721	999,755	20,571,335	21,269,766	21,269,766	\$ (4,121,572)
Public health	4,592,806	907,863	2,854,113	250,191	(580,639)	(580,639)	
Parks and recreation	6,638,521	458,722	61,965	3,748,793	(2,369,041)	(2,369,041)	(388,160)
Conservation and economic development	844,177		55,183		(788,994)	(788,994)	
Contributions and miscellaneous	99,472				(99,472)	(99,472)	
Intergovernmental					(40,010)	(40,010)	(2,567,979)
Interest on long-term liabilities	40,010						(52,743)
Total governmental activities	\$ 32,781,325	\$ 8,164,154	\$ 4,371,409	\$ 25,049,324	\$ 4,803,562	\$ 4,803,562	\$ (7,130,454)
Business-type activities:							
County Court Complex	\$ 104,605	\$ 278,846				\$ 174,241	\$ 174,241
Total business-type activities	\$ 104,605	\$ 278,846				\$ 174,241	\$ 174,241
Total primary government	\$ 32,885,930	\$ 8,443,000	\$ 4,371,409	\$ 25,049,324	\$ 4,803,562	\$ 4,977,803	
Component Units:							
Scofield Reservoir Special Service District							\$ (39,559)
Total component units							\$ (39,559)
General revenues:							
Property taxes					\$ 6,693,312	\$ 6,693,312	
State PILT					6,451	6,451	\$ 119,956
Federal PILT					1,053,654	1,053,654	
Sales taxes					2,277,970	2,277,970	
Miscellaneous taxes					309,577	309,577	
Grants and contributions not restricted to specific program					1,000,000	1,000,000	
Unrestricted investment earnings					140,412	140,412	
Royalties and rents					3,312,097	3,312,097	89,474
Gain/(Loss) on sale of fixed assets					3,238	3,238	
Miscellaneous					311,293	311,293	
Mineral reserve monies					2,657,882	2,657,882	7,893,648
Total general revenues and transfers					\$ 17,765,886	\$ 17,765,886	\$ 8,103,078
Change in net assets							
					\$ 22,569,448	\$ 174,241	\$ 22,743,689
Net assets - beginning					109,641,780	1,609,306	111,251,086
Net assets - ending					\$ 132,211,228	\$ 1,783,547	\$ 133,994,775
							\$ 22,720,724

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	SOUTHEASTERN UTAH DISTRICT HEALTH					MUNICIPAL SERVICES	CAPITAL PROJECTS FUND	MUNICIPAL BUILDING AUTHORITY	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS										
Cash and cash equivalents	\$ 11,761,679					\$ 1,845,811	\$ 1,477,323	\$ 11,501,093	\$ 1,445,556	\$ 28,031,462
Restricted cash and cash equivalents		\$ 636,439							2,298,759	2,935,198
Receivables (net):										
Taxes	184,013					7,479				191,492
Other	916,273	279,519				358,507		749,380	51,632	2,355,311
Prepaid expenses		22,586								22,586
Inventories		4,513								4,513
Total assets	\$ 12,861,965	\$ 943,057	\$ 2,211,797	\$ 1,477,323	\$ 12,250,473				\$ 3,795,947	\$ 33,540,562
LIABILITIES AND FUND BALANCES										
Liabilities:										
Cash deficit									\$ 48,120	\$ 48,120
Accounts payable	\$ 316,486	\$ 100,142	\$ 170,340	\$ 428,575	\$ 769,334				59,267	1,844,144
Accrued payroll	240,586									240,586
Accrued liabilities	145,402	69,466	94,033						38,153	347,054
Deferred revenue		227,998								227,998
Total liabilities	\$ 702,474	\$ 397,606	\$ 264,373	\$ 428,575	\$ 769,334				\$ 145,540	\$ 2,707,902
Fund balances:										
Nonspendable:										
Inventory		\$ 4,513								\$ 4,513
Restricted:										
Class "B" Road			\$ 974,919							974,919
Permanent funds									\$ 2,298,759	2,298,759
Committed:										
Landfill	\$ 27,485									27,485
Municipal services						972,505				972,505
Building Authority										11,481,139
RDA Development									55,850	55,850
Assigned:										
Economic Development - restaurant tax	511,451									511,451
Economic Development - other									316,397	316,397
Health Care		275,006							275,006	275,006
Debt service		265,932							265,932	265,932
Capital projects							\$ 1,048,748			1,048,748
Parks and recreation									715,235	715,235
Emergency services									133,555	133,555
Aging programs									130,611	130,611
Unassigned:										
General	11,620,555									11,620,555
Total fund balances	\$ 12,159,491	\$ 545,451	\$ 1,947,424	\$ 1,048,748	\$ 11,481,139				\$ 3,650,407	\$ 30,832,660
Total liabilities and fund balances	\$ 12,861,965	\$ 943,057	\$ 2,211,797	\$ 1,477,323	\$ 12,250,473				\$ 3,795,947	\$ 33,540,562

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY
BALANCE SHEET RECONCILIATION TO
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

Total fund balances - governmental fund types: \$ 30,832,660

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

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

Land	\$ 1,867,894	
Rights of Way	1,401,918	
Water stock	146,000	
Buildings	33,239,226	
Improvements other than buildings	9,886,977	
Equipment	7,046,725	
Work in progress	9,090,322	
Infrastructure	<u>55,064,841</u>	
Total		117,743,903

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Capital leases payable - Due within one year	\$ (30,007)	
Revenue bonds payable - Due within one year	(907,006)	
Revenue bonds payable - Due in more than one year	(14,723,690)	
Compensated absences	<u>(704,632)</u>	
Total		<u>(16,365,335)</u>

Net assets of government activities \$ 132,211,228

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	GENERAL FUND	SOUTHEASTERN UTAH DISTRICT HEALTH	MUNICIPAL SERVICES	CAPITAL PROJECTS FUND	MUNICIPAL BUILDING AUTHORITY	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:							
Taxes	\$ 7,599,604		\$ 1,393,494			\$ 287,761	\$ 9,280,859
Licenses and permits	38,037		53,188				91,225
Intergovernmental revenues	3,023,941	\$ 2,598,409	2,813,196	\$ 1,376	\$ 15,070,954	347,932	23,855,808
Charges for services	1,353,941	746,102	4,292,790			708,276	7,101,109
Fines and forfeitures	291,755						291,755
Interest income	51,784	1,994	1,385		73,547	11,702	140,412
Contributions			1,000,000	1,552,173	10,257,625	95,956	12,905,754
Miscellaneous	1,773,803	22,574	238		2,155,931	62,364	4,014,910
Total revenues	\$ 14,132,865	\$ 3,369,079	\$ 9,554,291	\$ 1,553,549	\$ 27,558,057	\$ 1,513,991	\$ 57,681,832
EXPENDITURES:							
Current:							
General government	\$ 5,297,682		\$ 110,904			\$ 265,746	\$ 5,408,586
Public safety	4,639,925		5,116,566				10,022,237
Highways and public improvements	1,164,443		3,111,523				4,275,966
Public health	353,519	\$ 3,373,612				934,361	4,661,492
Parks, recreation, and public property	248,682		330,187			2,013,503	2,592,372
Conservation and economic development	455,531					382,091	837,622
Capital outlay				\$ 1,773,468	\$ 12,362,532		14,136,000
Contributions and miscellaneous	99,472				2,501,449		99,472
Principal retirement							2,501,449
Interest and fiscal charges							74,507
Total expenditures	\$ 12,259,254	\$ 3,373,612	\$ 8,669,180	\$ 1,773,468	\$ 14,938,488	\$ 3,595,701	\$ 44,609,703
Excess revenues over (under) expenditures	\$ 1,873,611	\$ (4,533)	\$ 885,111	\$ (219,919)	\$ 12,619,569	\$ (2,081,710)	\$ 13,072,129
OTHER FINANCING SOURCES (USES):							
Transfers in	\$ (4,000,807)			\$ 2,000,000		\$ 2,000,807	\$ 4,000,807
Transfers out							(4,000,807)
Total other financing sources (uses)	\$ (4,000,807)	\$	\$	\$ 2,000,000	\$	\$ 2,000,807	\$
Excess of revenues and other sources over (under) expenditures and other uses	\$ (2,127,196)	\$ (4,533)	\$ 885,111	\$ 1,780,081	\$ 12,619,569	\$ (80,903)	\$ 13,072,129
FUND BALANCES - beginning of year	14,286,687	549,984	1,062,313	(731,333)	(1,138,430)	3,731,310	17,760,531
FUND BALANCES - end of year	\$ 12,159,491	\$ 545,451	\$ 1,947,424	\$ 1,048,748	\$ 11,481,139	\$ 3,650,407	\$ 30,832,660

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY
STATEMENT OF CHANGES RECONCILIATION TO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Net changes in fund balances - total governmental funds \$ 13,072,129

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

General government	\$	289,033
Public safety		266,557
Public health		968,868
Highways		4,306,692
Parks and recreation		31,727
Conservation and economic development		<u>9,090,322</u>

Total assets shown as expenditures	\$	14,953,199
Less: depreciation		<u>(4,842,431)</u>

Difference between expenditure and depreciation 10,110,768

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade ins, and donation) is to increase net assets. (19,250)

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. (572,064)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (22,135)

Change in net assets of governmental activities \$ 22,569,448

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
	COUNTY COURT COMPLEX
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 961,025
Total current assets	\$ 961,025
Noncurrent assets:	
Land	\$ 198,000
Buildings	1,576,152
Furniture, fixtures and equipment	271,441
Less: accumulated depreciation	(1,134,504)
Total noncurrent assets	\$ 911,089
Total assets	\$ 1,872,114
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 1,742
Deferred rents	86,825
Total current liabilities	\$ 88,567
Noncurrent liabilities:	
Total noncurrent liabilities	\$...
Total liabilities	\$ 88,567
Net Assets:	
Invested in capital assets, net of related debt	\$ 911,089
Unrestricted	872,458
Total net assets	\$ 1,783,547

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
	COUNTY COURT COMPLEX
Operating revenues:	
Rental income	\$ 278,845
Total operating revenues	\$ 278,845
Operating expenses:	
Utilities	\$ 29,085
Repairs and maintenance	22,023
Depreciation	53,496
Total operating expenses	\$ 104,604
Operating income (loss)	\$ 174,241
Nonoperating revenues (expenses):	
Total nonoperating revenues (expenses)	\$...
Income (loss) before contributions and transfers	\$ 174,241
Change in net assets	\$ 174,241
Total net assets - beginning	1,609,306
Total net assets - ending	\$ 1,783,547

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
	COUNTY COURT COMPLEX
Cash Flows From Operating Activities:	
Receipts from customers	\$ 278,845
Payments to suppliers	(53,001)
	<hr/>
Net cash provided (used) by operating activities	\$ 225,844
	<hr/>
Net increase (decrease) in cash and cash equivalents	\$ 225,844
	<hr/>
Cash and cash equivalents, January 1	735,181
	<hr/>
Cash and cash equivalents, December 31	\$ 961,025
	<hr/> <hr/>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 174,242
	<hr/>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	\$ 53,496
Increase (Decrease) in accounts payable	(1,894)
	<hr/>
Total adjustments	\$ 51,602
	<hr/>
Net cash provided (used) by operating activities	\$ 225,844
	<hr/> <hr/>

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011

	<u>AGENCY FUNDS</u>
 <u>ASSETS</u>	
Cash and cash equivalents	\$ 2,187,008
Receivables (net):	
Miscellaneous	<u>243</u>
Total assets	<u><u>\$ 2,187,251</u></u>
 <u>LIABILITIES</u>	
Accounts payable	\$ 276,667
Precinct fees, bail and bonds payable	70,899
Due taxing units	691,156
Miscellaneous reimbursements	1,634
Due to other governments and agencies	<u>1,146,895</u>
Total liabilities	<u><u>\$ 2,187,251</u></u>

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY
STATEMENT OF NET ASSETS
COMPONENT UNITS
DECEMBER 31, 2011**

	SCOFIELD RESERVIOR SPECIAL SERVICE DISTRICT	CARBON COUNTY RECREATION & TRANSPORTATION SPECIAL SERVICE DISTRICT	TOTAL
<u>ASSETS</u>			
Cash and cash equivalents	\$ 246,373	\$ 3,406,937	\$ 3,653,310
Restricted - Cash and cash equivalents		13,048,710	13,048,710
Accounts receivable	9,473		9,473
Due from other governments		634,547	634,547
Capital assets (net of accumulated depreciation):			
Land	16,128	1,707,036	1,723,164
Buildings		7,368,471	7,368,471
Equipment		390,829	390,829
Sewer systems and improvements	552,750		552,750
Improvements other than buildings		827,649	827,649
Works of art		11,500	11,500
Water stock		110,000	110,000
Total assets	<u>\$ 824,724</u>	<u>\$ 27,505,679</u>	<u>\$ 28,330,403</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 8,851	\$ 26,146	\$ 34,997
Accrued liabilities		865	865
Bond interest payable	112	29,909	30,021
Revenue bonds payable - Due within one year	10,416	789,000	799,416
Revenue bonds payable - Due in more than one year	7,380	4,737,000	4,744,380
Total liabilities	<u>\$ 26,759</u>	<u>\$ 5,582,920</u>	<u>\$ 5,609,679</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$ 551,082	\$ 10,415,485	\$ 10,966,567
Restricted for:			
Debt Service		1,968,540	1,968,540
Unrestricted	246,883	9,538,734	9,785,617
Total net assets	<u>\$ 797,965</u>	<u>\$ 21,922,759</u>	<u>\$ 22,720,724</u>

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2011

Function/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT		TOTAL
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental activities:							
Carbon County Recreation & Transportation							
Special Service District							
Highways and public improvements	\$ 4,807,040	\$ 685,468		\$ (4,121,572)		\$ (4,121,572)	
Parks, recreation and public improvements	528,160	140,000		(388,160)		(388,160)	
Intergovernmental	2,567,979			(2,567,979)		(2,567,979)	
Interest on long term liabilities	52,743			(52,743)		(52,743)	
Total governmental activities	\$ 7,955,922	\$ 825,468	\$...	\$ (7,130,454)	\$...	\$ (7,130,454)	
Business-type activities:							
Scofield Reservoir Special Service District							
Total business-type activities	\$ 92,090	\$ 52,531			\$ (39,559)	\$ (39,559)	
Total component units	\$ 92,090	\$ 52,531	\$...	\$...	\$ (39,559)	\$ (39,559)	
	\$ 8,048,012	\$ 877,999	\$...	\$ (7,130,454)	\$ (39,559)	\$ (7,170,013)	
General revenues:							
Mineral lease revenue				\$ 7,893,648		\$ 7,893,648	
Investment earnings				88,051	\$ 1,423	89,474	
State PILT				119,956		119,956	
Total general revenues and transfers				\$ 8,101,655	\$ 1,423	\$ 8,103,078	
Change in net assets				\$ 971,201	\$ (38,136)	\$ 933,065	
Net assets - beginning				11,996,549	9,791,110	21,787,659	
Net assets - ending				\$ 12,967,750	\$ 9,752,974	\$ 22,720,724	

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Carbon County have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. Certain significant changes in the Statement include the following:

- The financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the County's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all the County's activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to financial statements).

A. Reporting Entity

For financial reporting purposes, Carbon County has included all funds, organizations, account groups, agencies, boards and commissions. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific burdens on the County.

As required by generally accepted accounting principles, these financial statements present the County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. Complete financial statements of the individual component units, which issued separate financial statements, as noted below, can be obtained from their respective administrative offices.

The following County Districts had separately issued financial statements and were audited or had financial statements compiled or reviewed by other independent auditors:

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A. **Reporting Entity (Continued)**

Price River Water Improvement District and Carbon Water Conservancy District - The water conservancy districts were created for the conservation and development of the water and land resources of Utah and for the greatest beneficial use of water within the state. Water conservancy districts are created under the "Water Conservancy Act". The Districts' were audited or had financial statements compiled or reviewed by other independent auditors and issued under separate cover.

Blended Component Units

These component units are entities, which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Municipal Building Authority of Carbon County - The Municipal Building Authority of Carbon County was created by the County Commission as a body politic and corporate for the purpose of financing, owning, leasing, or operating facilities to meet the needs of the County government. It is comprised of a governing body that has been appointed by the County Commission and may be removed and replaced at any time by its discretion.

Southeastern Utah District Health - State law allows the creation of multi-county health departments. Local health departments are responsible within their boundaries for providing, directly or indirectly, basic public health services. The County Commissioner within the boundaries of the health district appoints the health district board.

Discrete Component Units

These component units are entities which are legally separate from the County, but are financially accountable to the County, or whose relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Component Units columns of the combined financial statements include the financial data of these entities.

Scofield Reservoir Special Service District

The District was created by the Carbon County Commission under state statute. It has a seven-member board. Its primary purpose and function is to provide a waste disposal system for the residence in and around Scofield Reservoir.

Carbon County Recreation & Transportation Special Service District

The District was created by the adoption of a resolution establishing a service district. The District has been established as a separate body politic and corporate. The County appointed the District's governing board. The District was created for the purpose of providing services for recreation, transportation, garbage, fire protection, dispatch and animal control, within the District's boundaries. The District was audited and their report has been issued under separate cover.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A. **Reporting Entity (Continued)**

Carbon County Recreation & Transportation Special Service District LBA

The District's Local Building Authority was created by the CCR & TSSD Board as a body politic for the purpose of financing, owning, leasing, or operating facilities to meet the needs of the District. It is comprised of a governing body that has been appointed by the District Board and may be removed and replaced at any time by its discretion.

B. **Government-Wide and Fund Financial Accounting**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Direct expenses can include certain indirect costs (administrative overhead charges) that are automatically allocated to the various functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, component funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The remaining governmental and enterprise funds are combined into a single column and reported as other (non-major) funds.

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental-wide Financial Statements -The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statement, rather than as another financing source. Amounts paid to reduce long-term debt of the County are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. 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 of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include accumulated unpaid compensated absences and principal and interest on general long-term debt which are recognized when due.

The County reports the following major governmental funds:

- General Fund – The General Fund accounts for all activities not accounted for by other funds of the County. The principal source of revenue for this fund is property taxes.
- Southeastern Utah District Health Fund – The Southeastern Utah District Health Fund is used to account for revenues and expenditures used to provide basic public health services.
- Municipal Building Authority - The Municipal Building Authority activities encompasses various real estate properties which have been constructed and leased to other county operations and outside entities. The Authority is also involved with several road and infrastructure projects.
- Municipal Service Fund – This fund is used to account the various activities of the County including; protective services, highway and roads, etc. Major revenue sources are taxes, charges for services, state allotments, and operating grants.
- Capital Projects Fund – The Capital Projects fund accounts for funds received from contributions, transfers and debt proceeds. These funds are then used for capital expenditures on the County.

The County's non-major governmental funds include other special revenue funds. The non-major special revenue funds account for specific revenue sources that are legally restricted to expenditures, for specified purposes.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Proprietary Fund Financial Statements – The financial statements of the proprietary funds are reported similar to the government-wide financial statements in that they both use the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing goods and services relating to the primary operations of the proprietary fund. Other revenues and expenses are reported as nonoperating.

Fiduciary Fund Financial Statements – Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for other organizations or individuals. These statements are reported using the economic resources measurement focus and the accrual basis of accounting.

- **Agency Funds** – Agency Funds are used to account for assets held by the County as an agent for other governments, private organizations, or individuals. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-Sector Standards of Accounting and Financial Reporting – Relative to both the government-wide and proprietary fund statements, the County applies all Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). The County has elected not to follow private-sector guidance subsequent to that date.

Interfund Transactions – Interfund transactions represent transactions between different funds within the County. In general, interfund activity has been eliminated from the government-wide financial statements in an effort to minimize the doubling-up of revenues and expenditures resulting from such transactions. Interfund services provided and used between different functional categories, however, have not been eliminated from the government-wide financial statement so as not to distort the direct costs and program revenues reported in the various functions concerned.

Transfers between governmental and business-type activities are reported at the net amount in the government-wide statement of activities. Interfund receivables and payables have been eliminated from the government-wide statement of net assets.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Program Revenues/Operating Revenues and Expenses From Non-Operating Items – Amounts reported as program revenues include 1) charges for fees, rental, material, supplies, or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

D. **Budgetary Data**

Budgets are presented on the modified accrual basis of accounting for all governmental funds and on the accrual basis for proprietary funds. Budgets are not adopted for the agency fund. All annual appropriations lapse at fiscal year end. The following procedures are used in establishing the budgetary data reflected in the financial statements.

1. A formal budget is adopted for all funds, which require a budget: all general, special revenue, debt service, capital projects, permanent funds and enterprise funds. The budget is a complete financial plan, which identifies all estimated revenues and all appropriations for expenditure for the year. The budget must balance, that is estimated revenues and other financing sources must equal appropriated expenditures.
2. By November 1, the County Auditor submits to the Board of County Commissioners a proposed operating budget for the fiscal year for all funds beginning January 1.
3. The Board of County Commissioners discusses and approves the budget and sets a date for a public hearing on the proposed budget.
4. A public hearing is held to obtain taxpayer comments and the budget is adopted.
5. The Commission can transfer budgeted amounts between line items or departments by resolution, but any action that increases the total general fund budget must be approved by resolution only after a public hearing. (The budgets of other funds may be increased after giving public notice).

E. **Cash and Cash Equivalents and Investments**

Cash and investment management in the County is administered by the County Treasurer in accordance with the Utah Money Management Act, Section 51-7 of the Utah code. The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF).

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

Statements of cash flow are presented for proprietary funds under the direct method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventories

Inventories are stated at the lower of cost or market, determined on a first-in, first-out basis. Inventories are accounted for under the consumption method where inventories are recorded as expenditures when consumed rather than when purchased.

G. Compensated Absences

It is the County's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. An estimate of sick leave liability and vacation pay is accrued when incurred in government-wide financial statements and proprietary funds and reported as a liability.

Employees can carry over up to 192 hours of unused vacation from one year to the next. Hours that exceed the 192 hours are lost if unused. Employees can carry over unlimited hours of unused sick leave from one year to the next. Employees will only be paid for unused sick leave upon termination or retirement, at a rate of 4 to 1.

Accrued unpaid vacation pay and other employee benefit amounts, which vest to the employee in the government-wide financial statements for governmental activities total \$704,632.

H. Long-Term Obligations

In the government-wide financial statements, and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

I. Capital Assets

Capital assets include land, rights of ways, buildings, improvements other than buildings, machinery and equipment, and infrastructure (roads and bridges). These assets are reported in the government-wide financial statements in the relevant column on the Statement of Net Assets under governmental or business activities. Proprietary fund capital assets are also reported in the appropriate fund statements. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. The capitalization threshold for personal property is defined to be assets with a useful life of at least one year and costing at least \$5,000. Assets purchased or constructed are generally recorded at cost. If precise cost is not available (as was the case with certain infrastructure), the asset is recorded at estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

When constructing capital assets, interest expense incurred relating to governmental or proprietary activities is not capitalized.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

I. **Capital Assets (Continued)**

Depreciation of all exhaustible capital assets is charged as an expense against operations for proprietary funds and is charged to the various functional expenses or business-type activities in the government-wide Statement of Activities. Accumulated depreciation is reported on proprietary fund and government-wide Statement of Net Assets. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	20-50 years
Improvements	15-40 years
Equipment	5-10 years
Infrastructure, (bridges)	20-50 years

J. **Net Assets/Fund Balances**

The difference between assets and liabilities is "Net Assets" on the government-wide and proprietary fund financial statements and "Fund Balance" on the governmental fund financial statements. Net assets are divided into invested in capital assets (net of related debt), restricted, and unrestricted. Net assets are reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

In the governmental fund financial statements, fund balances are classified as reserved, unreserved designated, or unreserved undesignated. Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

2. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

Primary Government Governmental activities:	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Capital assets not being depreciated:				
Land	\$ 1,867,894			\$ 1,867,894
Rights of Way	1,361,829	\$ 40,089		1,401,918
Water stock	146,000			146,000
Total capital assets not not being depreciated	<u>\$ 3,375,723</u>	<u>\$ 40,089</u>	<u>\$...</u>	<u>\$ 3,415,812</u>
Capital assets being depreciated:				
Construction in progress		\$ 9,090,322		\$ 9,090,322
Buildings	\$ 38,184,141	2,916,734		41,100,875
Improvements other than buildings	16,033,656	575,705		16,609,361
Machinery and equipment	17,731,956	1,208,408	\$ (175,908)	18,764,456
Infrastructure (Roads & Bridges)	133,044,226	1,121,942		134,166,168
Total capital assets being depreciated	<u>\$204,993,979</u>	<u>\$14,913,111</u>	<u>\$ (175,908)</u>	<u>\$219,731,182</u>
Less accumulated depreciation for:				
Buildings	\$ 6,892,137	\$ 969,512		\$ 7,861,649
Improvements other than buildings	6,319,022	403,362		6,722,384
Machinery and equipment	10,406,641	1,467,748	\$ (156,658)	11,717,731
Infrastructure (Roads & Bridges)	77,099,517	2,001,809		79,101,326
Total accumulated depreciation	<u>\$100,717,317</u>	<u>\$ 4,842,431</u>	<u>\$ (156,658)</u>	<u>\$105,403,090</u>
Total capital assets, being depreciated, net	<u>\$104,276,662</u>	<u>\$10,070,680</u>	<u>\$ (19,250)</u>	<u>\$114,328,092</u>
Governmental activities capital assets, net	<u>\$107,652,385</u>	<u>\$10,110,769</u>	<u>\$ (19,250)</u>	<u>\$117,743,904</u>

2. CAPITAL ASSETS (Continued)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 198,000			\$ 198,000
Total capital assets not being depreciated	\$ 198,000	\$...	\$...	\$ 198,000
Capital assets being depreciated:				
Buildings	\$ 1,576,152			\$ 1,576,152
Machinery and equipment	271,441			271,441
Total capital assets being depreciated	\$ 1,847,593	\$...	\$...	\$ 1,847,593
Less accumulated depreciation for:				
Buildings	\$ 964,278	\$ 39,404		\$ 1,003,682
Machinery and equipment	116,730	14,092		130,822
Total accumulated depreciation	\$ 1,081,008	\$ 53,496	\$...	\$ 1,134,504
Total capital assets, being depreciated, net	\$ 766,585	\$ (53,496)	\$...	\$ 713,089
Business-type activities capital assets, net	\$ 964,585	\$ (53,496)	\$...	\$ 911,089

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 201,312
Public safety	656,149
Public Health	80,285
Highways and public improvements	3,653,429
Parks and recreation	242,193
Conservation and economic development	9,063
Total depreciation expense - governmental activities	\$ 4,842,431

Business-type activities:

County Court Complex	\$ 53,496
Total depreciation expense - Business-Type Activities	\$ 53,496

Total depreciation expense	\$ 4,895,927
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2. CAPITAL ASSETS (Continued)

Component units:	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Capital assets not being depreciated:				
Land	\$ 1,681,614	\$ 41,550		\$ 1,723,164
Water stock	110,000			110,000
Works of art	11,500			11,500
Total capital assets not being depreciated	\$ 1,803,114	\$ 41,550	\$...	\$ 1,844,664
Capital assets being depreciated:				
Buildings	\$ 7,536,091	\$ 91,460		\$ 7,627,551
Improvements other than buildings	2,863,436	66,695		2,930,131
Machinery and equipment	675,539	77,501		753,040
Total capital assets being depreciated	\$ 11,075,066	\$ 235,656	\$...	\$ 11,310,722
Less accumulated depreciation for:				
Buildings	\$ 68,390	\$ 190,690		\$ 259,080
Improvements other than buildings	1,452,837	96,895		1,549,732
Machinery and equipment	313,183	49,028		362,211
Total accumulated depreciation	\$ 1,834,410	\$ 336,613	\$...	\$ 2,171,023
Total capital assets, being depreciated, net	\$ 9,240,656	\$ (100,957)	\$...	\$ 9,139,699
Component units capital assets, net	\$ 11,043,770	\$ (59,407)	\$...	\$ 10,984,363

Depreciation expense was recorded as an expense for the following component units:

Carbon County Recreation & Transportation Special Service District	\$ 304,113
Scofield Reservoir Special Service District	32,500
Total depreciation expense	\$ 336,613

3. LONG-TERM DEBT

Primary Government

Annual debt service requirements to maturity for bonds are as follows:

Year Ending December 31,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 907,006	\$ 1,050	\$ 908,056			
2013	877,000		877,000			
2014	877,000		877,000			
2015	877,000		877,000			
2016	877,000		877,000			
2017-2021	4,385,000		4,385,000			
2022-2026	4,365,190		4,365,190			
2027-2031	1,554,506		1,554,506			
2032-2036	566,000		566,000			
2037-2041	375,000		375,000			
	<u>\$ 15,660,702</u>	<u>\$ 1,050</u>	<u>\$ 15,661,752</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>

Revenue Bonds – Revenue Bonds payable at December 31, 2011, with their outstanding balances are comprised of the following individual issues:

CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2001A (ACTIVE RE-ENTRY BUILDING)

The Municipal Building Authority of Carbon County Utah sold \$400,000 in revenue bonds. The bonds are non-interest bearing and the proceeds along with other funds will be used to construct an office building. The building will be leased to Active Re-Entry, a non-profit corporation.

DATE	INTEREST	PRINCIPAL	TOTAL
09-01-12		\$ 16,000	\$ 16,000
09-01-13		16,000	16,000
09-01-14		16,000	16,000
09-01-15		16,000	16,000
09-01-16		16,000	16,000
2017-2021		80,000	80,000
2022-2026		71,910	71,910
	<u>\$...</u>	<u>\$ 231,910</u>	<u>\$ 231,910</u>

3. **LONG-TERM DEBT (Continued)**

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2001B
(FAIRGROUNDS BUILDING)**

The Municipal Building Authority of Carbon County Utah sold \$120,000 in revenue bonds. The bonds are non-interest bearing. The proceeds will be used to construct buildings at the Carbon County Fairgrounds. The buildings will be leased to Carbon County.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
09-01-12		\$ 6,000	\$ 6,000
09-01-13		6,000	6,000
09-01-14		6,000	6,000
09-01-15		6,000	6,000
09-01-16		6,000	6,000
2017-2021		30,000	30,000
2022-2026		6,000	6,000
	<u>\$...</u>	<u>\$ 66,000</u>	<u>\$ 66,000</u>

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2006A
(EMERGENCY SERVICES BUILDING)**

The Municipal Building Authority of Carbon County Utah sold \$275,000 in revenue bonds. The bonds are non-interest bearing and the proceeds along with other funds will be used to construct a building to house the County's emergency service agencies.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-12		\$ 14,000	\$ 14,000
01-01-13		14,000	14,000
01-01-14		14,000	14,000
01-01-15		14,000	14,000
01-01-16		14,000	14,000
2017-2021		70,000	70,000
2022-2026		70,000	70,000
2027-2031		9,000	9,000
	<u>\$...</u>	<u>\$ 219,000</u>	<u>\$ 219,000</u>

3. **LONG-TERM DEBT (Continued)**

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2006B
(EMERGENCY SERVICES BUILDING)**

The Municipal Building Authority of Carbon County Utah sold \$2,166,000 in revenue bonds. The bonds are non-interest bearing and the proceeds along with other funds will be used to construct a building to house the County's emergency service agencies.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-12		\$ 108,000	\$ 108,000
01-01-13		108,000	108,000
01-01-14		108,000	108,000
01-01-15		108,000	108,000
01-01-16		108,000	108,000
2017-2021		540,000	540,000
2022-2026		540,000	540,000
2027-2031		114,000	114,000
	<u>\$...</u>	<u>\$ 1,734,000</u>	<u>\$ 1,734,000</u>

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2006C
(ROAD AND MAINTENANCE BUILDING)**

The Municipal Building Authority of Carbon County Utah sold \$1,525,000 in revenue bonds. The bonds are non-interest bearing and the proceeds along with other funds will be used to construct a new road and maintenance building to house the County's road shop and abatement functions.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-12		\$ 61,000	\$ 61,000
01-01-13		61,000	61,000
01-01-14		61,000	61,000
01-01-15		61,000	61,000
01-01-16		61,000	61,000
2017-2021		305,000	305,000
2022-2026		305,000	305,000
2027-2031		305,000	305,000
2031-2037		61,000	61,000
	<u>\$...</u>	<u>\$ 1,281,000</u>	<u>\$ 1,281,000</u>

3. **LONG-TERM DEBT (Continued)**

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2006D
(NORTH SPRINGS SHOOTING RANGE)**

The Municipal Building Authority of Carbon County Utah sold \$1,290,000 in revenue bonds. The bonds are non-interest bearing and the proceeds along with other funds will be used to construct a new outdoor shooting range.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-12		\$ 65,000	\$ 65,000
01-01-13		65,000	65,000
01-01-14		65,000	65,000
01-01-15		65,000	65,000
01-01-16		65,000	65,000
2017-2021		325,000	325,000
2022-2026		325,000	325,000
2027-2031		55,000	55,000
	<u>\$...</u>	<u>\$ 1,030,000</u>	<u>\$ 1,030,000</u>

**CARBON COUNTY BUILDING AUTHORITY – LEASE REVENUE BOND SERIES 2006E
(FAIRGROUNDS EXPO BUILDING)**

The Municipal Building Authority of Carbon County Utah sold \$998,000 in revenue bonds. The bonds are non-interest bearing and the proceeds along with other funds will be used to expand the exhibition building at the County's fairgrounds.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-12		\$ 50,000	\$ 50,000
01-01-13		50,000	50,000
01-01-14		50,000	50,000
01-01-15		50,000	50,000
01-01-16		50,000	50,000
2017-2021		250,000	250,000
2022-2026		250,000	250,000
2027-2031		48,000	48,000
	<u>\$...</u>	<u>\$ 798,000</u>	<u>\$ 798,000</u>

3. **LONG-TERM DEBT (Continued)**

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH – TAXABLE LEASE
REVENUE BONDS SERIES 2006F (DEPT. OF NATURAL RESOURCES BUILDING)**

The Municipal Building Authority of Carbon County Utah sold \$3,100,000 in revenue bonds. The proceeds from the bonds will be used to construct a commercial building. The bonds are non-interest bearing.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
04-01-12		\$ 155,000	\$ 155,000
04-01-13		155,000	155,000
04-01-14		155,000	155,000
04-01-15		155,000	155,000
04-01-16		155,000	155,000
2017-2021		775,000	775,000
2022-2026		775,000	775,000
2027-2031		12,506	12,506
	<u>\$...</u>	<u>\$ 2,337,506</u>	<u>\$ 2,337,506</u>

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH – TAXABLE LEASE
REVENUE BONDS SERIES 2007 (CONSUMER WASH ROAD)**

The Municipal Building Authority of Carbon County Utah sold \$3,000,000 in non-interest bearing revenue bonds. The proceeds will be used to purchase and reconstruct 8.75 miles of the Consumer Wash Road.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-12		\$ 150,000	\$ 150,000
01-01-13		150,000	150,000
01-01-14		150,000	150,000
01-01-15		150,000	150,000
01-01-16		150,000	150,000
2017-2021		750,000	750,000
2022-2026		750,000	750,000
2027-2032		300,000	300,000
	<u>\$...</u>	<u>\$ 2,550,000</u>	<u>\$ 2,550,000</u>

3. **LONG-TERM DEBT (Continued)**

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH – TAXABLE LEASE
REVENUE BONDS SERIES 2008B (PUBLIC SERVICE ANNEX BUILDING)**

The Municipal Building Authority of Carbon County Utah sold \$573,000 in revenue bonds. The proceeds from the bonds will be used to construct a commercial building. The bonds are non-interest bearing.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
04-01-12		\$ 29,000	\$ 29,000
04-01-13		29,000	29,000
04-01-14		29,000	29,000
04-01-15		29,000	29,000
04-01-16		29,000	29,000
2017-2021		145,000	145,000
22021-2026		145,000	145,000
2027-2031		80,000	80,000
	<u>\$...</u>	<u>\$ 515,000</u>	<u>\$ 515,000</u>

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH – TAXABLE LEASE
REVENUE BONDS SERIES 2008C (EQUIPMENT STORAGE SHOP)**

The Municipal Building Authority of Carbon County Utah sold \$460,000 in revenue bonds. The proceeds from the bonds will be used to construct a commercial building. The bonds are non-interest bearing.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
10-01-12		\$ 23,000	\$ 23,000
10-01-13		23,000	23,000
10-01-14		23,000	23,000
10-01-15		23,000	23,000
10-01-16		23,000	23,000
2017-2021		115,000	115,000
2022-2026		115,000	115,000
2027-2031		46,000	46,000
	<u>\$...</u>	<u>\$ 391,000</u>	<u>\$ 391,000</u>

3. **LONG-TERM DEBT (Continued)**

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH – TAXABLE LEASE
REVENUE BONDS SERIES 2008 (CARBONVILLE ROAD PROJECT)**

The Municipal Building Authority of Carbon County Utah sold \$1,000,000 in revenue bonds. The proceeds from the bonds will be used to make major road improvements. The bonds are non-interest bearing.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-12		\$ 40,000	\$ 40,000
01-01-13		40,000	40,000
01-01-14		40,000	40,000
01-01-15		40,000	40,000
01-01-16		40,000	40,000
2017-2021		200,000	200,000
2022-2026		200,000	200,000
2027-2031		200,000	200,000
2032-2036		120,000	120,000
	<u>\$...</u>	<u>\$ 920,000</u>	<u>\$ 920,000</u>

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH – TAXABLE LEASE
REVENUE BONDS SERIES 2010 (CHILDREN’S JUSTICE CENTER BUILDING)**

The Municipal Building Authority of Carbon County Utah sold \$427,000 in revenue bonds. The proceeds from the bonds will be used to build a Children’s Justice Center Building. The bonds are non-interest bearing.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
07-01-12		\$ 14,000	\$ 14,000
07-01-13		14,000	14,000
07-01-14		14,000	14,000
07-01-15		14,000	14,000
07-01-16		14,000	14,000
2017-2021		70,000	70,000
2022-2026		70,000	70,000
2027-2031		70,000	70,000
2032-2036		70,000	70,000
2037-2041		63,000	63,000
	<u>\$...</u>	<u>\$ 413,000</u>	<u>\$ 413,000</u>

3. **LONG-TERM DEBT (Continued)**

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH LEASE REVENUE
BOND- SERIES 2011A**

The Municipal Building of Carbon County Utah sold \$1,312,000 in revenue bonds during the current year. The proceeds will be used to fund projects at the Carbon County Fairgrounds.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
07-01-12		\$ 44,000	\$ 44,000
07-01-13		44,000	44,000
07-01-14		44,000	44,000
07-01-15		44,000	44,000
07-01-16		44,000	44,000
2017-2021		220,000	220,000
2022-2026		220,000	220,000
2027-2031		220,000	220,000
2032-2036		220,000	220,000
2037-2041		212,000	212,000
	<u>\$...</u>	<u>\$ 1,312,000</u>	<u>\$ 1,312,000</u>

**MUNICIPAL BUILDING AUTHORITY OF CARBON COUNTY UTAH LEASE REVENUE
BOND-SERIES 2011B**

The Building Authority sold \$1,250,000 in revenue bonds, to fund in part, the 9 Mile Canyon Road Project.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
07-01-12		\$ 83,000	\$ 83,000
07-01-13		83,000	83,000
07-01-14		83,000	83,000
07-01-15		83,000	83,000
07-01-16		83,000	83,000
2017-2021		415,000	415,000
2022-2026		420,000	420,000
	<u>\$...</u>	<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>

3. **LONG-TERM DEBT (Continued)**

SOUTHEASTERN UTAH DISTRICT HEALTH - BUILDING CAPITAL LEASE
INTEREST RATE 7.0% PER ANNUM

Southeastern Utah District Health entered into a capital lease with Carbon County Building Authority for the purchase of land, building and improvements.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-12	\$ 1,050	\$ 30,007	\$ 31,057
	<u>\$ 1,050</u>	<u>\$ 30,007</u>	<u>\$ 31,057</u>

SOUTHEASTERN UTAH DISTRICT HEALTH - BUILDING CAPITAL LEASE

Southeastern Utah District Health entered into a capital lease with Grand County Building Authority for the purchase of land, building and improvements.

<u>DATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
01-01-12		\$ 19,000	\$ 19,000
01-01-13		19,000	19,000
01-01-14		19,000	19,000
01-01-15		19,000	19,000
01-01-16		19,000	19,000
2017-2021		95,000	95,000
2022-2026		95,000	95,000
2027-2031		95,000	95,000
2028-2032		95,000	95,000
2033-2037		95,000	95,000
2038-2042		5,000	5,000
	<u>\$...</u>	<u>\$ 575,000</u>	<u>\$ 575,000</u>

3. LONG-TERM DEBT (Continued)

SUMMARY OF NET CHANGES - PRIMARY GOVERNMENT

<u>Description</u>	<u>Balance</u> <u>01-01-12</u>	<u>Retired</u>	<u>Issued</u>	<u>Balance</u> <u>12-31-12</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
MBA Lease Revenue 1997	\$ 101,000	\$ (101,000)			
Lease Series 1990	27,000	(27,000)			
Lease Revenue 1992A	1,083,000	(1,083,000)			
Lease Revenue 1992B	524,000	(524,000)			
MBA Lease Revenue 1998	37,632	(37,632)			
Lease Revenue 2001A	255,190	(16,000)		\$ 239,190	\$ 16,000
Lease Revenue 2001B	72,000	(6,000)		66,000	6,000
MBA Lease Revenue 2006A	233,000	(14,000)		219,000	14,000
MBA Lease Revenue 2006B	1,842,000	(108,000)		1,734,000	108,000
MBA Lease Revenue 2006C	1,342,000	(61,000)		1,281,000	61,000
MBA Lease Revenue 2006D	1,095,000	(65,000)		1,030,000	65,000
MBA Lease Revenue 2006E	848,000	(50,000)		798,000	50,000
MBA Lease Revenue 2006F	2,492,506	(155,000)		2,337,506	155,000
MBA Lease Revenue 2007	2,700,000	(150,000)		2,550,000	150,000
MBA Lease Revenue 2008B	544,000	(29,000)		515,000	29,000
MBA Lease Revenue 2008C	414,000	(23,000)		391,000	23,000
MBA Lease Revenue 2008	960,000	(40,000)		920,000	40,000
MBA Lease Revenue 2010	427,000	(14,000)		413,000	14,000
MBA Lease Revenue 2011A			\$ 1,312,000	1,312,000	44,000
MBA Lease Revenue 2011B			1,250,000	1,250,000	83,000
	<u>\$ 14,997,328</u>	<u>\$ (2,503,632)</u>	<u>\$ 2,562,000</u>	<u>\$ 15,055,696</u>	<u>\$ 858,000</u>
<u>Governmental Activities</u>					
SEUDH Capital Leases:					
Series 2011			\$ 575,000	\$ 575,000	\$ 19,000
Lease Series 1988	\$ 58,999	\$ (28,992)		30,007	30,007
	<u>\$ 58,999</u>	<u>\$ (28,992)</u>	<u>\$ 575,000</u>	<u>\$ 605,007</u>	<u>\$ 49,007</u>

3. LONG-TERM DEBT (Continued)

COMPONENT UNITS

Annual debt service requirements to maturity for bonds are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2012	\$ 799,416	\$ 58,044	\$ 857,460
2013	824,380	29,664	854,044
2014	140,000		140,000
2015	140,000		140,000
2016	140,000		140,000
2017-2021	700,000		700,000
2022-2026	700,000		700,000
2027-2031	700,000		700,000
2032-2036	700,000		700,000
2037-2041	700,000		700,000
	<u>\$ 5,543,796</u>	<u>\$ 87,708</u>	<u>\$ 5,631,504</u>

Community Impact Bonus Loan Payable – Scofield Reservoir Special Service District secured a Community Impact Board Bonus Loan dated May 16, 1989, in the District's name for \$200,000. It bears an interest rate of 2.5% per annum, with final payment due September 30, 2013. Annual payments of \$10,855 including interest are required to be paid until the debt is paid in full.

<u>DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2012	\$ 10,416	\$ 439	\$ 10,855
2013	<u>7,380</u>	<u>178</u>	<u>7,558</u>
	<u>\$ 17,796</u>	<u>\$ 617</u>	<u>\$ 18,413</u>

3. **LONG-TERM DEBT (Continued)**

During 1998, Carbon County Recreation & Transportation Special Service District issued \$3,005,000 of Highway Revenue Bonds for the "C" Canyon Toll Road Project. The bonds carry an interest rate ranging from 6.1% to 6.4% per annum and are payable semi-annually each April 1st and October 1st, commencing April 1, 1999. Principal payments on this bond issue began on October 1, 1999 and continue through October 1, 2013. The repayment schedule is as follows:

DATE PAYMENT DUE	PRINCIPAL DUE	INTEREST CHARGES	TOTAL
April 1, 2012		\$ 17,537	\$ 17,537
October 1, 2012	\$ 279,000	17,537	296,537
April 1, 2013		9,028	9,028
October 1, 2013	296,000	9,028	305,028
	<u>\$ 575,000</u>	<u>\$ 53,130</u>	<u>\$ 628,130</u>

During 1998, Carbon County Recreation & Transportation Special Service District issued \$3,300,000 of Highway Revenue Bonds for the Dugout Canyon Toll Road Project. The bonds carry an annual interest rate of 3.0%. The District is required to make principal and interest payments each July 1st until the bonds mature on July 1, 2013. The repayment schedule is as follows:

DATE PAYMENT DUE	PRINCIPAL DUE	INTEREST CHARGES	TOTAL
2012	\$ 370,000	\$ 22,530	\$ 392,530
2013	381,000	11,430	392,430
	<u>\$ 751,000</u>	<u>\$ 33,960</u>	<u>\$ 784,960</u>

3. LONG-TERM DEBT (Continued)

During 2009, Carbon County Recreation & Transportation Special Service District's Local Building Authority issued \$4,200,000 of Taxable Lease Revenue Bonds, Series 2009 for the construction of the Senior Citizen Center. The bonds carry an annual interest rate of 0%. The District's Local Building Authority is required to make principal payments each July 1st until the bonds mature on July 1, 2041. The repayment schedule is as follows:

DATE PAYMENT DUE	PRINCIPAL DUE	TOTAL
2012	\$ 140,000	\$ 140,000
2013	140,000	140,000
2014	140,000	140,000
2015	140,000	140,000
2016	140,000	140,000
2017-2021	700,000	700,000
2022-2026	700,000	700,000
2027-2031	700,000	700,000
2032-2036	700,000	700,000
2037-2041	700,000	700,000
	<u>\$ 4,200,000</u>	<u>\$ 4,200,000</u>

SUMMARY OF NET CHANGES - COMPONENT UNITS

Description	Balance 01-01-11	Retired	Issued	Balance 12-31-11	Due Within One Year
Scofield Reservoir SSD					
Impact Bonus Loan	\$ 27,711	\$ (9,915)		\$ 17,796	\$ 10,416
C.C. Roads SSD Revenue Refunding Series 1994					
CCR&TSSD - Hwy Rev Bond Series 1998	838,000	(263,000)		575,000	279,000
CCR&TSSD - Toll Road Revenue Bond Series 1998	1,110,000	(359,000)		751,000	370,000
CCR&TSSD - Local Bldg Authority Taxable Lse Rev Bond Series 2009	4,200,000			4,200,000	140,000
	<u>\$ 6,175,711</u>	<u>\$ (631,915)</u>	<u>\$...</u>	<u>\$ 5,543,796</u>	<u>\$ 799,416</u>

4. DEPOSITS AND INVESTMENTS

It is the County's policy to follow the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) (the Act) in handling its depository and investment transactions. The Act creates the Utah Money Management Council (the "Council"), a five-member body, appointed by the Governor of the State, which exercises oversight of public deposits and investments.

The County maintains a cash and investment pool that is used by all funds. Each major fund's portion of this pool, and the aggregate portion of the pool relating to non-major funds, is displayed on the Balance Sheet for Governmental Funds and the Statement of Net Assets for proprietary funds, respectively, as "cash and investments." Total non-fiduciary cash and investments are also reflected on the government-wide Statement of Net Assets. The fiduciary fund's portion is found on the Statement of Fiduciary Assets and Liabilities. Income from the investment of the pooled cash is allocated based on each fund's balance in the pool. In addition, cash is separately held by several funds.

Custodial Credit Risk-Deposits

The Act requires the depositing of public funds only in a "qualified depository" or a "permitted depository". A "qualified depository" is a Utah depository institution, which complies with capital ratios and public deposit limits established by rule of the Council and which has been certified by the State Commissioner of Financial Institutions for deposit of public funds. A "permitted depository" is an out-of-state financial institution that meets quality criteria established by rule of the Council. The custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be recovered.

The County's deposits are insured up to \$250,000, per account by the Federal Deposit Insurance Corporation. The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Uninsured deposits are not collateralized nor are they required to be by State statute. At December 31, 2011, the bank balance of the County's deposits was \$15,133,624. Of this balance, \$802,867 was insured. The remaining balance, \$14,330,757 was uninsured.

Investments

Investments are recorded at fair value or at cost where there is no material difference from fair value based upon quoted market prices as of December 31, 2011, with the difference between the purchase price and market price being recorded as interest income.

The Act also defines the types of securities allowed as appropriate investments for the County and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories, certified dealers, or directly with the issuer of the securities.

Allowable investments under the Act include:

- Negotiable or nonnegotiable deposits of qualified depositories and permitted depositories.
- Repurchase agreements with qualified depositories or government security dealers certified by the director of the State Division of Securities as meeting quality criteria established by the State Money Management Council.

4. **DEPOSITS AND INVESTMENTS (Continued)**

Allowable investments under the Act include (Continued):

- Commercial paper, which has a remaining term of 270 days or less, which is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investors Service or Standard and Poor’s.
- Bankers’ acceptances, that are eligible for discount at a Federal reserve bank, and which have a remaining term of 270 days or less.
- Obligations of the United States Treasury, including bills, notes, and bonds.
- Obligations other than mortgage pools and other mortgage derivative products issued by or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Farm Credit banks, Federal Home Loan banks, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Student Loan Marketing Association, Federal Agriculture Mortgage Corporation, and Tennessee Valley Authority.
- Corporate obligations maturing in two years or less, which are rated “A” or higher by two nationally recognized statistical rating organizations, one of which must be Moody’s Investors Service or Standard and Poor’s.
- Shares or certificates in a money market mutual fund that comply with Rule 2a-7 of the Securities Exchange Commission.
- Utah Public Treasurer’s Investment Fund.

The carrying amount and fair value of the County’s investments at December 31, 2011 is as follows:

<u>Investment Type</u>	Carrying Amount and Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Debt Securities:					
Repurchase Agreements	\$ 10,667,102	\$ 10,667,102			
	\$ 10,667,102	\$ 10,667,102	\$...	\$...	\$...
Other Investments:					
Utah Public Treas. Invest. Fund	21,597,115				
Total investments	\$ 32,264,217				

4. **DEPOSITS AND INVESTMENTS (Continued)**

The Utah Public Treasurer's Investment Fund ("the Pool") is a voluntary external Local Government Investment Pool managed by the Utah State Treasurer to improve investment efficiency and yield. These monies are invested in securities permitted by the Act and contain no withdrawal restrictions other than timely notice of intent to withdraw an amount greater than \$2,000,000. Investment activity of the State Treasurer in the management of the Pool is reviewed monthly by the Council and is audited by the Utah State Auditor. Monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds.

Government and agency securities consist of U.S. Treasury bonds, notes and bills, Federal Home notes and government mutual funds with underlying securities that are U.S. Treasury bonds, notes and bills.

Interest Rate Risk-Investments

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 interest rate risk is to comply with the Utah Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper and bankers' acceptances to 270 days or less and to 365 days or less for fixed rate negotiable deposits, and fixed rate corporate obligations. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County and Component Units follows the Utah Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk.

The County's rated debt investments as of December 31, 2011 were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

	Carrying Amount and Fair Value	Quality Rating
<u>Debt Securities</u>		
Repurchase Agreements	\$ 10,667,102	Not Rated

4. **DEPOSITS AND INVESTMENTS (Continued)**

Custodial Credit Risk-Investment

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the County will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The County complies with the custody requirements of the Utah Money Management Act and Rules of the Money Management Council. All investment securities are required to be held by the public treasurer, in safekeeping by a bank or trust company, or in a book-entry-only record maintained by a securities depository, in the Federal Book Entry system or in the book-entry records of the issuer of the security in the name of the public entity. All investment securities are held in a qualified depository certified by the Commissioner of Financial Institutions as adhering to the rules of the Utah Money Management Council or in the book entry records of the issuer of the security.

The County's investments at December 31, 2011 were held by the County or in the County's name by the County's custodial banks except for repurchase agreements with qualified depositories totaling \$8,155,386 where the underlying securities were uninsured and held by the investment's counterparty, not in the name of the County.

Concentration of Credit Risk-Investment

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The County's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5% and 10% depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the United States government and its agencies. The County complies with the concentration limits of Rule 17 of the Utah Money Management Act.

Total Reconciliation

Description	Primary Government	Component Units	Fiduciary Funds
Cash and cash equivalents	\$ 31,179,495	\$ 3,653,310	\$ 2,187,008
Restricted cash and cash equivalents	2,935,198	13,048,710	
Cash deficit	(48,120)		
	<u>\$ 34,066,573</u>	<u>\$ 16,702,020</u>	<u>\$ 2,187,008</u>
Deposits	\$ 3,045,547	\$ 2,169,545	\$ 1,064,930
Investments (includes PTIF and Sweep accts.)	31,021,026	14,532,475	1,122,078
	<u>\$ 34,066,573</u>	<u>\$ 16,702,020</u>	<u>\$ 2,187,008</u>

5. RETIREMENT PLAN - PRIMARY GOVERNMENT

CARBON COUNTY

Plan Description. Carbon County contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System, Public Safety Retirement System for employers with Social Security coverage, administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, and Public Safety Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy: Plan members in the Local Governmental Contributory Retirement System are required to contribute from January - December 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and Carbon County is required to contribute from January - June 9.36% and from July - December 9.76% of their annual covered salary. In the Local Governmental Noncontributory Retirement System Carbon County is required to contribute from January - June 13.37% and from July - December 13.77% of their annual covered salary. In the Public Safety Retirement System, Carbon County is required to contribute from January - June 28.82% and from July - December 28.82% of their annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Carbon County contributions to the Local Governmental Contributory Retirement System for the years ending December 31, 2011, 2010 and 2009 were \$32,497, \$28,082 and \$24,482 respectively and for the Noncontributory Retirement System the contributions for December 31, 2011, 2010 and 2009 were \$631,252, \$584,997 and \$519,572 respectively and for the Public Safety Retirement System the contributions for December 31, 2011, 2010 and 2009 were \$497,992, \$461,424 and \$416,209 respectively. The contributions were equal to the required contributions for each year.

SOUTHEASTERN UTAH DISTRICT HEALTH

Plan Description. Southeastern Utah District Health contributes to the Local Governmental Contributory Retirement System. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

5. RETIREMENT PLAN - PRIMARY GOVERNMENT (Continued)

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy. Plan members in the Local Governmental Contributory Retirement System are required to contribute from January - June 4.64% and from July – December 4.24% of their annual covered salary (all or part may be paid by the employer for the employee) and Southeastern Utah District Health is required to contribute from January – June 9.36% and from July – December 9.76% of their annual covered salary. In the Local Governmental Noncontributory Retirement System, Southeastern Utah District Health is required to contribute from January – June 13.37% and from July – December 13.77% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Southeastern Utah District Health contributions to Local Governmental Contributory Retirement System for the years ending December 31, 2011, 2010 and 2009 were \$8,716, \$7,813 and \$7,916 respectively and for the Noncontributory Retirement System the contributions for December 31, 2011, 2010 and 2009 were 183,981, \$176,088 and \$157,698 respectively. The contributions were equal to the required contributions for each year.

6. CONTINGENT LIABILITIES

The County and certain of its officials are defendants in a variety of legal actions involving matters of contract, property, tort, taxation and civil rights. The resolution of these matters is not expected to have a material effect on the County's financial position and have not been provided for the accompanying financial statements.

7. PROPERTY TAXES

The County adopts, by June 22, the proposed tax rates as part of its budget for the current year, which began January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable on or before November 30.

The County Treasurer collects property taxes levied by the County and other taxing entities within the County (such as the school district). These tax collections are accounted for in the Treasurer's Tax Collection Trust. The Treasurer apportions and remits collected taxes to the Funds of the County and to other taxing entities periodically.

8. OFF BALANCE SHEET RISK

Carbon County, the Primary Government, and its Component Units have many bank accounts with various banking institutions. Some of the bank account balances are substantially over \$250,000. By maintaining several accounts with the same bank with balances exceeding \$250,000, the County has amounts that exceed the FDIC insurance limitation. Consequently, there is a potential loss to the extent that amounts are not insured.

9. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1992, the County joined together with other counties in the State to form the Utah Association of Counties (UAC), a public entity risk pool currently operating as a common risk management and insurance program for member Counties. The County pays an annual premium to UAC for its general insurance coverage. The agreement for formation of the UAC provides that UAC will be self-sustaining through member premiums and will reinsure through commercial companies.

The County continues to carry commercial insurance for workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past two years.

10. MUNICIPAL SOLID WASTE LANDFILLS

Carbon County has a landfill that operates within the County. The County has filed with the State for operating permits for the landfill and has received a written approval.

Carbon County has obtained information necessary to determine the nature and source of landfill closure and post closure care requirements. An amount of liability for closure and post closure care costs, estimated total current cost of closure and post closure care remaining to be recognized, percentage of landfill capacity used to date and the nature of the estimates and the potential for changes due to inflation or deflation, technology, or applicable laws or regulations has been calculated by the County and the engineers. The County has set aside an amount of \$27,485 to be put into an account held by the Utah Public Treasurer's Investment Pool.

11. RECONCILIATION OF INTERFUND TRANSFERS

The following table provides a reconciliation of all interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General		\$ 4,000,807
Fairgrounds	\$ 838,354	
Leisure services	249,645	
RSVP	25,000	
COA	258,072	
Nutrition	498,136	
Tax Stability	50,000	
Capital projects	2,000,000	
Carbon County Futures	81,600	
	<u>\$ 4,000,807</u>	<u>\$ 4,000,807</u>

12. BUDGETARY COMPLIANCE

Unfavorable budget variances were incurred in the following funds:

GENERAL FUND -

Jail complex	\$ 8,386
Mental health department	9,000

MUNICIPAL SERVICES FUND-

General government	2,594
Park, & Recreation	62,243

MUNICIPAL BUILDING AUTHORITY

Bond principal payments	1,545,740
Bond Interest payments	5,305
Parks & recreation	3,608,454
Highways and public improvements	8,754,078

13. JOINT VENTURE

The County is a member of a joint venture known as Four Corners Community Mental Health Center.

Under Utah State Code Sections 17A-3-600 and 17A-3-700, the State has given substance abuse and mental health authorities to counties to provide mental health and substance abuse services to persons living within their boundaries. To comply with Utah State Code, Carbon, Emery and Grand counties have joined together and created Four Corners Community Mental Health Center. The Center is the entity created by the counties to hold the mental health and substance abuse authorities and provide services required by the State of Utah. The Center has been organized as a non-profit corporation and the governing boards of three counties appointed the original board of directors. The Center contracts with the counties to provide mental health and substance abuse services to the citizens of the three-county area. As part of this contract, the counties provide funds to the Center by contracting for grants with the State of Utah and passing proceeds through to the Center, and by each county making additional local contributions. Because of these agreements, the three counties have an ongoing financial responsibility.

Four Corners Community Mental Health Center, was audited for the fiscal year ended June 30, 2010, by Wiggins & Company, Ogden, Utah.

14. FUND BALANCE RESERVATIONS/NET ASSETS RESTRICTIONS

GENERAL FUND –

\$511,451 is the balance of Restaurant tax collected, to be used for the promotion of tourism and related activity within the county and surrounding area.

\$27,485 is reserved to cover the estimated costs of the landfill closure at some future date.

\$974,919 is reserved for Class “B” Road expenditures for the County.

MUNICIPAL SERVICES FUND –

\$972,505 is the balance of Municipal Services Fund and has been reserved for the purpose of meeting sinking fund and reserve requirements of bond covenants and because bond funds received are to be held for construction projects such the North Springs Shooting Range.

\$275,006 is the restricted fund balance of Southeastern Utah Health District and represents amounts that are legally restricted for specific purposes by external contracts.

The remaining reserved fund balances simply represents the balance of funds available for expenditures related to the purpose for which the fund was created.

15. DEFICIT FUND BALANCE

The Council of Aging non-major, had a deficit fund balance of \$47,800 at December 31, 2011.

16. RESTATEMENT OF FUND BALANCE AND NET ASSETS

A change was made to how the Municipal Building Authority (MBA) was reported in previous years. It has been determined that the MBA Fund, a blended component unit of the County, should be reported as a special revenue fund when in prior years it has been reported in the financial statements as an enterprise fund. Below total balances of governmental, enterprise and government-wide financial statement fund balance and net assets have been restated.

Restatement of Municipal Building Authority from Enterprise Fund to a Special Revenue Fund as of December 31, 2010:

**Municipal Building Authority
Restated from Enterprise to Special Revenue Fund
Audit December 31, 2011**

	Municipal Building Authority Fund		
	Enterprise Fund		Governmental Fund
	Balances 12/31/2010	Adjustment	Balances 12/31/2010
Assets:			
Due from other agencies	\$ 58,999		\$ 58,999
Capital lease receivable			
Land	169,492	\$ (169,492)	
Roads	11,358,562	(11,358,562)	
Building	34,091,052	(34,091,052)	
Furniture, fixtures, and equipment	957,965	(957,965)	
Accumulated depreciation	(5,467,142)	5,467,142	
Liabilities:			
Account payable	(101,728)		(101,728)
Cash deficit	(1,095,701)		(1,095,701)
Accrued interest payable	(32,314)	32,314	
Current portion of long-term debt	(977,927)	977,927	
Revenue bonds	(14,019,401)	14,019,401	
Net Assets	<u>\$ 24,941,857</u>	<u>\$ 26,080,287</u>	<u>\$ 1,138,430</u>

16. **RESTATEMENT OF FUND BALANCE AND NET ASSETS (Continued)**

Restatement of Nets Assets as of December 31, 2010 of governmental activities and business type activities in the government wide financial statements:

GOVERNMENTAL ACTIVITIES:

Net assets 12-31-10	\$ 18,898,961
Add - MBA fund balance	<u>(1,138,430)</u>
Restated Net Assets 12-31-10	<u>\$ 17,760,531</u>

BUSINESS ACTIVITIES:

Net asset 12-31-10	\$ 26,551,163
Less - MDA net assets	<u>(24,941,857)</u>
Restated Net Assets 12-31-10	<u>\$ 1,609,306</u>

17. **FUND EQUITY**

In February 2009, GASB issued Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010. Fund balance classification changes apply only to governmental fund types; thus, only fund financial statements are affected.

Nonspendable Fund Balance – Fund balances are reported as nonspendable when they cannot be spent because they are not spendable in form or are legally or contractually required to be maintained intact.

Restricted Fund Balance—Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, or by law through constitutional provisions or enabling legislation.

Committed Fund Balance—Fund balances are reported as committed when the County Commission, the County's highest level of decision-making authority, formally designates the use of resources, by resolution, for a specific purpose. The same formal action must be taken to remove or change the constraints placed on the resources.

17. **FUND EQUITY (Continued)**

Assigned Fund Balance-Fund balances are reported as assigned when the County intends to use funds, which are neither restricted nor committed, for a specific purpose. Additionally, funds in special revenue, debt service, and capital project funds are by their nature assigned to the purpose of those respective funds.

Unassigned Fund Balance-Fund balances in the general fund are reported as unassigned when they are neither, restricted, committed nor assigned. They may be used for any governmental purpose. In other governmental funds, the unassigned classification is only used to report a negative fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the unwritten policy and practice of the County to consider restricted amounts to have been spent first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the unwritten policy and practice of the County that committed amounts will be spent first, followed by assigned amounts, and then unassigned amounts.

The County has not adopted a formal policy regarding a minimum fund balance, but follows Utah State law which requires all County's to maintain a minimum general fund balance equal to 5% of total general fund revenues to be maintained and not budgeted.

18. RESTATEMENT OF FUND BALANCES PER GASB 54

**CARBON COUNTY
RESTATEMENT OF FUND BALANCES
AS OF DECEMBER 31, 2010**

	General Fund	SEUDH Fund	Municipal Services	Building Authority	Capital Project	Other Governmental Funds	Total
Fund Balances:							
Restricted:							
Class "B" Road			\$ 2,210				\$ 2,210
Permanent fund						\$ 2,237,382	2,237,382
Committed:							
Landfill	\$ 27,394						27,394
Municipal services			1,060,103				1,060,103
Building authority				\$ (1,138,430)			(1,138,430)
RDA development						55,850	55,850
Assigned:							
Economic Development	554,182					234,195	788,377
Health Care		\$ 549,984					549,984
Capital projects					\$ (731,333)		(731,333)
Parks and recreation						726,492	726,492
Emergency services						136,140	136,140
Seniors and aging						341,251	341,251
Unassigned:							
General fund	13,705,111						13,705,111
	<u>\$ 14,286,687</u>	<u>\$ 549,984</u>	<u>\$ 1,062,313</u>	<u>\$ (1,138,430)</u>	<u>\$ (731,333)</u>	<u>\$ 3,731,310</u>	<u>\$ 17,760,531</u>

19. MAJOR CONSTRUCTION PROJECT

During the current year the County undertook a major road project in 9 Mile Canyon, known as "The 9 Mile Road Project." The project will be fund by private donations, grant proceeds and revenue bonds. Major revenue sources include a private contribution from Bill Barrett Corporation \$10,000,000, CIB and State Grants \$8,750,000, and Revenue Bonds of \$1,250,000.

CARBON COUNTY

Required Supplementary Information

- EXHIBIT 13 Statement of Revenues, Expenditures and Changes in Fund Balances –
 Budget and Actual – General Fund
- EXHIBIT 14 Statement of Revenues, Expenditures and Changes in Fund Balances –
 Budget and Actual – Southeastern Utah District Health Department
- EXHIBIT 15 Statement of Revenues, Expenditures and Changes in Fund Balances –
 Budget and Actual – Municipal Services Fund
- EXHIBIT 16 Statement of Revenues, Expenditures and Changes in Fund Balances –
 Budget and Actual – Municipal Building Authority

**CARBON COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
REVENUES				
Taxes:				
General property taxes - current year	\$ 4,925,500	\$ 4,925,500	\$ 4,673,866	\$ (251,634)
General property taxes - assessing & collecting	972,400	972,400	840,151	(132,249)
Prior year taxes - delinquent	50,000	50,000	165,632	115,632
General sales and use taxes	890,000	810,000	973,660	163,660
Fees in lieu of taxes	770,000	601,000	702,029	101,029
Franchise taxes	10,000	10,000	20,106	10,106
Restaurant tax		160,000	222,450	62,450
Miscellaneous taxes	1,000	1,000	1,710	710
Total taxes	\$ 7,618,900	\$ 7,529,900	\$ 7,599,604	\$ 69,704
Licenses and Permits:				
Business licenses and permits	\$ 42,000	\$ 40,000	\$ 34,357	\$ (5,643)
Non-business licenses and permits	4,000	3,500	3,680	180
Total licenses and permits	\$ 46,000	\$ 43,500	\$ 38,037	\$ (5,463)
Intergovernmental Revenues:				
Federal sources -				
Children's Justice	\$ 446,800	\$ 327,550	\$ 205,793	\$ (121,757)
Victim's Rights	64,084	59,200	36,473	(22,727)
Forest Reserve	1,200	1,200		(1,200)
Miscellaneous			10,000	10,000
Total federal sources	\$ 512,084	\$ 387,950	\$ 252,266	\$ (135,684)
State sources -				
Payment in lieu of tax	\$ 15,000	\$ 15,000	\$ 6,451	\$ (8,549)
Jail reimbursements	1,000	80,000	89,979	9,979
EMS Grant	30,000	30,000	17,363	(12,637)
Mineral reserve funds	2,900,000	2,500,000	2,657,882	157,882
Total state sources	\$ 2,946,000	\$ 2,625,000	\$ 2,771,675	\$ 146,675
Total intergovernmental revenues	\$ 3,458,084	\$ 3,012,950	\$ 3,023,941	\$ 10,991

The notes to the financial statements are an integral part of this statement.

**CARBON COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Charges for Services:				
General government -				
Recorder fees	\$ 75,000	\$ 75,000	\$ 91,327	\$ 16,327
Auditor fees	11,000	20,500	9,220	(11,280)
Miscellaneous	1,800	3,300	1,481	(1,819)
Total general government	\$ 87,800	\$ 98,800	\$ 102,028	\$ 3,228
Public safety -				
Jail fees	\$ 5,000	\$ 4,000	\$ 5,688	\$ 1,688
Justice court surcharge	12,000	12,000	11,802	(198)
Court costs and fees	65,000	65,000	67,353	2,353
Total public safety	\$ 82,000	\$ 81,000	\$ 84,843	\$ 3,843
Other charges for services -				
Parks and public property	\$ 29,000	\$ 22,000	\$ 175,043	\$ 153,043
Ambulance fees	940,000	775,000	991,405	216,405
G.I.S. fees	1,000	1,000	622	(378)
Total other charges for services	\$ 970,000	\$ 798,000	\$ 1,167,070	\$ 369,070
Total charges for services	\$ 1,139,800	\$ 977,800	\$ 1,353,941	\$ 376,141
Fines and Forfeitures:				
Fines	\$ 315,000	\$ 325,000	\$ 291,755	\$ (33,245)
Total fines and forfeitures	\$ 315,000	\$ 325,000	\$ 291,755	\$ (33,245)
Miscellaneous Revenues:				
Interest	\$ 40,000	\$ 50,000	\$ 51,784	\$ 1,784
Rents and concessions	46,820	46,820	19,665	(27,155)
Royalties and Mineral Leases	800,000	190,000	1,136,501	946,501
Sale of fixed assets	6,000	6,000	22,489	16,489
Airport fees and fuel sales	158,200	143,800	247,268	103,468
Tippage fees - ECDC	60,000	28,000	99,189	71,189
Sale of materials and supplies	7,000	7,000	49,782	42,782
Contributions	10,000		9,454	9,454
Miscellaneous	47,000	49,000	189,455	140,455
Total miscellaneous revenues	\$ 1,175,020	\$ 520,620	\$ 1,825,587	\$ 1,304,967
Total Revenues	\$ 13,752,804	\$ 12,409,770	\$ 14,132,865	\$ 1,723,095

The notes to the financial statements are an integral part of this statement.

**CARBON COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
EXPENDITURES				
Current:				
General Government:				
Commission	\$ 465,700	\$ 476,378	\$ 449,878	\$ 26,500
Justice court	374,900	325,392	285,024	40,368
District court	7,000	7,000	2,740	4,260
Public defender	220,000	250,000	234,162	15,838
Personel	242,300	240,725	223,239	17,486
Clerk/Auditor	378,500	344,348	278,259	66,089
Treasurer	190,000	173,910	148,113	25,797
Recorder	314,700	252,600	236,167	16,433
Attorney	882,600	857,248	757,425	99,823
Assessor	502,680	416,542	352,341	64,201
Non-Departmental	762,000	793,500	591,908	201,592
Data processing	616,700	538,352	471,063	67,289
Law library	2,000	3,000	2,680	320
Central purchasing	14,000	14,000	1,113	12,887
Micro filming	27,800	32,400	29,265	3,135
Central mailing	28,000	33,000	27,847	5,153
Communications	134,700	125,504	93,505	31,999
Attorney - Childrens Justice	446,808	337,550	312,254	25,296
Building and grounds	150,600	156,630	130,655	25,975
Engineering	263,600	264,654	232,025	32,629
Safety	20,300	85,644	33,495	52,149
Elections	31,000	21,500	54	21,446
Graphical information service	374,150	328,232	303,313	24,919
Industrial park	105,000	103,704	101,157	2,547
Total general government	\$ 6,555,038	\$ 6,181,813	\$ 5,297,682	\$ 884,131
Public Safety:				
Victims rights	\$ 64,084	\$ 69,196	\$ 68,163	\$ 1,033
Dispatch	215,000	215,000	211,300	3,700
Ambulance service	1,396,800	1,039,690	1,009,241	30,449
Jail complex	2,027,800	3,342,835	3,351,221	(8,386)
Total public safety	\$ 3,703,684	\$ 4,666,721	\$ 4,639,925	\$ 26,796

The notes to the financial statements are an integral part of this statement.

**CARBON COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Public Health:				
Indigent	\$ 6,500	\$ 6,500	\$ 3,600	\$ 2,900
Public health	121,830	124,088	124,088	
Mental health	222,123	216,831	225,831	(9,000)
Total public health	\$ 350,453	\$ 347,419	\$ 353,519	\$ (6,100)
Highways and Public Improvements:				
Landfill	\$ 402,800	\$ 377,446	\$ 346,042	\$ 31,404
Maintenance and abatement	555,300	516,026	464,495	51,531
Airport	442,700	385,707	353,906	31,801
Total highways and public improvements	\$ 1,400,800	\$ 1,279,179	\$ 1,164,443	\$ 114,736
Parks, Recreation and Public Property:				
Recreation - Television	\$ 208,600	\$ 164,852	\$ 152,774	\$ 12,078
Library	115,000	115,000	95,906	19,094
Total parks, recreation and public property	\$ 323,600	\$ 279,852	\$ 248,680	\$ 31,172
Conservation and Economic Development:				
Agriculture and extension services	\$ 63,740	\$ 64,146	\$ 59,642	\$ 4,504
Water development	50,000	85,000	58,000	
Economic development - restaurant tax		390,000	337,889	52,111
Total conservation and economic development	\$ 113,740	\$ 539,146	\$ 455,531	\$ 56,615
Contributions and Miscellaneous:				
Contributions to other governmental agencies	\$ 101,130	\$ 91,073	\$ 55,530	\$ 35,543
Rents	43,820	44,020	43,944	76
Miscellaneous	94,000	94,000		94,000
Total contributions and miscellaneous	\$ 238,950	\$ 229,093	\$ 99,474	\$ 129,619
Total expenditures	\$ 12,686,265	\$ 13,523,223	\$ 12,259,254	\$ 1,236,969
Excess of revenues over (under) expenditures	\$ 1,066,539	\$ (1,113,453)	\$ 1,873,611	\$ 2,960,064

The notes to the financial statements are an integral part of this statement.

**CARBON COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
OTHER FINANCING SOURCES (USES)				
Transfers in				
Prior year surplus	\$ 991,911	\$ 5,114,260		\$ 5,114,260
Transfers out	(2,058,450)	(4,000,807)	\$ (4,000,807)	25,000
Total other financing sources (uses)	\$ (1,066,539)	\$ 1,113,453	\$ (4,000,807)	\$ 5,114,260
Excess of revenues and other sources over (under) expenditures and other uses			\$ (2,127,196)	\$ (2,127,196)
Fund balance - beginning of year			14,286,687	14,286,687
Fund balance - end of year	\$...	\$...	\$ 12,159,491	\$ 12,159,491

The notes to the financial statements are an integral part of this statement.

CARBON COUNTY
SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
REVENUES				
Intergovernmental				
Federal, State and Local funds	<u>\$ 2,736,445</u>	<u>\$ 2,779,700</u>	<u>\$ 2,598,409</u>	<u>\$ (181,291)</u>
Total Intergovernmental	<u>\$ 2,736,445</u>	<u>\$ 2,779,700</u>	<u>\$ 2,598,409</u>	<u>\$ (181,291)</u>
Charges for services				
Charges for services	<u>\$ 600,000</u>	<u>\$ 593,000</u>	<u>\$ 746,102</u>	<u>\$ 153,102</u>
Total Charges for services	<u>\$ 600,000</u>	<u>\$ 593,000</u>	<u>\$ 746,102</u>	<u>\$ 153,102</u>
Miscellaneous				
Miscellaneous	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 22,574</u>	<u>\$ 2,574</u>
Investment earnings			<u>1,994</u>	<u>1,994</u>
Total miscellaneous	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 24,568</u>	<u>\$ 4,568</u>
Total Revenues	<u>\$ 3,356,445</u>	<u>\$ 3,392,700</u>	<u>\$ 3,369,079</u>	<u>\$ (23,621)</u>
EXPENDITURES				
Current:				
Public health	<u>\$ 3,356,445</u>	<u>\$ 3,392,700</u>	<u>\$ 3,373,612</u>	<u>\$ 19,088</u>
Total public health	<u>\$ 3,356,445</u>	<u>\$ 3,392,700</u>	<u>\$ 3,373,612</u>	<u>\$ 19,088</u>
Total expenditures	<u>\$ 3,356,445</u>	<u>\$ 3,392,700</u>	<u>\$ 3,373,612</u>	<u>\$ 19,088</u>
Excess of revenue over (under)				
expenditures			<u>\$ (4,533)</u>	<u>\$ (4,533)</u>
Fund balance - beginning of year			<u>549,984</u>	<u>549,984</u>
Fund balance - end of year	<u>\$...</u>	<u>\$...</u>	<u>\$ 545,451</u>	<u>\$ 545,451</u>

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY
MUNICIPAL SERVICES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES:				
Taxes	\$ 1,166,200	\$ 1,046,200	\$ 1,393,494	\$ 347,294
Licenses and permits	55,200	55,200	53,188	(2,012)
Intergovernmental	2,697,500	2,968,500	2,813,196	(155,304)
Charges for services	3,673,000	3,675,000	4,292,790	617,790
Contributions		2,000,000	1,000,000	(1,000,000)
Interest Earnings	4,000	9,000	1,385	(7,615)
Miscellaneous			238	238
Total Revenues	\$ 7,595,900	\$ 9,753,900	\$ 9,554,291	\$ (199,609)
EXPENDITURES:				
General government	\$ 113,400	\$ 108,310	\$ 110,904	\$ (2,594)
Public safety	4,329,968	5,214,279	5,116,566	97,713
Parks, recreation and public property	307,700	267,944	330,187	(62,243)
Highways and public improvements	3,784,974	3,151,790	3,111,523	40,267
Total expenditures	\$ 8,536,042	\$ 8,742,323	\$ 8,669,180	\$ 73,143
Excess of revenue over (under) expenditures	\$ (940,142)	\$ 1,011,577	\$ 885,111	\$ (126,466)
OTHER FINANCING SOURCES (USES):				
Operating transfers in				
Operating transfers out				
Total other financing sources (uses)	\$...	\$...	\$...	\$...
Excess of revenue and other sources over (under) expenditures and other uses	\$ (940,142)	\$ 1,011,577	\$ 885,111	\$ (126,466)
Fund balance - beginning of year	940,142	(1,011,577)	1,062,313	2,073,890
Fund balance - end of year	\$...	\$...	\$ 1,947,424	\$ 1,947,424

"The notes to the financial statements are an integral part of this statement."

**CARBON COUNTY
MUNICIPAL BUILDING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ 358,000	\$ 358,000	\$ 403,171	\$ 45,171
Interest Earnings			73,547	73,547
Miscellaneous-Rents	359,000	666,911	2,155,931	1,489,020
Total Revenues	\$ 717,000	\$ 1,024,911	\$ 2,632,649	\$ 1,607,738
EXPENDITURES:				
Bond principal - payments	\$ 955,709	\$ 955,709	\$ 2,501,449	\$ (1,545,740)
Bond interest - payments	69,202	69,202	74,507	(5,305)
Parks, recreation and public property			3,608,454	(3,608,454)
Highways and public improvements			8,754,078	(8,754,078)
Total expenditures	\$ 1,024,911	\$ 1,024,911	\$ 14,938,488	\$ (13,913,577)
Excess of revenue over (under) expenditures	\$ (307,911)	\$...	\$ (12,305,839)	\$ (12,305,839)
OTHER FINANCING SOURCES (USES):				
Contributions - private			\$ 10,257,625	\$ 10,257,625
Bond proceeds			2,562,000	2,562,000
Grants			12,105,783	12,105,783
Prior year surplus	\$ 307,911			
Total other financing sources (uses)	\$ 307,911	\$...	\$ 24,925,408	\$ 24,925,408
Excess of revenue and other sources over (under) expenditures and other uses			\$ 12,619,569	\$ 12,619,569
Fund balance - beginning of year	\$ 307,911		(1,138,430)	(1,138,430)
Fund balance - end of year	\$ 307,911	\$...	\$ 11,481,139	\$ 11,481,139

"The notes to the financial statements are an integral part of this statement."

CARBON COUNTY
Supplementary Information

CARBON COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	SPECIAL REVENUE FUNDS							PERMANENT FUND		TOTAL NONMAJOR GOVERNMENTAL FUND
	CASTLE COUNTRY TRAVEL BUREAU	FAIR GROUNDS	CARBON LEISURE SERVICES	EMERGENCY TELEPHONE	CARBON COUNTY RDA	CARBON COUNTY FUTURE	R.S.V.P.	COUNCIL ON AGING	NUTRITION	TAX STABILITY
Cash and cash equivalents	\$ 245,985	\$ 630,130	\$ 148,584	\$ 114,816	\$ 55,850	\$ 63,529	\$ 43,785	\$ 3,343	\$ 139,534	\$ 1,445,556
Restricted - cash and cash equivalents										2,298,759
Receivables - other	21,704			19,348					10,580	51,632
Total assets	\$ 267,689	\$ 630,130	\$ 148,584	\$ 134,164	\$ 55,850	\$ 63,529	\$ 43,785	\$ 3,343	\$ 150,114	\$ 2,298,759
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
Cash deficit								\$ 48,120		\$ 48,120
Accounts payable	\$ 8,622	\$ 38,339	\$ 4,933	\$ 609		\$ 288			\$ 6,476	\$ 59,267
Accrued liabilities	3,517	13,207	7,000			2,394	\$ 1,233	3,023	7,779	38,153
Total liabilities	\$ 12,139	\$ 51,546	\$ 11,933	\$ 609		\$ 2,682	\$ 1,233	\$ 51,143	\$ 14,255	\$ 145,540
FUND BALANCES:										
Unreserved, reported in:										
Special revenue fund	\$ 255,550	\$ 578,584	\$ 136,651	\$ 133,555	\$ 55,850	\$ 60,847	\$ 42,552	\$ (47,800)	\$ 135,859	\$ 1,351,648
Permanent - tax stability										\$ 2,298,759
Total fund balances	\$ 255,550	\$ 578,584	\$ 136,651	\$ 133,555	\$ 55,850	\$ 60,847	\$ 42,552	\$ (47,800)	\$ 135,859	\$ 3,650,407
Total liabilities and fund equity	\$ 267,689	\$ 630,130	\$ 148,584	\$ 134,164	\$ 55,850	\$ 63,529	\$ 43,785	\$ 3,343	\$ 150,114	\$ 3,795,947

CARBON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	SPECIAL REVENUE FUNDS									PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	CASTLE COUNTRY TRAVEL BUREAU	FAIR GROUNDS	CARBON LEISURE SERVICES	EMERGENCY TELEPHONE	CARBON COUNTY RDA	CARBON COUNTY FUTURE	R.S.V.P.	COUNCIL ON AGING	NUTRITION	TAX STABILITY	
REVENUES:											
Taxes	\$ 287,761										\$ 287,761
Intergovernmental revenue	21,892		\$ 61,710			\$ 31,200	\$ 47,886	\$ 52,480	\$ 132,764		347,932
Charges for services		\$ 117,717	165,962	\$ 262,836				13,056	148,705		708,276
Contributions	2,091	255						55,250	38,360		95,956
Miscellaneous	39,749						22,615				62,364
Interest income				325						\$ 11,377	11,702
Total revenues	\$ 351,493	\$ 117,972	\$ 227,672	\$ 263,161	\$...	\$ 31,200	\$ 70,501	\$ 120,786	\$ 319,829	\$ 11,377	\$ 1,513,991
EXPENDITURES:											
Public safety				\$ 265,746				\$ 568,603			\$ 265,746
Parks, recreation and public property		\$ 933,094	\$ 511,806				\$ 101,940		\$ 832,421		2,013,503
Public health						\$ 108,363					934,361
Conservation and economic development	\$ 273,728										382,091
Total expenditures	\$ 273,728	\$ 933,094	\$ 511,806	\$ 265,746	\$...	\$ 108,363	\$ 101,940	\$ 568,603	\$ 832,421	\$...	\$ 3,595,701
Excess of revenues over (under) expenditures	\$ 77,765	\$ (815,122)	\$ (284,134)	\$ (2,585)	\$...	\$ (77,163)	\$ (31,439)	\$ (447,817)	\$ (512,592)	\$ 11,377	\$ (2,081,710)
Other financing sources (uses):											
Transfers in		\$ 838,354	\$ 249,645			\$ 81,600	\$ 25,000	\$ 258,072	\$ 498,136	\$ 50,000	\$ 2,000,807
Total other financing sources (uses)	\$...	\$ 838,354	\$ 249,645	\$...	\$...	\$ 81,600	\$ 25,000	\$ 258,072	\$ 498,136	\$ 50,000	\$ 2,000,807
Excess of revenues and other sources over (under) expenditures and other uses	\$ 77,765	\$ 23,232	\$ (34,489)	\$ (2,585)		\$ 4,437	\$ (6,439)	\$ (189,745)	\$ (14,456)	\$ 61,377	\$ (80,903)
Fund Balances - Beginning of year	177,785	555,352	171,140	136,140	\$ 55,850	56,410	48,991	141,945	150,315	2,237,382	3,731,310
Fund Balances - End of year	\$ 255,550	\$ 578,584	\$ 136,651	\$ 133,555	\$ 55,850	\$ 60,847	\$ 42,552	\$ (47,800)	\$ 135,859	\$ 2,298,759	\$ 3,650,407

CARBON COUNTY
COMBINING STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
DECEMBER 31, 2011

	HEUGLY AND CARBON COUNTY	SOUTHEASTERN UTAH DISTRICT HEALTH	FOUR CORNERS COMMUNITY BEHAVIORAL HEALTH	DISTRICT AND PRECINCT COURT	CLERK'S TRUST	COLLECTION TRUST	TOTAL ALL FIDUCIARY FUNDS
Cash and cash equivalents	\$ 51,233	\$ 570,861	\$ 831,482	\$ 40,885	\$ 1,634	\$ 690,913	\$ 2,187,008
Miscellaneous Receivable						243	243
Total assets	<u>\$ 51,233</u>	<u>\$ 570,861</u>	<u>\$ 831,482</u>	<u>\$ 40,885</u>	<u>\$ 1,634</u>	<u>\$ 691,156</u>	<u>\$ 2,187,251</u>
LIABILITIES							
Accounts payable							\$ 276,667
Precinct fees, bail and bonds payable	\$ 51,233	\$ 100,142	\$ 155,306	\$ 21,219			70,899
Due to taxing units				19,666		\$ 691,156	691,156
Miscellaneous reimbursements					\$ 1,634		1,634
Due to other agencies		470,719	676,176				1,146,895
Total liabilities	<u>\$ 51,233</u>	<u>\$ 570,861</u>	<u>\$ 831,482</u>	<u>\$ 40,885</u>	<u>\$ 1,634</u>	<u>\$ 691,156</u>	<u>\$ 2,187,251</u>

CARBON COUNTY
SCHEDULE OF CURRENT TAXES LEVIED, COLLECTED AND TREASURER'S RELIEF
DECEMBER 31, 2011

TAX UNITS	TREASURER'S RELIEF						OTHER COLLECTIONS					
	ADJUSTED TAXABLE VALUE	TAX RATE	TOTAL TAXES LEVIED	UNPAID TAXES	ABATEMENTS	OTHER ADJUSTMENTS	TOTAL RELIEF	NET TAXES COLLECTED	PERCENT	FEES IN LIEU	MISCELLANEOUS	DELINQUENCIES TAXES PENALTY AND INTEREST
COUNTY FUNDS:												
General fund	\$ 1,939,494,399	0.002598	\$ 5,020,509	\$ 123,985	\$ 31,687	\$ 19,331	\$ 175,003	\$ 4,845,506	96.51%	\$ 378,070	\$ 50,525	\$ 152,282
Municipal services	1,348,554,093	0.000219	294,174	6,286	956	202	7,444	286,730	97.47%	19,208	2,376	4,750
Assessing and collecting	1,942,217,190	0.000172	333,198	8,208	2,098	1,644	11,950	321,248	96.41%	25,030	3,356	7,326
Local and collecting	1,942,217,190	0.000334	646,370	15,940	4,074	2,594	22,608	623,762	96.50%	48,605	6,509	14,875
Total County Funds			\$ 6,294,251	\$ 154,419	\$ 38,815	\$ 23,771	\$ 217,005	\$ 6,077,246		\$ 470,913	\$ 62,766	\$ 179,233
SCHOOL DISTRICT:												
Carbon												
Grouped budgets	1,939,494,399	0.005244	\$ 10,132,820	\$ 250,260	\$ 63,960	\$ 42,117	\$ 356,337	\$ 9,776,483	96.48%	\$ 763,126	\$ 101,906	\$ 231,592
Basic school levy	1,939,494,399	0.001591	3,077,450	75,927	19,405	10,830	106,162	2,971,288	96.55%	231,528	31,239	70,633
CITIES AND TOWNS:												
Price City	342,267,823	0.002131	\$ 728,266	\$ 19,331	\$ 9,909	\$ 7,980	\$ 37,220	\$ 691,046	94.89%	\$ 78,806	\$ 7,682	\$ 25,671
Helper City	73,493,281	0.003067	225,209	10,125	5,023	4,663	19,811	205,398	91.20%	26,309	7,404	10,101
East Carbon City	49,156,573	0.005903	289,706	15,927	3,783	5,435	25,145	264,561	91.32%	21,862	5,949	14,391
Wellington City	58,990,423	0.001761	103,793	4,668	1,313	2,038	8,019	95,774	92.27%	13,045	1,389	6,834
Sunnyside	58,157,322	0.004960	288,293	3,906	782	1,274	5,962	282,331	97.93%	4,839	2,391	4,707
Scofield Town	8,874,884	0.000393	3,519	200	52	52	252	3,267	92.84%	67	42	266
Total Cities and Towns			\$ 1,638,786	\$ 54,157	\$ 20,810	\$ 21,442	\$ 96,409	\$ 1,542,377		\$ 144,928	\$ 24,857	\$ 61,970
OTHER DISTRICTS:												
Price River Water Improvement	1,126,207,602	0.000870	\$ 977,169	\$ 21,097	\$ 9,893	\$ 7,774	\$ 38,764	\$ 938,405	96.03%	\$ 122,310	\$ 10,699	\$ 24,260
Carbon Water Conservancy	1,942,217,190	0.000135	261,336	6,443	1,647	1,125	9,215	252,121	96.47%	19,646	2,636	6,023
Total Other Districts			\$ 1,238,505	\$ 27,540	\$ 11,540	\$ 8,899	\$ 47,979	\$ 1,190,526		\$ 141,956	\$ 13,335	\$ 30,283
GRAND TOTAL			\$ 19,304,362	\$ 486,376	\$ 135,125	\$ 96,229	\$ 717,730	\$ 18,586,632		\$ 1,520,923	\$ 202,864	\$ 503,078

CARBON COUNTY
SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT
SCHEDULE OF CONTRACT REVENUES/EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011

	GENERAL HEALTH	IMMUNIZATIONS NON VFC	WIC	MCH BLOCK	FLU	CANCER CONTROL
Revenues:						
State Reimbursement	\$ 269,979	\$ 74,892	\$ 560,259	\$ 87,610	\$ 52,015	\$ 31,158
General Health	135,565			5,104		242
County	344,228					
School Nurses						
Miscellaneous	24,568					
Occupancy allocation	1,831	140	3,374	446	114	181
Grants and other government resources		3,095		18,765	2,132	
Total Revenues	\$ 776,171	\$ 78,127	\$ 563,633	\$ 111,925	\$ 54,261	\$ 31,581
Expenditures:						
Salaries	\$ 164,082	\$ 14,778	\$ 343,705	\$ 44,291	\$ 15,979	\$ 17,290
Fringe Benefits	123,641	5,935	154,952	21,216	7,062	9,271
Consultants	976	90	2,010	305	7	196
Contract - MD	1,261	44	2,895	141	44	55
Contract - Travel			210			
Patient care				12,303		
Pharmacy				3,948		
Supplies - Medical	14,064	70,429	2,602	2,185	40,608	486
Travel	17,825	138	15,621	1,349	180	1,213
Dues - Periodicals	1,369	22	4,257	281	23	82
Education - Training	3,582	43	1,330	140		47
Capital Purchases	34,423	6	245	25	27	3,903
Utilities	3,525	309	7,741	1,007	309	374
Maintenance - Repairs	5,099	431	10,417	1,293	441	549
Insurance	2,545	268	5,240	938	288	133
Data Processing	3,366	1,050	4,893	904	1,521	413
Postage	924	74	1,913	250	61	93
Printing - Binding	1,417	52	290	84	30	50
Supplies - Office	8,401	195	6,107	578	209	224
Laboratory	7,429			1,261		
Telephone	3,357	232	9,277	697	252	271
Other	6,056	37	1,175	239	29	434
Interest	2,065					
Debt payment	28,992					
State match						
Rent	1,546	144	3,105	420	38	177
Refunds	210	263		10		43
Advertising	2,437		963	136		
Mini Grants						
Total Expenditures	\$ 438,592	\$ 94,540	\$ 578,948	\$ 94,001	\$ 67,108	\$ 35,304
Net Revenues/(Expenditures)	\$ 337,579	\$ (16,413)	\$ (15,315)	\$ 17,924	\$ (12,847)	\$ (3,723)

CARBON COUNTY
SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT
SCHEDULE OF CONTRACT REVENUES/EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011

	TOBACCO PREVENTION	INDOOR CLEAN AIR	POISON CONTROL	TUBERCULOSIS ELIMINATION	HEALTH CARE INFORMATION	SENIOR HEALTH
Revenues:						
State Reimbursement	\$ 96,074	\$ 2,477	\$ 2,500	\$ 6,438	\$ 5,861	\$ 5,663
General Health	50				4,937	
County						
School Nurses						
Miscellaneous						
Occupancy allocation	393	23	13	71	32	8
Grants and other government resources						
Total Revenues	\$ 96,517	\$ 2,500	\$ 2,513	\$ 6,509	\$ 10,830	\$ 5,671
Expenditures:						
Salaries	\$ 40,071	\$ 2,395	\$ 1,320	\$ 6,979	\$ 3,454	\$ 901
Fringe Benefits	23,724	1,020	576	3,391	1,751	426
Consultants	303	12	17	43	31	3
Contract - MD	128	8	4	22	11	150
Contract - Travel						
Patient Care						
Pharmacy				22		
Supplies - Medical						
Travel	1,190	28	37	91	286	67
Dues - Periodicals	322	12	36	44	30	28
Education - Training	1,884	5	10	17	11	6
Capital Purchases	29	4		3		4,921
Utilities	915	53	50	158	80	26
Maintenance - Repairs	1,163	65	43	208	94	32
Insurance	802	31	17	175		7
Data Processing	630	74	4	432	20	32
Postage	238	16	7	37	1	5
Printing - Binding	34	2		94	14	
Supplies - Office	1,771	32	18	85	33	461
Laboratory						
Telephone	630	36	20	110	54	14
Other	202	8		13	2	23
Interest						
Debt payment						
State match						
Rent	366	20	15	69	46	
Refunds						
Advertising	10,772	5	3	20	1	
Mini Grants	12,148					
Total Expenditures	\$ 97,322	\$ 3,826	\$ 2,177	\$ 12,013	\$ 5,919	\$ 7,102
Net Revenues/(Expenditures)	\$ (805)	\$ (1,326)	\$ 336	\$ (5,504)	\$ 4,911	\$ (1,431)

**CARBON COUNTY
SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT
SCHEDULE OF CONTRACT REVENUES/EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>IMMUNIZATIONS</u>	<u>BIOTERRORISM</u>	<u>PREVENTION BLOCK</u>	<u>HIV</u>	<u>ENVIRON- MENTAL HEALTH CHS</u>	<u>MONTICELLO STUDY</u>
Revenues:						
State Reimbursement	\$ 64,513	\$ 471,174	\$ 76,683	\$ 1,000	\$ 12,500	\$ 262,923
General Health	18,965				89,610	
County						
School Nurses						
Miscellaneous						
Occupancy allocation	846	1,471	314	9	1,944	426
Grants and other government resources	67,882					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 152,206	\$ 472,645	\$ 76,997	\$ 1,009	\$ 104,054	\$ 263,349
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:						
Salaries	\$ 86,712	\$ 149,009	\$ 30,225	\$ 958	\$ 194,369	\$ 42,890
Fringe Benefits	44,870	73,603	18,033	502	79,306	25,386
Consultants	551	1,002	341	5	1,107	282
Contract - MD	298	476	127	3	621	137
Contract - Travel						
Patient Care						34,776
Pharmacy						1,464
Supplies - Medical	3,953					8,434
Travel	5,084	49,132	3,398	11	7,239	56,166
Dues - Periodicals	680	2,317	216		1,371	101
Education - Training	384	33,773	2,169		552	22,122
Capital Purchases	84	59,895	12		120	163
Utilities	2,045	3,481	663	21	4,397	826
Maintenance - Repairs	2,568	10,365	920	25	5,635	1,248
Insurance	1,263	1,751	361	9	3,641	574
Data Processing	4,350	18,802	238	17	2,393	582
Postage	461	802	166	6	1,089	1,342
Printing - Binding	60	13,184	521		173	30
Supplies - Office	1,310	46,054	9,128	20	2,613	3,637
Laboratory						57,354
Telephone	1,286	9,951	476	15	3,044	674
Other	494	2,644	166	16	484	80
Interest						
Debt payment						
State match						
Rent	741	1,305	313		1,838	375
Refunds						
Advertising	9,130	363	446		575	2,143
Mini Grants			16,287			
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 166,324	\$ 477,909	\$ 84,206	\$ 1,608	\$ 310,567	\$ 260,786
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Revenues/(Expenditures)	\$ (14,118)	\$ (5,264)	\$ (7,209)	\$ (599)	\$ (206,513)	\$ 2,563
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**CARBON COUNTY
SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT
SCHEDULE OF CONTRACT REVENUES/EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>TOBACCO BUYS</u>	<u>EPSDT/ CHEC</u>	<u>H1N1 PHASE ONE</u>	<u>ALL COUNTIES SCHOOL NURSE</u>	<u>NEWBORN CARE</u>
Revenues:					
State Reimbursement	\$ 18,210	\$ 19,713	\$ 72,358		\$ 23,772
General Health	85				
County					
School Nurses				\$ 92,449	
Miscellaneous					
Occupancy allocation	45	97	39	615	182
Grants and other government resources					3,184
Total Revenues	<u>\$ 18,340</u>	<u>\$ 19,810</u>	<u>\$ 72,397</u>	<u>\$ 93,064</u>	<u>\$ 27,138</u>
Expenditures:					
Salaries	\$ 4,355	\$ 9,982	\$ 3,326	\$ 62,147	\$ 18,643
Fringe Benefits	2,972	4,138	1,828	26,519	7,628
Consultants	51	67	58	226	91
Contract - MD	39	32	161	191	59
Contract - Travel					
Patient Care					
Pharmacy					
Supplies - Medical	5,175	1,273			
Travel	520	141	617	3,071	468
Dues - Periodicals	37	71	75	694	219
Education - Training	19	35	6,126	990	85
Capital Purchases		2,348	22,437	44	3
Utilities	99	227	72	1,399	438
Maintenance - Repairs	138	292	112	1,761	562
Insurance	51	167	165	1,077	641
Data Processing		565	669	890	196
Postage	20	54	25	476	95
Printing - Binding	3	8		52	25
Supplies - Office	85	123	3,791	1,211	269
Laboratory					
Telephone	69	156	52	1,608	292
Other	8	41	3,130	181	46
Interest					
Debt payment					
State match					13,125
Rent	51	89	44	526	205
Refunds					
Advertising	23	26	2,238	167	52
Mini Grants					
Total Expenditures	<u>\$ 13,715</u>	<u>\$ 19,835</u>	<u>\$ 44,926</u>	<u>\$ 103,230</u>	<u>\$ 43,142</u>
Net Revenues/(Expenditures)	<u>\$ 4,625</u>	<u>\$ (25)</u>	<u>\$ 27,471</u>	<u>\$ (10,166)</u>	<u>\$ (16,004)</u>

CARBON COUNTY
SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT
SCHEDULE OF CONTRACT REVENUES/EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011

	EPIDEMIOLOGIST	H1N1 PHASE THREE	CASE MANAGEMENT	ENVIRONMENTAL HEALTH DEQ	COMMUNITY BASED SERVICES	TOTAL
Revenues:						
State Reimbursement	\$ 27,476	\$ 11,099	\$ 58,097	\$ 91,850	\$ 97,057	\$ 2,503,351
General Health				39,855		294,413
County						344,228
School Nurses						92,449
Miscellaneous						24,568
Occupancy allocation	166		338	1,191	703	15,012
Grants and other government resources						95,058
Total Revenues	\$ 27,642	\$ 11,099	\$ 58,435	\$ 132,896	\$ 97,760	\$ 3,369,079
Expenditures:						
Salaries	\$ 17,309	\$ 95	\$ 34,705	\$ 124,991	\$ 69,981	\$ 1,504,942
Fringe Benefits	7,652	63	13,066	56,276	26,808	741,615
Consultants	119	36	246	735	224	9,134
Contract - MD	56	20	110	381	224	7,698
Contract - Travel						210
Patient Care						47,079
Pharmacy						5,434
Supplies - Medical						149,209
Travel	386	4	1,008	4,523	760	170,553
Dues - Periodicals	40		301	1,034	355	14,017
Education - Training	168		128	399	130	74,155
Capital Purchases	70	4,473	1,529	97	880	135,741
Utilities	368	2	786	2,774	1,587	33,732
Maintenance - Repairs	512	4	1,020	3,597	1,972	50,566
Insurance	216	19	474	1,349	1,542	23,744
Data Processing	287	2	579	1,945	761	45,615
Postage	89		195	724	431	9,594
Printing - Binding	4		23	67	74	16,291
Supplies - Office	427		464	1,654	922	89,822
Laboratory				425		66,469
Telephone	1,421	6,482	538	2,452	1,103	44,569
Other	11	4	254	303	607	16,687
Interest						2,065
Debt payment						28,992
State match						13,125
Rent	139		312	926	644	13,454
Refunds						526
Advertising	48		83	266	242	30,139
Mini Grants						28,435
Total Expenditures	\$ 29,322	\$ 11,204	\$ 55,821	\$ 204,918	\$ 109,247	\$ 3,373,612
Net Revenues/(Expenditures)	\$ (1,680)	\$ (105)	\$ 2,614	\$ (72,022)	\$ (11,487)	\$ (4,533)

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
R. KIRT RICH, C.P.A.
GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners
Carbon County
Price, Utah 84501

Re: Report on Legal Compliance with Applicable Utah State Laws and Regulations

We have audited Carbon County's compliance with general and major state program compliance requirements described in the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2011. The general compliance requirements applicable to the County are identified as follows:

Public Debt	Liquor Law Enforcement
Transient Room Tax	Cash Management
Statement of Taxes Charged, Collected and Disbursed	Purchasing Requirements
Assessing & Collecting of Property Taxes	Budgetary Compliance
B Road Funds	Justice Court
Uniform Building Code	Truth in Taxation & Property Tax Limitations
Taxes	Asset Forfeiture
Other General Compliance Issues	URS Compliance
Fund Balance Limitation	

The County received the following major assistance programs from the State of Utah:

B Road Funds (Department of Transportation)
Liquor Allotment (State Tax Commission)
CIB Grants (Department of Community and Culture)
CIB Loans (Department of Community and Culture)

Compliance with the requirements referred to above is the responsibility of the County's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance requirements referred to above could have a material effect on the major assistance programs or general compliance requirements identified above. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with these requirements.

In our opinion, Carbon County, complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with the State of Utah Legal Compliance Audit Guide and which are described in our letter to management dated July 11, 2012 as items 2011-1, 2011-2, 2011-3, 2011-4 and 2011-5.

Managements response to the findings identified in our audit is described in the accompanying letter to management. We did not audit management's response and, accordingly, we express no opinion on it.

We have audited the basic financial statements of Carbon County for the year ended December 31, 2011. Our audit was performed for the purpose of forming opinions on the financial statements of Carbon County. The accompanying schedule of transient room tax is presented for purposes of additional analysis as required by the State of Utah Legal Compliance Audit Guide, and is not a required part of the basic financial statements of Carbon County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of County management, Office of the Utah State Auditor, awarding and pass-through entities, and other specified parties as applicable and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

SMUIN, RICH & MARSING

A handwritten signature in black ink, appearing to read "Savin, Rich & Marsing", written in a cursive style.

Price, Utah

July 6, 2012

CARBON COUNTY
SCHEDULE OF TRANSIENT ROOM TAX EXPENDITURE BREAKDOWN
AUDIT DECEMBER 31, 2011

SUMMARY OF EXPENDITURES

ESTABLISHING AND PROMOTING:

Tourism	<u>\$ 337,889</u>
Total Transient Room Tax Expenditures	<u><u>\$ 337,889</u></u>

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
R. KIRT RICH, C.P.A.
GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners
Carbon County
Price, Utah 84501

RE: Report on Compliance and Other Matters
and on Internal Control Over Financial
Reporting Based on an Audit of Financial
Statements Performed in Accordance With
Government Auditing Standards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carbon County as of and for the year ended December 31, 2011, which collectively comprise Carbon County's basis financial statements and have issued our report thereon dated July 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. See items 2011-1, 2011-2, 2011-3 and 2011-4. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

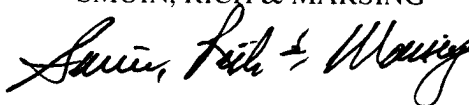
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 2011-1, 2011-2, 2011-3, 2011-4 and 2011-5.

We noted certain matters that we reported to management of the County in a separate letter dated July 6, 2012.

Carbon County's response to the findings identified in our audit, are described in the accompanying schedule of findings and questioned costs or in the management letter. We did not audit the County's responses and, accordingly, we express no opinion on them.

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

SMUIN, RICH & MARSING

A handwritten signature in black ink, appearing to read "Smuin, Rich & Marsing", written in a cursive style.

Price, Utah

July 6, 2012

SMUIN, RICH & MARSING

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Board of County Commissioners
Carbon County
Price, Utah 84501

RE: Report on Compliance With Requirements
Applicable to Each Major Program and
Internal Control Over Compliance in
Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Carbon County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those compliance requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-1, 2011-2, 2011-3 and 2011-4.

Internal Control Over Compliance

Management of Carbon County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on the responses.

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

SMUIN, RICH & MARSING



Price, Utah

July 6, 2012

**CARBON COUNTY/SEUDHD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Carbon County.
2. There was one significant deficiencies or material weaknesses disclosed in internal control by the audit over the financial statements.
3. No instances of noncompliance material to the financial statements of Carbon County were disclosed by the audit.
4. There were no significant deficiencies or material weaknesses in internal control over major programs disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs for Carbon County expresses an unqualified opinion.
6. The audit of Carbon County's major programs disclosed no audit findings relating to major programs that the auditor is required to report.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA#</u>
WIC Administration and Nutrition/Food Vouchers	10.557
Bioterrorism/MRC/ASPR/Comp Tobacco	93.283

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Carbon County was determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

FINDING 2011-1 RECONCILIATION OF SIGNIFICANT ACCOUNTS – Carbon County

Criteria:

Statement on Auditing Standards No. 115 requires governmental entities to design and implement controls, which allow them to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles.

**FINDING 2011-1 RECONCILIATION OF SIGNIFICANT ACCOUNTS – Carbon County
(Continued)**

Statement of Condition:

The employees of the County failed to perform reconciliation's of significant accounts. Accounts receivables and accrued payroll liabilities are not being accrued or reconciled to the general ledger account in a timely or accurate manner.

Cause of Condition:

The County has performed work and made changes during the year that dealt with many aspects of the prior year audit findings, but the was not able to accomplish their goals. The current work load and changes in processes made it difficult to meet all the demands of making sure account receivable balances from previous year were reversed and accrued payroll liabilities were accurately accrued and reconciled to financial balances.

Effect or Possible Effect of Condition:

Unless accounts have been reversed and/or accrued accurately and the account balances reconciled to the general ledger accounts, financial statements prepared may not be in accordance with generally accepted accounting principles. Material misstatements can occur in the financial statements.

Recommendation:

We recommend that receivables be reviewed on a monthly basis and those recognized as receivables in a prior period need to be reversed to reflect proper account balances. Accrued payroll liabilities need to be reviewed on a monthly basis and gain an understanding of what the account balances might reflect. These balances should be reconciled on a timely basis. The County Clerk/Auditor needs to make sure internal controls have been adopted and implemented to ensure these procedures are performed timely. We recommend that management of the County over the accounting functions review the processes, and if necessary change them, to ensure the County initiates, authorizes, records, processes, and reports accurate accounts receivable and accrued payroll liabilities balances in accordance with generally accepted accounting principles.

County's Response:

County personnel will continue to review the accounting processes and make necessary changes in the current year. We have implemented certain procedures that have corrected some areas of concern from the previous audit, but failed to correct them all. We are in the process of finding a better approach to make certain all of the account balances are properly reflected. We will continue to educate those who are involved in the accounting functions for the County and make changes if needed. We have used the expertise of our outside auditors to help us understand and educate those involved in these processes and will continue to use their services.

FINDING 2011-2 DEFICIT FUND BALANCES

Statement of Condition:

As of the year ended December 31, 2011, the County had a deficit fund balance in the Special Revenue fund (a nonmajor fund).

Criteria:

Governmental compliance requirements state that appropriation in the final budgets may not be made for any fund in excess of the estimated expendable revenues for the budget year. Deficits in any fund are illegal.

Cause of Condition:

During the year, the County failed to limit their expenditures in the special revenue fund sufficiently, thus creating a decrease in net revenues and expenses greater than the prior year fund balance.

Effect or Possible Effect of Condition:

The availability of expendable revenues in any fund is the legal right of that fund to expend and only those estimated expendable revenues. Overspending of these available funds means that the County has used other funds that have not been designated or budgeted to be spent. Because the public did not authorize or have an opportunity to voice their opinion on the expenditure, those who are charged with governance could have a legal financial obligation owed to the County.

Recommendation:

We recommend the County review the fund balance deficit and correct the deficit in the current calendar year without fail. Current financial information should be reviewed to determine the impact of transactions that have occurred since the audit and ensure that additional funds needed to correct the fund deficit will be sufficient and reversed in the current year.

County's Response:

The County will prepare a plan to eliminate the deficit fund balance in the Special Revenue fund. We are aware of the requirements to maintain a fund balance that is within the limitations established by State Code and we are confident our plan will accomplish our goals.

FINDING 2011-3 APPLICATION AND PRESENTATION OF GAAP FINANCIAL STATEMENTS

Statement of Condition:

Financial statements were not prepared in accordance with General Accepted Accounting Principles.

Criteria:

The County is required to prepare annual financial statements according to Generally Accepted Accounting Principles

Cause of Condition:

County personnel are not recording certain transactions that are needed to accomplish the criteria of GAAP financial statement presentation. The County's internal controls and those who have governance over the controls have made improvements, but not all areas of the financial accounts have been corrected to conform to Generally Accepted Accounting Principles.

Effect or Possible Effect of Condition:

The County has not been able to provide financial statements prepared according to Generally Accepted Accounting Principles. Transactions that are not recorded affecting the County, the accounting records could be materially misstated. Decisions made by County government based on inaccurate financial statements could have a very negative affect on the County operations.

Recommendation:

We recommend the County record transactions that are under the legal responsibility of the County. This process should include all accounts receivable accounts and corresponding revenue accounts for proper revenue recording and recognition. We recommend that County personnel receive appropriate training to aide them in preparing proper financial statements in accordance with generally accepted accounting principles.

County's Response:

We have made significant strides in recording and reporting more accurate financial statements, but still lack some of the processes. We will continue to improve our processes and incorporate those areas that are not being achieved. Performing all of these processes will bring our financial statements into compliance with Generally Accepted Accounting Principles (GAAP). We will continue to use our auditors for help and education as long as it does not impede their ability to maintain their independence.

FINDING 2011-4 EXPENDITURES IN EXCESS OF BUDGET

Statement of Condition:

During the year ended December 31, 2010, the County over spent its adopted budget in the General Fund: Departments of Public Defender, Central Mailing, Mental Health, Airport and Economic Development.

Criteria:

Governmental compliance requirements state that officers and employees of governmental entities shall not incur expenditures or encumbrances in excess of the total budgeted appropriations. The level of compliance is on the department basis for Counties.

Cause of Condition:

During the year the County made expenditures that were not anticipated and did not recognize the additional expenditures would be in excess of the adopted budget. The County failed to recognize that during the course of their public hearing, the budget figures did not reflect all of the possible expenditures that were in the process of occurring before the calendar year end. Although the County is aware that all expenditures need to be budgeted, some of the items were not identified as unbudgeted expenditures.

Effect or Possible Effect of Condition:

The budget is the legal authorization for the County to spend funds. Citizens of the County could question the allow ability of expenditures in excess of the budget, because the public did not authorize or have an opportunity to voice their opinion on the expenditure.

Recommendation:

We recommend the County monitor more closely the expenditures as compared to the approved budget to make sure they are in compliance with budgetary requirements.

County's Response:

The County is aware of the requirements to stay within their adopted budget and will continue to monitor expenditures as compared to the budget.

FINDING 2011-5 DEBT SERVICE RESERVE REQUIREMENTS

Criteria:

The County is required to have bond reserve accounts established for the payment of bond indebtedness. Most of the bonds require a bond reserve account that is sufficient to pay for a bond payment that represents the highest bond payment during the term of the bond.

Statement of Condition:

The County is delinquent in their bond reserves as of December 31, 2011.

Cause of Condition:

The County has not established and funded a bond reserve account. It appears that the County's financial status is sufficient to establish and fund the account, but has not followed thru with the actual process.

Effect or Possible Effect of Condition:

Debt service reserve funds are established and maintained to ensure that entities have adequate resources to pay the current years debt payment. These reserve accounts are to be a resource in the case of a funding shortfall. If the reserve accounts are not funded, the County is not meeting the requirements of the bond issue and the County might not have available funds to use in case of revenue shortfalls. This could lead to a delinquent debt payment and further financial problems.

Recommendation:

We recommend the County establish a plan that commits funds to the debt reserve accounts. The reserve account will need to be established and in order for the County to be in compliance with their debt requirements, a substantial amount of funds will need to be transferred.

County's Response:

The County understands the debt service reserve requirements and will establish an account and make the necessary fund transfers to the debt service reserve account. We will also make the necessary contributions that are needed (if any), to fund the debt service reserve account each year.

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

CARBON COUNTY/SEUDHD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED (DEFERRED) REVENUE AT JANUARY 1, 2011	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED (DEFERRED) REVENUE AT DECEMBER 31, 2011
U.S. DEPARTMENT OF AGRICULTURE							
Pass Through State Department:							
WIC Administration and Nutrition (Note 2)	10 557 *	C7-I	\$ 552,280		\$ 409,699	\$ 409,699	
WIC Administration and Nutrition (Note 2)	10 557 *	C7-I	571,372		150,559	150,559	
WIC Food Vouchers (Note 2)	10 557 *	C7-I	778,500		689,651	689,651	
WIC Food Vouchers (Note 2)	10 557 *	C7-I	778,500		232,982	232,982	
Summer Food	10 559	C6-II	100		100	100	
Pass Through Southeastern Utah Association of Governments.							
USDA Cash in Lieu	10 55	N/A	54,023		45,345	45,345	
Total U.S. Department of Agriculture			\$ 2,734,775	\$	1,528,336	\$ 1,528,336	\$
U.S. DEPARTMENT OF COMMERCE EDA							
Pass Through State Department							
HLS - Public Safety Interoperable Communications	11 555		\$ 338,506		\$ 34,324	\$ 34,324	
Total U.S. Department of Housing and Urban Development			\$ 338,506	\$	34,324	\$ 34,324	\$
U.S. DEPARTMENT OF INTERIOR							
Direct Program:							
Noxious Weed Act	15 224				\$ 10,000	\$ 10,000	
Total U.S. Department of Housing and Urban Development			\$	\$	10,000	\$ 10,000	\$
U.S. DEPARTMENT OF JUSTICE							
Direct Program:							
Victims of Crime	16 575	00-VOCA-05	\$ 57,500		\$ 36,473	\$ 36,473	
National Children's Alliance	16 543		10,000		10,000	10,000	
Pass Through Four Corners Mental Health							
Adult Felony Drug Court	16 575		250,000		245,588	245,588	
Total U.S. Department of Justice			\$ 317,500	\$	292,061	\$ 292,061	\$
U.S. DEPARTMENT OF TRANSPORTATION							
Pass through State Department:							
Highway Safety Project	20 600	11-0208	\$ 17,000		\$ 12,495	\$ 12,495	
Highway Safety Project	20 600	12-0208	14,450		2,951	2,951	
Total U.S. Department of Transportation			\$ 31,450	\$	15,446	\$ 15,446	\$

* Major Programs

CARBON COUNTY/SEUDHD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED (DEFERRED) REVENUE AT JANUARY 1, 2011	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED (DEFERRED) REVENUE AT DECEMBER 31, 2011
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY							
Pass through State Department	66 468		\$ 20,317	\$	\$ 20,207	\$ 20,207	\$
Environmental Services - DEQ			\$ 20,317	\$	\$ 20,207	\$ 20,207	\$
Total U.S. Department of Environmental Protection Agency							
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Pass through State Department			\$ 5,638	\$	\$ 5,638	\$ 5,638	
TB Elimination	93 116	C5-I	311,326		72,358	72,358	
H1N1 Flu Phase 1 & 2	93 069		196,301		11,099	11,099	
H1N1 Flu Phase 3	93 069		64,513		64,513	64,513	
Immunizations	93 268	C4-II	21,340		14,309	14,309	
Immunization - Arra Funds	93 712		53,401		21,641	21,641	
Cancer Promotion	93 283	C3-I	50,158		9,161	9,161	
Cancer Promotion	93 283	C3-I	253,783		230,626	230,626	
Bioterrorism	93 283	C3-I	341,450		154,504	154,504	
Bioterrorism	93 283	10-1126	41,874		27,476	27,476	
Bioterrorism - Reg Epidemiologist	93 283	11-1228	92,500		35,440	35,440	
Bioterrorism - MRC and ASPR Reg Preparedness	93 889	12-1157	68,500		50,604	50,604	
Bioterrorism - MRC and ASPR Reg Preparedness	93 889	11-1157	48,990		33,094	33,094	
Comprehensive Tobacco	93 283	C3-V	48,990		14,626	14,626	
Comprehensive Tobacco	93 283	C3-V	23,612		6,830	6,830	
CHEC	93 778	C1-I	23,612		6,476	6,476	
CHEC	93 778	C1-I	30,498		14,940	14,940	
Cons Education & Assistance	93 778	C1-II	30,498		14,108	14,108	
Cons Education & Assistance	93 778	C1-II	582,120		262,923	262,923	
Monticello Cancer Initiative	93 888		1,000		1,000	1,000	
HIV Counseling/Education	93 940	C5-III	1,000		1,000	1,000	
Sexually Transmitted Disease	93 977	C5-II	1,000		1,000	1,000	
Title XIX, Early Childhood	93 778	C1-III	44,730		10,716	10,716	
Title XIX, Early Childhood	93 778	C1-III	44,730		6,162	6,162	
Early Childhood - ARRA funds	93 778A		63,000		3,184	3,184	
Physical Act, Nutrition and Obesity	93 991	11-0158	24,333		21,905	21,905	
Physical Act, Nutrition and Obesity	93 991	12-0158	24,333		9,691	9,691	
PBG Injury Prevention	93 991	C3-III	11,196		6,991	6,991	
PBG Injury Prevention	93 991	C3-III	11,196		5,606	5,606	
Healthcare Association Infection	93 521		11,989		5,861	5,861	

* Major Programs

CARBON COUNTY/SEUDHD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED (DEFERRED) REVENUE AT JANUARY 1, 2011	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED (DEFERRED) REVENUE AT DECEMBER 31, 2011
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Pass through State Department:							
MCH Injury Prevention	93 994	C3-III	\$ 27,328	\$	11,628	\$ 11,628	
MCH Injury Prevention	93 994	C3-III	27,328		12,015	12,015	
P-5 Home Visitation	93 994	C4-I	16,000		9,554	9,554	
P-5 Home Visitation	93 994	C4-I	16,000		8,000	8,000	
Community Based Services	93 994	C2-I	100,000		51,634	51,634	
Community Based Services	93 994	C2-I	100,000		45,423	45,423	
MCH - General Health Block Grant	93 994	C4-I	87,610		43,805	43,805	
MCH - General Health Block Grant	93 994	C4-I	87,610		43,805	43,805	
Pass Through Southeastern Utah Association of Governments:							
Special Program of Aging -							
Support Services	93 044	N/A	40,115		20,058	20,058	
Support Services	93 044	N/A	45,844		22,922	22,922	
Title III, Nutrition	93 045	N/A	71,898		35,949	35,949	
Title III, Nutrition	93 045	N/A	78,277		39,139	39,139	
Senior Health	93 043	AOG	4,500		4,265	4,265	
Senior Health	93 043	AOG	4,001		2,289	2,289	
Social Services Block Grant - XX	93 667	AOG	7,441		5,826	5,826	
Social Services Block Grant - XX	93 667	AOG	7,012		3,506	3,506	
Social Services Block Grant - XX	93 667	AOG	1,900		1,900	1,900	
Total U.S. Department of Health and Human Services			\$ 3,249,475	\$	1,484,200	\$ 1,484,200	\$
CORPORATION FOR NATIONAL SERVICE							
Direct Program:							
Retired Senior Volunteer Program	94 002	440-P062/20	\$ 40,486	\$	40,486	\$ 40,486	
Pass through Association of Governments:							
Retired Senior Volunteer Program	94 002		5,500		5,500	5,500	
Total U.S. Department of Corporation for National Service			\$ 45,986	\$	45,986	\$ 45,986	\$

* Major Programs

CARBON COUNTY/SEUDHD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCURED (DEFERRED) REVENUE AT JANUARY 1, 2011	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCURED (DEFERRED) REVENUE AT DECEMBER 31, 2011
		\$ 50,000		\$ 41,297	\$ 41,297	
				266,958	266,958	
		\$ 50,000		\$ 308,255	\$ 308,255	
		\$ 6,788,009		\$ 3,738,815	\$ 3,738,815	

U. S. DEPARTMENT OF HOMELAND SECURITY
Direct Program
Hazardous Material - Hazmat Recovery
Home Land Security - SHSP
Total U.S. Department of Homeland Security

TOTAL FEDERAL ASSISTANCE

* Major Programs

CARBON COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF DECEMBER 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of program activity of the County's federal award programs and does not necessarily present transactions that would be included in financial statements of the County presented on the modified accrual basis of accounting, as contemplated by generally accepted accounting principles.

2. FOOD INSTRUMENTS

Amounts shown on the schedule of expenditures of federal awards as WIC food vouchers are not direct cash expenditures of Carbon County. The Southeastern Utah Health District operates the Women, Infant and Children program. As part of this program the Health District distributes food instruments provided by the State of Utah that can be redeemed at local stores for food items. The dollar amounts, reported on the schedule of expenditures of federal awards, are the fair market value of the food instruments.

3. MEDICAID CASE MANAGEMENT

Medicaid Case Management is reimbursed on a fee for service basis. Because of this type of payment, the revenue exceeds the expenses for this program. In order not to have an accrued revenue amount for these programs, additional expenses have been recorded.

**CARBON COUNTY/SEUDHD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Finding 2010-1 Reconciliation of Significant Accounts

See current year audit findings. Some corrected, not all.

Finding 2010-2 Deficit fund balance

See current year audit finding. Different fund has a deficit.

Finding 2010-3 Application and presentation of GAAP financial statements

See current year audit finding. Not corrected

Finding 2010-4 Expenditures in Excess of Budget

See current year audit finding. New departments over budget.

Finding 2010-5 Contract reimbursement reports - timely submission

Item taken care of in the current year. Corrected

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
R. KIRT RICH, C.P.A.
GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners - Carbon County
Southeastern Utah District Health Department
Price, Utah 84501

Ladies/Gentlemen:

The following comments and recommendations are a result of our review of the accounting procedures and internal controls in connection with our examination of the financial statements of Carbon County for the year ended December 31, 2011.

Since our review was made primarily to determine the scope of our auditing procedures and was not intended as a comprehensive study or evaluation of the systems and procedures, this memorandum should not be considered all inclusive.

We welcome the opportunity to discuss any items mentioned in this memorandum or any other accounting, or procedural questions.

CARBON COUNTY

2011-1 FUND BALANCE LIMITATION

Counties are permitted to accumulate earnings or fund balances, as appropriate, in any fund. With respect to the general fund only, any accumulated fund balance is restricted to the greater of the following:

- 1) the estimated total revenue from property taxes for the current fiscal period, or
- 2) 50% of the total revenues of the General Fund for the current fiscal period.

The County's fund balance at the end of the year is in excess of the amount allowed by the State's fiscal procedures act. The County is allowed to have \$7,073,215 as an unrestricted fund balance for the current calendar year. The County has \$13,705,111 as an unrestricted fund balance for the current calendar year. The County needs to reduce the fund balance in the General Fund.

We recommend the County review the options available to reduce its fund balance and take appropriate action.

Client Response

The County will review the options available to reduce the General Fund unrestricted fund balance to the appropriate levels by the end of the current calendar year.

CARBON COUNTY (continued)

2011-2 JAIL RECORDING – INMATE TRUST ACCOUNT AND COMMISSARY FUNDS

The jail is receiving and collecting funds for the inmates and is required to have internal controls that will safeguard these funds and keep adequate documentation to support the transactions performed. Excess funds are to be sent to the County on a regular basis. From our examination, the excess in the inmate account (commissary) is not being remitted timely to the County, and the County has not pursued timely payment of the funds to the County.

We recommend the County review the processes at the Jail facility and implement internal controls that have been established at the County. Monthly bank reconciliations are being performed, but information is not being sent to the Clerk/Auditor and therefore jail personnel are not always aware of what they need to do. We recommend a check list of processes, that should be performed on a monthly basis by the jail, be generated by the Clerk/Auditor and approved by the County Commissioners.

Client Response

The County has implemented some changes during the year and will review with the Jail those items that need to be processed on a monthly basis. A checklist will be created and implemented during the year.

2011-3 NOTICE OF BUDGET HEARING

According to Utah Code section 17-36-12, the governing body of the County shall determine the place and time for a public hearing on the adoption of a budget. A notice of this hearing is required to be published at least seven days before the hearing in at least one newspaper of general circulation within the County. After reviewing the date of the publication of the notice and the date of the hearing, we found the County had only advertised the hearing one day before the hearing was held for the original 2011 budget and the public hearing to amend the 2011 budget was not published at all.

We recommend the County review the requirements for advertising public hearing on the adoption of their budget. We also recommend the County comply with the required timing of notice with regards to their budget.

Client Response

The County knows and understands the requirements for publishing the public notifications for the budget hearings. These were isolated instances and somehow were overlooked. We will review the processes used to publish the budget hearing notices in the newspaper and ensure compliance with State Code.

SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT

2011-4 VACCINES (NON VFC) PROVIDED TO HEALTH CARE PROVIDERS

The Health Department is currently providing vaccines (nonVFC) to Health Care providers for use in their personal practices. The Health Department does not have a policy regarding the distribution of these vaccines and they do not have a license for their distribution. Also, the vaccines are not being paid for at the time of distribution, causing the Health Department to establish credit for some Health Care providers.

SOUTHEASTERN UTAH DISTRICT HEALTH DEPARTMENT (Continued)

2011-4 VACCINES (NON VFC) PROVIDED TO HEALTH CARE PROVIDERS (Continued)

We recommend the Health Department review their current practice and decide whether they should be in the practice of providing vaccines to Health Care providers. If the Health Department's decision is to continue to provide vaccines to Health Care providers, then a written policy needs to be established, proper licenses need to be acquired and a policy for time of purchase payment needs to be established.

Client Response

As it is not the intent of the Health Department to be a distributor of vaccines, but recognizing that there may be a need in the community to occasionally provide vaccine to private providers, the Health Department will create a policy regarding the distribution of vaccines to Health Care providers. The policy will include providing privately purchased vaccine to licensed Health Care providers on a limited basis. The policy will also address purchases being paid for at the time of distribution and the amount of vaccine that may be purchased.

2011-5 INVENTORY ADJUSTMENTS

The Health Department is currently not taking an inventory at year end and the inventory sheets that are used to calculate the ending inventory does not contain adequate information to determine the amount that should be used as an ending inventory amount. It is sometimes unclear whether the inventoried item amount is per case or per box of the item and whether the price listed is per case or box of the item.

We recommend the Health Department implement a better process for evaluating and calculating the ending inventory. Although the inventory adjustment is not material, a better effort in determining the ending inventory needs to be performed.

Client Response

The Health Department will establish an inventory system that will include the inventoried items and cost per unit. This system will be used to evaluate and calculate the cost of the inventoried items.

SUMMARY

We feel the accounting procedures and internal control items mentioned above are some areas where Carbon County and Southeastern Utah District Health Department can make changes so as to further improve their internal control structures to safeguard the assets, check the accuracy and reliability of accounting data and promote operating efficiency.

Sincerely,

SMUIN, RICH & MARSING



Price, Utah

July 6, 2012