

CARBON COUNTY
SINGLE AUDIT REPORT AND REPORT
IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Year Ended December 31, 2018

TABLE OF CONTENTS

	Page
Schedule of Expenditures of Federal Awards	1
Notes to Schedule of Expenditures of Federal Awards	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5
Summary Schedule of Prior Audit Findings	8
Schedule of Findings and Questioned Costs	9
Independent Auditor's Report on Compliance and Report on Internal Control over Compliance Required by the <i>State Compliance Audit Guide</i>	11
Letter to Management	14

CARBON COUNTY
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

Federal Grantor Agency / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number/ Project Number	Passed Through to Subrecipients	Receivable (Unearned) Dec. 31, 2017	Received	Expended	Receivable (Unearned) Dec. 31, 2018
U.S. DEPARTMENT OF AGRICULTURE							
<i>Forest Service Schools and Roads Cluster:</i>							
Direct Program:							
Schools and Roads - Grants to Counties	10.666	Secure Rural Schools	\$ -	\$ -	\$ 16,211	\$ 16,211	\$ -
Total Forest Service Schools and Roads Cluster			-	-	16,211	16,211	-
Direct Program:							
Emergency Watershed Protection Program	10.923	EWP Johnson Canyon Watershed	-	1,069,304	3,891,441	2,938,750	116,613
Total U.S. Department of Agriculture			-	1,069,304	3,907,652	2,954,961	116,613
U.S. DEPARTMENT OF JUSTICE							
Direct Program:							
Crime Victim Assistance	16.575	16-VOCA-11	-	-	35,202	48,565	13,363
Total U.S. Department of Justice			-	-	35,202	48,565	13,363
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
<i>Aging Cluster:</i>							
Passed through Southeastern Utah Association of Governments:							
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	AOG	-	9,267	46,047	44,745	7,965
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	AOG	-	-	74,634	90,440	15,806
Nutrition Services Incentive Program	93.053	AOG	-	-	35,452	42,528	7,076
Total Aging Cluster			-	9,267	156,133	177,713	30,847
Passed through Southeastern Utah Association of Governments:							
Social Services Block Grant	93.667	AOG	-	-	10,953	13,980	3,027
Total U.S. Department of Health and Human Services			-	9,267	167,086	191,693	33,874
U.S. DEPARTMENT OF HOMELAND SECURITY							
Direct Programs:							
Emergency Management Performance Grant	97.042	EMPG-2018-DEM-022	-	11,125	44,500	33,375	-
Pre-Disaster Mitigation	97.047	PDMC-PL-08-UT-2018	-	-	9,712	9,712	-
Homeland Security Grant Program	97.067	DEM-2017-SHSP-006	-	-	16,715	27,840	11,125
Total U.S. Department of Homeland Security			-	11,125	70,927	70,927	11,125
Total expenditures of federal awards			\$ -	\$ 1,089,696	\$ 4,180,867	\$ 3,266,146	\$ 174,975

CARBON COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis for Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Carbon County (the County) under programs of the federal government for the year ended December 31, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the County.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting as described in Note 1 to the County's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Relationship to County's Financial Statements

Federal awards expended on the Schedule for the year ended December 31, 2018 are also reported in the County's financial statements as program revenues on the statement of activities and as grants and contribution revenue on the statement of revenues, expenditures, and changes in fund balances except as follows:

- The County received payments in lieu of taxes for non-taxable federal lands of \$1,179,658. These federal grants are not classified as federal financial assistance.



Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

Honorable Board of Commissioners
Carbon County
751 East 100 North
Price, Utah 84501

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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 the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 18, 2019.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Response to Findings

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

Purpose of this Report

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

Squire + Company, PC

Orem, Utah
September 18, 2019



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Honorable Board of Commissioners
Carbon County

Report on Compliance for Each Major Federal Program

We have audited the compliance of Carbon County (the County) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2018.

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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carbon County as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 18, 2019, which contained unmodified opinions on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates

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

Squire & Company, PC

Orem, Utah
September 18, 2019

CARBON COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2018

2017-001 Reconciliations

Finding: Certain accounts had not been reconciled to the general ledger. Cash transactions are interrelated to other accounts. Therefore, potential misstatements may not be identified and corrected in a timely manner; the objective of safeguarding assets may not be achieved.

Resolution: The County has partially addressed this finding, it is repeated in the current year as finding 2018-002.

CARBON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended December 31, 2018

I. Summary of auditor's results:

Financial Statements:

Type of auditor's report issued: unmodified

Internal control over financial reporting:

-Material weaknesses identified? X yes no

-Significant deficiencies identified that are not considered to be material weaknesses?
 yes X none reported

Noncompliance material to financial statements noted?
 yes X no

Federal Awards:

Internal control over major programs:

-Material weaknesses identified? yes X no

-Significant deficiencies identified that are not considered to be material weaknesses?
 yes X none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.156(a)?
 yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Cluster/Name of Federal Program:</u>
10.923	Emergency Watershed Protection Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

II. Financial statement findings:

2018-001 Restatement of Prior Year Net Position/Fund Balances – As discussed in Note 12 to the basic financial statements for the year ended December 31, 2018, the beginning net position/fund balances were restated to correct certain accounts and activities, change certain estimates, and reclassify certain funds or activities. The most significant restatements of the beginning balances were removing Southeastern Utah Health District as a blended component unit, removing the permanent fund, and correcting the accounting for bond proceeds in the building authority fund.

The restatements were necessary to present the County's basic financial statements in accordance with accounting principles general accepted in the United States of America (U.S. GAAP).

2018-002 Certain cash allocations had not been reconciled to the general ledger. Cash transactions are interrelated to other accounts. Therefore, potential misstatements may not be identified and corrected in a timely manner; the objective of safeguarding assets may not be achieved.

We recommend management ensure reliable external financial reports are prepared.

Views of Responsible Officials – The County Commission and management have considered these matters. Processes have been updated to ensure accounts are reconciled to the general ledger.

III. Federal award findings and questioned costs:

No matters were reported.



Independent Auditor's Report on Compliance
and Report on Internal Control over Compliance
Required by the *State Compliance Audit Guide*

Honorable Board of Commissioners
Carbon County

Report on Compliance

We have audited the compliance of Carbon County (the County) with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended December 31, 2018:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems
- Restricted Taxes and Other Related Restricted Revenue
- Open and Public Meetings Act
- Public Treasurer's Bond

Management's Responsibility

Management is responsible for compliance with the state compliance requirements referred to above.

Auditor's Responsibility

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement 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 on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the County's compliance with those requirements.

Opinion on Compliance

In our opinion, Carbon County complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described below. Our opinion on compliance is not modified with respect to these matters.

Open and Public Meetings – The Open and Public Meetings Act requires the County to post approved board meeting minutes to the Utah Public Notice Website. The approved board meeting minutes are not being posted as required. We recommend that the approved board meeting minutes be posted as required.

Justice Courts – The Justice Court requires that voided receipts be approved by a second clerk/employee. The voided receipts are not being approved by a second clerk/employee. We recommend that second clerk/employee approve voided receipts.

Views of Responsible Officials – We will review these matters and make changes as necessary.

The County's response to the noncompliance findings identified in our audit is described above. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, 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 state compliance requirement 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 state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Squire & Company, PC

Orem, Utah
September 18, 2019



Letter to Management

Honorable Board of Commissioners
Carbon County

In planning and performing our audit of the basic financial statements of Carbon County (the County) as of and for the year ended December 31, 2018, 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*, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain matters involving internal control, compliance, and other operational matters that are presented for your consideration. This letter does not affect our report dated September 18, 2019, on the financial statements of the County. This letter accompanies our reports dated September 18, 2019, in accordance with *Government Auditing Standards*, the Uniform Guidance, and the *State Compliance Audit Guide*.

Certain Other Matters

Landfill Reporting – The County operates a construction and demolition landfill. Certain reports and accounting on the landfill should be occurring at least annually, including determining and recording the closure and post-closure costs for the landfill along with related disclosures. During the audit, we noted that the annual report has not been filed for several years and that the County is not currently recording the closure and post-closure costs nor including all required disclosures for the Landfill in its financial statements. We recommend the County file all required reports and ensure all landfill costs and disclosures are identified and recorded in a timely manner.

Management's Response – We will review these matters and make changes as necessary.

We appreciated working with and the assistance and responsiveness of County personnel during the audit. We will be happy to discuss the details of these recommendations with you at your convenience.

This communication is intended solely for the information and use of management, the Commission, and is not intended to be and should not be used by anyone other than these specified parties.

Squire & Company, PC

Orem, Utah
September 18, 2019