



Honorable Board of Commissioners  
Carbon County

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Carbon County (the County) as of and for the year ended December 31, 2018, and related notes to the basic financial statements, and have issued our report thereon dated September 18, 2019. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated February 13, 2019, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the County solely for determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for identifying other matters to communicate to you.

We have provided our findings regarding significant deficiencies and material weaknesses and other matters noted during our audit in a separate letter to you dated September 18, 2019.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

We assisted in the preparation of the financial statements and the related notes disclosures and supplementary information, which is a nonaudit service. This service was subject to our firm's engagement quality control review. Management designated a qualified individual to oversee this

nonaudit service, evaluated the adequacy and results of the service performed, and accepted responsibility for the preparation and fair presentation of the financial statements and related notes and supplementary information in accordance with accounting principles generally accepted in the United States of America.

## **Qualitative Aspects of the County's Significant Accounting Practices**

### ***Significant Accounting Policies***

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the County is included in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2018. No matters have come to our attention that would require us, under professional standards, to inform you about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### ***Significant Accounting Estimates***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are 1) depreciation and amortization of capitalized assets, 2) the allocation of program revenue to functions and activities, 3) the measurement of compensated absences liabilities, and 4) the valuation of net pension liabilities (assets).

Management's estimate of the depreciation and amortization is based on expected useful lives of assets and allocating the cost of those assets over their estimated useful lives using the straight-line method. Management's estimate of the allocation of program revenue to function and activities is based on program costs by function. Management's estimate of the compensated absences liabilities is based on historical amounts as to what has been paid. Management's estimate of net pension liabilities (assets) are based on information provided from Utah Retirement Systems. We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the financial statements as a whole and in relation to the applicable opinion units.

### ***Financial Statement Disclosures***

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the County's financial statements relate to:

- Measurement focus and basis of accounting disclosed in Note 1.
- Interfund activity (transfers) in Note 9.
- Long-term liabilities (including bonded debt) in Note 6.
- Net pension liability in Note 7 and related required supplementary information.
- Restatements in Note 12.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are clearly inconsequential, and communicate them to the appropriate level of management.

The following list summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements as a whole and applicable opinion units:

The County operates a construction and demolition landfill and has not accounted for the landfill and its potential liability at December 31, 2018. The County estimated the closure and postclosure costs to be approximately \$38,000.

A summary of audit adjustments and reclassifications is attached to this letter. This summary includes misstatements (material or otherwise) that we identified because of our audit procedures; these were brought to the attention of, and corrected by, management.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the County's financial statements or the auditor's report. No such disagreements arose during the audit.

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated September 18, 2019.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings or Issues**

In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the County, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the County's auditors.

**Existence of a Material Misstatement that Affects the Financial Statements of a Prior Period in Which There Was a Predecessor Auditor**

We have identified the existence of a material misstatement that affects the prior period financial statements on which the predecessor auditor had previously reported without modification.

Note 12 to the financial statements summarizes the restatements and their affect on prior net position/fund balances.

This report is intended solely for the information and use of the Board of County Commissioners and management of Carbon County and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

*Squire & Company, PC*

Orem, Utah  
September 18, 2019

Attachments:

Copy of management's written representations

September 10, 2019

Squire & Company, PC  
1329 South 800 East  
Orem, Utah 84097

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carbon County (the County) as of and for the year ended December 31, 2018 and the related notes to the basic financial statements, for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the County in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of September 10, 2019:

### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 13, 2019, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. As part of the audit, you assisted with the preparation of our financial statements and the related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions relating to the financial statements and the related notes. We have reviewed, approved, and accepted responsibility for those financial statements and the related notes prior to their issuance.
2. We have reviewed, approved, and taken responsibility for adjusting, reclassifying, eliminating, and converting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.

6. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.
7. We have a process to track the status of audit findings and recommendations.
8. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
9. We have provided views on your reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
10. With regards to nonattest services performed by you, we acknowledge our responsibility to:
  - a. Assume all management responsibilities;
  - b. Designate an individual who possesses suitable skill, knowledge, or experience to oversee the services;
  - c. Evaluate the adequacy and results of the services performed; and
  - d. Accept responsibility for the results of the services.
11. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
12. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
13. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
14. The effects of the following uncorrected misstatements summarized and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the financial statements as a whole:

The County operates a construction and demolition landfill and has not accounted for the landfill and its potential liability at December 31, 2018. The County estimated the closure and postclosure costs to be approximately \$38,000.
15. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
16. All component units are included, and related organizations are properly disclosed.
17. All funds and activities are properly classified.
18. All funds that meet the quantitative criteria in U.S. GAAP for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
19. All components of net position and classifications of fund balance are properly reported and, if applicable, approved.
20. Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.

21. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
22. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
23. All interfund and intra-entity transactions and balances have been properly classified and reported.
24. Special items and extraordinary items have been properly classified and reported.
25. Deposit and investment risks have been properly and fully disclosed.
26. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
27. All required supplementary information is measured and presented within the prescribed guidelines.
28. Regarding investments and other instruments reported at fair value:
  - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - c. The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
29. With respect to the required supplementary information (RSI) and the supplementary information (SI) accompanying the financial statements:
  - a. We acknowledge our responsibility for the presentation of the RSI in accordance with the Governmental Accounting Standards Board.
  - b. We acknowledge our responsibility for the presentation of the SI in accordance with U.S. GAAP.
  - c. We believe the RSI and SI, including its form and content, is measured and fairly presented in accordance with prescribed guidelines.
  - d. The methods of measurement or presentation have not changed from those used in the prior period.
  - e. We believe the significant assumptions or interpretations underlying the measurement or presentation of the RSI and the SI, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
  - f. When SI is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the SI no later than the date of issuance by the County of the SI and the auditor's report thereon.
  - g. We acknowledge our responsibility to include the auditor's report on the SI in any document containing the SI and that indicates the auditor reported on such SI.
30. Arrangements with financial institutions involving restrictions on cash balances have been properly disclosed.

## Information Provided

31. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, minutes of the meetings of the Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared, communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, and other matters;
  - b. Additional information that you have requested from us for the purpose of the audit; and
  - c. Unrestricted access to persons within the County from whom you determined it necessary to obtain audit evidence.
32. All transactions have been recorded in the accounting records and are reflected in the financial statements.
33. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
34. We have no knowledge of any fraud or suspected fraud that affects the County and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the financial statements.
35. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the County's financial statements communicated by employees, former employees, vendors, regulators, or others.
36. We have identified and disclosed to you all known instances that have occurred or are likely to have occurred of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
37. We have identified and disclosed to you all information that we are aware of regarding instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
38. We have disclosed to you all known litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
39. We have disclosed to you the identity of the County's related parties and all the related party relationships and transactions of which we are aware.
40. We have disclosed to you all communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
41. The County has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
42. We have disclosed to you all guarantees, whether written or oral, under which the County is contingently liable.
43. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with U.S. GAAP. Significant estimates



are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

44. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
45. There are no:
  - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with U.S. GAAP.
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by U.S. GAAP.
46. The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
47. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
48. We believe the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial reporting purposes are appropriate in the circumstances.
49. We believe the assumptions and methods used to measure compensated absences for financial reporting purposes are appropriate in the circumstances.

### **State Compliance Audit**

50. With respect to state compliance requirements:
  - a. We are responsible for understanding and complying with and have complied with state compliance requirements.
  - b. We are responsible for establishing and maintaining controls that provide reasonable assurance that we are administering our state compliance requirements in accordance with Office of the Utah State Auditor requirements and state grantor agency guidelines.
  - c. We have identified and disclosed to you all of our activities subject to state compliance requirements.
  - d. We have made available to you all contracts and agreements, including amendments, if any, and any other correspondence relevant to activities subject to state compliance requirements.
  - e. We are not aware of any instances of noncompliance with state compliance requirements.
  - f. We believe the County has complied with state compliance requirements.
  - g. We have made available to you all documentation related to state compliance requirements, including information related to state program financial reports and claims for reimbursements.

- h. We have provided to you our interpretations of any compliance requirements that have varying interpretations.
- i. Claims for reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with state grantor agency guidelines).
- j. We have properly classified amounts claimed or used for matching in accordance with state grantor agency guidelines.
- k. We have charged costs to programs in accordance with applicable cost principles.
- l. We have disclosed to you any communications from the Office of the Utah State Auditor, state grantor agencies, and pass-through entities concerning possible noncompliance with state compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of our report.
- m. We have disclosed to you the findings received and related corrective actions taken from previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- n. We have disclosed to you all known noncompliance with state compliance requirements after the period covered by your report on state compliance.
- o. We are responsible for taking corrective action on audit findings of the compliance audit.

### **Federal Compliance Audit**

51. With respect to federal award programs:

- a. We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (the Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards, or we acknowledge our responsibility for presenting the schedule of expenditures of federal awards (the SEFA) in accordance with the requirements of the Uniform Guidance and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- b. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- c. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and included in the SEFA made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- d. We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related

to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.

- e. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- f. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- g. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- h. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the OMB Compliance Supplement, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal awards.
- i. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- j. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. Amounts claimed or used for matching were determined in accordance with relevant guidelines in the Uniform Guidance.
- l. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- m. We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- n. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- o. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- p. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), subsequent to the date as of which compliance was audited.
- q. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

- r. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- s. We have charged costs to federal awards in accordance with applicable cost principles.
- t. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- u. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- v. We are responsible for preparing and implementing a corrective action plan for each audit finding.

Signature: \_\_\_\_\_  
Larry Jensen, Commissioner

*Seth Marsing*

Signature: \_\_\_\_\_  
Seth Marsing, Budget Officer