

**Fremont County Solid Waste Disposal District
(A Component Unit of Fremont County, Wyoming)**

Financial Report
June 30, 2016

FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
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Report of Independent Auditor

Board of Directors
Fremont County Solid Waste Disposal District
Lander, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of Fremont County Solid Waste Disposal District ("the District"), a component unit of Fremont County, Wyoming, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Fremont County Solid Waste Disposal District, as of June 30, 2016 and 2015, and the respective changes in financial position thereof, for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6, the budgetary comparison schedules on page 34 and the schedules of the District's share of net pension liability and District contributions on pages 36 and 37, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Wyoming State Assistance on page 39 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Wyoming State Assistance has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the District's internal control over financial reporting and compliance.



DeCoria, Maichel & Teague, P.S.
Spokane, Washington

October 31, 2016

FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2016

The Fremont County Solid Waste Disposal District ("the District") is a Component Unit of Fremont County, Wyoming. The District is included in the County's Annual Financial Report. This discussion and analysis provides an overview of the District's financial activities for the fiscal year ended June 30, 2016.

Financial Highlights

As of June 30, 2016, the District's total assets and deferred outflows of resources were \$16,623,451 and the total liabilities and deferred inflows of resources were \$13,572,611. Included in the liabilities is an estimate for future closure and post-closure care costs in the amount of \$11,700,000. This estimate is based on estimated future costs adjusted for capacity used as of June 30, 2016. Also included in liabilities is the District's proportionate share of the net pension liability for the Wyoming Retirement System in the amount of \$1,347,687.

During fiscal year 2016, the District had total revenue of \$5,837,608 and \$4,311,362 of expense. The net position increased by \$1,526,246 for the year ended June 30, 2016.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The report also includes other supplementary information including the schedule of budgetary comparisons.

Government-wide Financial Statements

The government-wide financial statements present the results of the District's governmental activities using the accrual basis of accounting, which is the basis of accounting generally used by private sector businesses. The government-wide statements are on pages 7 and 8 of this report.

Fund Financial Statements

The fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. The revenues are recognized as soon as they are both measureable and available. Expenses are recorded when the liability is incurred with the exception of long-term debt and liabilities. The District recognizes the expense related to long-term debt and liabilities to the extent the liability has matured. The fund financial statements are on pages 9 through 12 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to understanding the data provided in the financial statements. The notes to the financial statements can be found on pages 13 through 33 of this report.

FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
Management's Discussion and Analysis (cont.)
For the Year Ended June 30, 2016

Financial Summary and Analysis

The following table is a condensed Statement of Net Position followed by a condensed Statement of Activities as of, and for the year ended June 30, 2016 with comparative data for June 30, 2015.

Condensed Statements of Net Position

| | June 30, <u>2016</u> | June 30, <u>2015</u> | Change Favorable (Unfavorable) |
|--|-------------------------|-------------------------|--------------------------------------|
| Current assets | \$ 10,108,638 | \$ 7,206,278 | \$ 2,902,360 |
| Noncurrent assets | 6,142,557 | 6,735,874 | (593,317) |
| Deferred outflows of resources | <u>372,256</u> | <u>183,867</u> | <u>188,389</u> |
| Total assets and deferred outflows of resources | <u>16,623,451</u> | <u>14,126,019</u> | <u>2,497,432</u> |
| Current liabilities | 241,265 | 203,547 | (37,718) |
| Noncurrent liabilities | 13,047,687 | 12,238,542 | (809,145) |
| Deferred inflows of resources | <u>283,659</u> | <u>159,336</u> | <u>(124,323)</u> |
| Total liabilities and deferred inflows of resources | <u>13,572,611</u> | <u>12,601,425</u> | <u>(971,186)</u> |
| Total Net Position | \$ <u>3,050,840</u> | \$ <u>1,524,594</u> | \$ <u>1,526,246</u> |

The significant increase in current assets is primarily an increase in cash and investments as a result of revenues exceeding expenses due to efficiencies in operations resulting in decreased operating expenses.

Condensed Statements of Activities

| | Year Ended June 30, <u>2016</u> | Year Ended June 30, <u>2015</u> | Change Favorable (Unfavorable) |
|--------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Program Expenses | \$ (4,311,362) | \$ (3,992,894) | \$ (318,468) |
| Program Revenues | <u>2,677,498</u> | <u>2,741,941</u> | <u>(64,443)</u> |
| Net Program Expense | <u>(1,633,864)</u> | <u>(1,250,953)</u> | <u>(382,911)</u> |
| General Revenues | | | |
| Tax revenue | 3,112,051 | 3,100,253 | 11,798 |
| Other general revenue | <u>48,059</u> | <u>115,805</u> | <u>(67,746)</u> |
| Total General Revenue | <u>3,160,110</u> | <u>3,216,058</u> | <u>(55,948)</u> |
| Increase in Net Position | \$ <u>1,526,246</u> | \$ <u>1,965,105</u> | \$ <u>(438,859)</u> |

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
Management's Discussion and Analysis (cont.)
For the Year Ended June 30, 2016**

Financial Summary and Analysis, Continued

The increase in program expenses from 2015 to 2016 was primarily due to the increase of accrued landfill closure and post-closure care expenses (\$700,000) that was offset by a reduction in operating expenses.

Budgetary Highlights

The District approves a budget annually in July of each year. The budget is prepared on the modified accrual basis of accounting; the basis of accounting used for the fund financial statements and is submitted to the Fremont County Board of Commissioners for approval. There were no changes to the budget, after adoption, for the fiscal year ended June 30, 2016. The Budgetary Comparison Schedules can be found with the supplementary information of these financial statements on page 34.

As part of the budgeting process, the District designates/commits a portion of the fund balance for future landfill closure and post-closure care costs. The District added \$3,805,256 to the committed fund balance for the fiscal year ended June 30, 2016.

The District receives property tax revenue from Fremont County to help with the operations of landfills throughout the county. The assessed valuation for Fremont County decreased approximately .09% for the budget year 2015-2016 as compared to budget year 2014-2015.

Capital Assets and Debt Administration

The District's capital assets, net of depreciation, decreased \$593,317. This net decrease is the result of an increase in assets in the amount of \$43,043 and reduced by depreciation expense in the amount of \$636,360.

The District has no outstanding debt obligations as of the fiscal year ended June 30, 2016.

Economic Factors

The landfills in Fremont County accept municipal solid waste (MSW), construction and demolition waste (CDW) and other waste (biological and sump waste). The areas are serviced by four landfills and twelve transfer stations. According to the annual capacity audits prepared for the District as of June 30, 2016, the waste received by service areas follows:

| Service Area | Tons of Waste Received | | Type of Waste |
|--------------------|------------------------|-------------|-----------------|
| | <u>2016</u> | <u>2015</u> | |
| Lander Area | 27,499 | 25,395 | MSW, CDW, other |
| Riverton-Sand Draw | 4,467 | 3,629 | MSW, CDW, other |
| Shoshoni | 587 | 502 | CDW only |
| Dubois | 309 | 852 | CDW, other |

FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
Management's Discussion and Analysis (cont.)
For the Year Ended June 30, 2016

Economic Factors, Continued

The MSW received from the sites accepting CDW only and the transfer stations is disposed at either the Riverton-Sand Draw or the Lander landfills. During 2015, solid waste was diverted from Sand Draw to the Lander landfill in order to utilize the capacity of the Lander landfill prior to its closure in 2023.

According to *quickfacts.census.gov*, the estimated 2015 population of Fremont County is 40,315, which equates to approximately 1,630 pounds and 1,507 pounds of waste per person disposed in our landfills for the years ended June 30, 2016 and 2015, respectively.

Requests for Information

The District's financial report is designed to present users with a general overview of the District's financial activity. Questions concerning this report or requests for additional information should be addressed to Fremont County Solid Waste Disposal District, PO Box 1400, 52 Beebee Road, Lander, Wyoming 82520.

Basic Financial Statements

FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

| | 2016 | 2015 |
|---|--------------|--------------|
| ASSETS | | |
| Current assets | | |
| Cash, cash equivalents and investments | \$ 9,567,210 | \$ 6,668,313 |
| Receivables, net of allowance for uncollectible accounts | | |
| Accounts receivable | 224,144 | 233,842 |
| Taxes receivable | 66,000 | 39,000 |
| Intergovernmental and grants receivable | 41,695 | 37,928 |
| Interest receivable | 6,509 | 4,000 |
| Prepaid expenses | 9,349 | 11,120 |
| Due from primary government | 193,731 | 212,075 |
| Total current assets | 10,108,638 | 7,206,278 |
| Noncurrent assets | | |
| Nondepreciable capital assets | 180,856 | 180,856 |
| Depreciable capital assets, net of accumulated depreciation | 5,961,701 | 6,555,018 |
| Total noncurrent assets | 6,142,557 | 6,735,874 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows related to the net pension liability | 372,256 | 183,867 |
| Total deferred outflows of resources | 372,256 | 183,867 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | 163,115 | 120,736 |
| Unearned revenue | 7,035 | 10,901 |
| Compensated absences | 71,115 | 71,910 |
| Total current liabilities | 241,265 | 203,547 |
| Noncurrent liabilities | | |
| Closure and post-closure care | 11,700,000 | 11,000,000 |
| Net pension liability | 1,347,687 | 1,238,542 |
| Total noncurrent liabilities | 13,047,687 | 12,238,542 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related to the net pension liability | 283,659 | 159,336 |
| Total deferred inflows of resources | 283,659 | 159,336 |
| NET POSITION | | |
| Net investment in capital assets | 6,142,557 | 6,735,874 |
| Unrestricted (deficit) | (3,091,717) | (5,211,280) |
| Total net position | \$ 3,050,840 | \$ 1,524,594 |

(The accompanying notes are an integral part of the basic financial statements.)

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)**

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

| | 2016 | 2015 |
|--|--------------|--------------|
| Program expenses | | |
| Wages | \$ 1,060,548 | \$ 1,104,687 |
| Employee benefits | 623,771 | 651,714 |
| Bad debt expense | 1,201 | - |
| Bale station operation and maintenance | 3,027 | 10,692 |
| Engineering fees | 206,694 | 159,015 |
| Equipment repairs | 57,968 | 154,624 |
| Financial assurance and regulatory fees | 1,513 | 713 |
| Grant expenses (except capital outlays) | - | 34,060 |
| Insurance | 35,217 | 40,117 |
| Landfill closure and post-closure care costs | 700,000 | 200,000 |
| Leases | 22,530 | 21,495 |
| Office expenses and travel | 37,193 | 41,989 |
| Operation and maintenance | 200,394 | 271,715 |
| Professional fees | 52,078 | 58,241 |
| Recycling | 141,438 | 79,886 |
| Scale houses | 16,166 | 13,879 |
| Site improvements and maintenance | 61,667 | 71,792 |
| Supplies | 11,601 | 13,031 |
| Transfer stations | 255,470 | 251,057 |
| Utilities | 186,526 | 162,611 |
| Depreciation | 636,360 | 651,576 |
| Total program expenses | 4,311,362 | 3,992,894 |
| Program revenues | | |
| Charges for services | 2,633,594 | 2,685,076 |
| Operating grants and contributions | 43,904 | 56,865 |
| Total program revenues | 2,677,498 | 2,741,941 |
| Net program expenses | (1,633,864) | (1,250,953) |
| General revenues | | |
| Taxes, primarily property | 3,112,051 | 3,100,253 |
| Investment income | 47,483 | 11,869 |
| Gain on disposition of assets | 0 | 102,514 |
| Miscellaneous income | 576 | 1,422 |
| Total general revenues | 3,160,110 | 3,216,058 |
| Increase in net position | 1,526,246 | 1,965,105 |
| Net position - beginning of year | 1,524,594 | (440,511) |
| Net position - end of year | \$ 3,050,840 | \$ 1,524,594 |

(The accompanying notes are an integral part of the basic financial statements.)

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)**

**BALANCE SHEETS
JUNE 30, 2016 AND 2015**

| | <u>2016</u> | <u>2015</u> |
|---|----------------------|---------------------|
| ASSETS | | |
| Cash, cash equivalents and investments | \$ 9,567,210 | \$ 6,668,313 |
| Receivables, net of allowance for uncollectible accounts | | |
| Accounts receivable | 224,144 | 233,842 |
| Taxes receivable | 66,000 | 39,000 |
| Interest receivable | 6,509 | 4,000 |
| Prepaid expenses | 9,349 | 11,120 |
| Due from primary government | <u>193,731</u> | <u>212,075</u> |
| Total assets | <u>\$ 10,066,943</u> | <u>\$ 7,168,350</u> |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 163,115 | \$ 120,736 |
| Unearned revenue | <u>7,035</u> | <u>10,901</u> |
| Total liabilities | <u>170,150</u> | <u>131,637</u> |
| Deferred inflows of resources | | |
| Unearned property taxes | <u>72,000</u> | <u>43,000</u> |
| Total deferred inflows of resources | <u>72,000</u> | <u>43,000</u> |
| FUND BALANCE | | |
| Nonspendable prepaid expenses | 9,349 | 11,120 |
| Committed for cash reserves | 500,000 | 500,000 |
| Committed for closure and post-closure obligations | 7,396,526 | 3,591,270 |
| Unassigned | <u>1,918,918</u> | <u>2,891,323</u> |
| Total fund balance | <u>9,824,793</u> | <u>6,993,713</u> |
| Total liabilities, deferred inflows of resources and fund balance | <u>\$ 10,066,943</u> | <u>\$ 7,168,350</u> |

(The accompanying notes are an integral part of the basic financial statements.)

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
RECONCILIATION OF THE BALANCE SHEETS
TO THE STATEMENTS OF NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

| | 2016 | 2015 |
|--|--------------|--------------|
| Fund Balance of Fremont County Solid Waste Disposal District | \$ 9,824,793 | \$ 6,993,713 |
| <p>Amounts reported for Fremont County Solid Waste Disposal District in the Statement of Net Position are different because:</p> | | |
| 1) Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. | 6,142,557 | 6,735,874 |
| 2) Certain intergovernmental receivables are not available to pay current-period expenditures and, therefore, are unearned in the fund financial statements. | 41,695 | 37,928 |
| 3) Certain taxes will be collected after year-end, but are not available soon enough to pay liabilities of the current period, and are therefore a deferred inflow of resources in the governmental funds. | 72,000 | 43,000 |
| 4) Certain liabilities, including compensated absences, closure and post-closure care costs and the District's share of the net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds: | | |
| Compensated absences | (71,115) | (71,910) |
| Closure and post-closure care | (11,700,000) | (11,000,000) |
| Net pension liability | (1,347,687) | (1,238,542) |
| 5) Deferred outflows and deferred inflows of resources pertaining to the net pension liability are not financial resources and therefore are is not reported as assets or liabilities in the governmental funds: | | |
| Deferred outflows related to the net pension liability | 372,256 | 183,867 |
| Deferred inflows related to the net pension liability | (283,659) | (159,336) |
| Total net position of Fremont County Solid Waste Disposal District (page 7) | \$ 3,050,840 | \$ 1,524,594 |

(The accompanying notes are an integral part of the basic financial statements.)

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

| | 2016 | 2015 |
|---|--------------|--------------|
| Revenues | | |
| Taxes, primarily property | \$ 3,083,051 | \$ 3,095,253 |
| Intergovernmental | 40,137 | 63,565 |
| Charges for services | 2,633,594 | 2,685,076 |
| Investment income | 47,483 | 11,869 |
| Miscellaneous income | 576 | 1,422 |
| Total revenues | 5,804,841 | 5,857,185 |
| Expenditures | | |
| Wages | 1,061,343 | 1,175,642 |
| Employee benefits | 578,692 | 621,610 |
| Bad debt expense | 1,201 | 0 |
| Bale station operation and maintenance | 3,027 | 10,692 |
| Engineering fees | 206,694 | 159,015 |
| Equipment repairs | 57,968 | 154,624 |
| Financial assurance and regulatory fees | 1,513 | 713 |
| Grant expenses (except capital outlays) | 0 | 34,060 |
| Insurance | 35,217 | 40,117 |
| Leases | 22,530 | 21,495 |
| Office expenses and travel | 37,193 | 41,989 |
| Operation and maintenance | 200,394 | 271,715 |
| Professional fees | 52,078 | 58,241 |
| Recycling | 141,438 | 79,886 |
| Scale houses | 16,166 | 13,879 |
| Site improvements and maintenance | 61,667 | 71,792 |
| Supplies | 11,601 | 13,031 |
| Transfer stations | 255,470 | 251,057 |
| Utilities | 186,526 | 162,611 |
| Capital outlays | 43,043 | 727,771 |
| Total expenditures | 2,973,761 | 3,909,940 |
| Excess of revenues over expenditures | 2,831,080 | 1,947,245 |
| Other financing sources: | | |
| Proceeds from sale of capital assets | 0 | 26,077 |
| Total other financing sources | 0 | 26,077 |
| Net change in fund balance | 2,831,080 | 1,973,322 |
| Fund balance - beginning of year | 6,993,713 | 5,020,391 |
| Fund balance - end of year | \$ 9,824,793 | \$ 6,993,713 |

(The accompanying notes are an integral part of the basic financial statements.)

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

Amounts reported in the Statements of Activities are different because:

| | 2016 | 2015 |
|--|---------------------|---------------------|
| Net change in fund balance (page 11) | \$ 2,831,080 | \$ 1,973,322 |
| Governmental funds report capital outlays as expenditures. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is the difference between depreciation (\$636,360) and capital outlays (\$43,043) in fiscal 2016; and depreciation (\$651,576) and capital outlays (\$727,771) in fiscal 2015. | (593,317) | 76,195 |
| The net effect of various transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase (decrease) net position. These transactions are not reflected in governmental funds financial statements. This amount is the difference between proceeds from the sale of capital assets and the gain or loss on the disposition of assets as adjusted for the cost basis and accumulated depreciation. | - | 76,437 |
| Revenues in the Statements of Activities that do not provide current financial resources are not reported as revenues in the governmental fund financial statements. | 32,767 | (1,700) |
| Expenses reported in the Statements of Activities that do not use current financial resources are not reported as expenditures in the funds. Following are net decreases (increases) in: | | |
| Compensated absences | 795 | 70,955 |
| Landfill closure and post-closure care costs | (700,000) | (200,000) |
| In the Statement of Activities - District-Wide, pension (expense) revenue is actuarially determined and adjusted by amortization of deferred outflows and deferred inflows of resources. In the governmental funds, however, pension expenditures are measured by the amount of financial resources used (i.e., the amount of contributions actually paid). The difference between contributions paid and the changes in the District's proportionate share of the net pension liability and the related deferred outflows and deferred inflows of resources is an adjustment. | <u>(45,079)</u> | <u>(30,104)</u> |
| Change in net position (page 8) | <u>\$ 1,526,246</u> | <u>\$ 1,965,105</u> |

(The accompanying notes are an integral part of the basic financial statements.)

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Fremont County Solid Waste Disposal District (“the District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant District accounting policies are described below.

1-A Reporting Entity

The District was created October 3, 1979, under the authority of Wyoming Statute 18-11-101 for the operation and maintenance of solid waste sanitary landfills in Fremont County. The District can levy up to three mills for the purpose of disposing of solid waste.

The District is considered a component unit of Fremont County, Wyoming (“the County”), because the County Commissioners appoint the board members for the District, and because the District is financially dependent upon the approval of funding outlined in an annual budget submitted to the County Commissioners. Thus, the District is included as a discretely presented component unit in the financial report of Fremont County, Wyoming. A copy of the audited financial statements for Fremont County, Wyoming, for the year ended June 30, 2015, may be obtained at the Fremont County courthouse or at <http://fremontcountywy.org/treasurer/financials/>.

The accompanying financial statements present the financial information of the District only. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent upon the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

1-B Government–Wide and Fund Financial Statements

The management’s discussion and analysis introduces the basic financial statements and provides an analytical overview of the District’s financial activities in a narrative format. An analysis of the District’s overall financial position and results of operations is included to assist users in assessing whether the financial position has improved or deteriorated as a result of the year’s activities.

The District uses government-wide financial statements, including the Statement of Net Position and Statement of Activities, to report its financial position and results of operations, respectively.

The Statement of Activities demonstrates the degree to which the *expenses* are offset by program revenues. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

1-B Government–Wide and Fund Financial Statements (cont.)

Fund financial statements also report financial information about the District using a different basis of accounting as explained below.

1-C Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and entitlements. 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.

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. Revenues are considered to be measurable when the amount of the transaction can be determined and available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenues to be available if they are collected as of the financial statement date. Generally, all other revenue items are considered available and susceptible to accrual as revenues of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims, judgments and compensated absences, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental fund. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

1-D Recent Accounting Pronouncements

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and standards. The District has adopted and applied all applicable GASB pronouncements, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

1-D Recent Accounting Pronouncements (cont.)

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The primary objective of GASB Statement No. 68 was to improve accounting and financial reporting for pensions by state and local governments. This statement established standards for measuring and recognizing liabilities, deferred outflows and deferred inflows of resources and expenses. For defined benefit pension plans, this statement identified the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosure and required supplementary information about pensions were also addressed. GASB Statement No. 68 became effective for the District beginning in the fiscal year ended June 30, 2015. Implementation required the restatement of amounts not previously reported as liabilities, deferred outflows of resources and net position on the District's Statement of Net Position for the fiscal year ended June 30, 2014.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The objective of Statement No. 71 was to address an issue regarding application of the transition provisions of Statement No. 68. The issue related to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amended paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, required that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it was practical to determine all such amounts. The provisions of Statement No. 71 were required to be applied simultaneously with the provisions of Statement No. 68.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The objective of Statement No. 72 is to address accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Statement No. 72 is effective for the District beginning in the fiscal year ended June 30, 2016. Implementation did not have a material impact on the District's financial results.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

1-D Recent Accounting Pronouncements (cont.)

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The objective of Statement No. 79 is to address accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. Statement No. 79 is effective for the District beginning in the fiscal year ended June 30, 2016. Implementation did not have a material impact on the District's financial results.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, No. 68, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68*, and amendments to certain provisions of GASB Statements No. 67 and No. 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Statement No. 82 is effective for the District beginning in the fiscal year ended June 30, 2016. Implementation did not have a material impact on the District's financial results.

1-E Cash, Cash Equivalents and Investments

The District considers cash and cash equivalents to consist of all cash, either on hand or in banks, including time deposits and any highly liquid debt instruments with a maturity of three months or less when purchased.

The District follows GASB Statement No. 31, which requires most investments to be reported at their fair value. Unrealized gains and losses are reported in the Statements of Revenues, Expenditures and Changes in Fund Balance.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

1-F Receivables

Receivables for property taxes and the related interest receivable shown on the governmental fund financial statements are those for which payment was not received by the financial statement date, but are due prior to the fiscal year end and are expected to be collected after year end. All receivables for property taxes, regardless of when they are collected are recognized as revenue in the government-wide financial statements. Accounts receivable for landfill user fees are recorded and recognized as revenue as of the service date for both the governmental fund financial statements and the government-wide financial statements.

1-G Capital Assets

Capitalization and Valuation

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems), are reported as noncurrent assets in the government-wide financial statements and as expenditures in the governmental fund financial statements. Infrastructure assets with initial costs that equal or exceed \$25,000 are capitalized.

Expenditures for buildings and improvements having a useful life greater than five years and a value greater than \$10,000 are capitalized. Expenditures for other capital items having a useful life greater than one year and a value greater than \$1,000 are also capitalized. Individual items having a lesser value may be capitalized if they are purchased in a group. Costs of routine repairs and maintenance that do not improve or extend the useful lives of the related assets are not capitalized.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during the construction phase of capital projects, if any, are not capitalized.

Depreciation Method and Useful Lives

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| | |
|----------------------------|-------------|
| Buildings and improvements | 10-40 years |
| Equipment | 3-30 years |
| Vehicles | 3-15 years |
| Computer software | 5 years |
| Office furniture | 5-10 years |
| Infrastructure | 3-50 years |

When capital assets are sold or otherwise disposed of, the cost and associated accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the Statement of Activities.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

1-H Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy for those assets and liabilities measured at fair value, that distinguishes between assumptions based on market data (observable inputs) and the District's own assumptions (unobservable inputs). The hierarchy consists of: Level 1 – quoted market prices in active markets for identical instruments; Level 2 – inputs other than Level 1 inputs that are observable; and Level 3 – unobservable inputs developed using estimates and assumptions determined by the District.

At June 30, 2016, the assets or liabilities of the District that were measured at fair value on a recurring basis are summarized as follows:

June 30, 2016

| | Level 1 | Level 2 | Level 3 | Total |
|--------------|-------------|---------|---------|-------------|
| Wyo-STAR | \$5,733,196 | \$ - | \$ - | \$5,733,196 |
| Edward Jones | 2,855,059 | - | - | 2,855,059 |

At June 30, 2015, the assets or liabilities of the District that were measured at fair value on a recurring basis are summarized as follows:

June 30, 2015

| | Level 1 | Level 2 | Level 3 | Total |
|--------------|-------------|---------|---------|-------------|
| Wyo-STAR | \$1,320,874 | \$ - | \$ - | \$1,320,874 |
| Edward Jones | 1,321,975 | - | - | 1,321,975 |

1-I Compensated Absences

District policy permits employees to accumulate a limited amount of earned, but unused vacation and sick leave. These benefits are payable to employees upon separation from service. No liability is recorded for non-vesting accumulated sick leave rights to receive sick pay.

Accumulated sick leave and vacation that has become due and payable at the end of the fiscal year, which is expected to be paid during the upcoming fiscal year, is reported as an expenditure and fund liability of the governmental fund. Accumulated sick leave and vacation that is expected to be utilized by employees during the upcoming fiscal year is reported as a current obligation in the government-wide financial statements. Accumulated sick leave and vacation leave that is not expected to be utilized by employees during the upcoming fiscal year is reported as a noncurrent obligation in the government-wide financial statements.

1-J Accrued Liabilities and Long-Term Obligations

Liabilities shown on the fund financial statements are those that have become due and payable at the end of the fiscal year, which are expected to be paid during the upcoming fiscal year, and are reported as an expenditure and fund liability of the governmental fund that will pay it. On the government-wide financial statements, liabilities that become due and payable within one year after the financial statement date are included in current liabilities, while liabilities that become due and payable after that time are shown as noncurrent liabilities.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

1-K Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding, if any, at year end are reported as committed or assigned fund balance since they do not constitute expenditures or liabilities. At June 30, 2016 and 2015, there were no outstanding encumbrances.

1-L Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position is comprised of the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following components:

Net investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets;

Restricted net position: This component of net position consists of net position subject to constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The District had no restricted net position as of June 30, 2016 and 2015;

Unrestricted net position: This component of net position consists of net position that does not meet the definition of "net investment in capital assets," or "restricted."

When expenditures qualify to be paid out of both restricted and unrestricted resources, it is the policy of the District to use restricted resources first.

1-M Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* (GASB No. 54), defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB Statement No. 54 requires the fund balance amounts to be properly reported within one of the following fund balance classifications:

Nonspendable: The portion of fund balance that is not expected to be converted to cash, such as inventories or prepaid expenses, if any;

Restricted: The portion of fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation;

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

1-M Fund Balance (cont.)

Committed: The portion of fund balance that can be used only for the specific purposes determined by a formal action of the District's Board of Directors (the District's highest level of decision-making authority);

Assigned: The portion of fund balance that is intended to be used by the District for specific purposes, but which does not meet the criteria to be classified as restricted or committed; and

Unassigned: The residual portion of fund balance for the District's General Fund and includes all spendable amounts not included in the other classifications.

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then, any remaining fund balance amounts for governmental funds other than the General Fund, if any, are classified as restricted fund balance.

It is possible for governmental funds other than the General Fund, if any, to have negative unassigned fund balances when nonspendable amounts plus restricted amounts exceed the positive fund balance.

1-N Pensions

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

1-O Grants and Intergovernmental Revenue

The District receives financial assistance from governmental agencies in the form of grants and revenue in lieu of tax revenue on exempt property. Revenue is deemed earned and thus recognized when applicable program expenditures are recorded. Funds received but not earned as of the fiscal year end are recorded as unearned revenue.

1-P Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and affect the amounts reported in the financial statements.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

1-Q Subsequent Events

The District has evaluated subsequent events through October 31, 2016, the date as of which these financial statements were available to be issued. No material subsequent events have occurred since June 30, 2016 that required recognition or disclosure in the financial statements.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A Budgets and Budgetary Accounting

The District is required to adhere to the County's budget process. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

Prior to May 15, the County Clerk submits a proposed operating budget to the County Commissioners for the upcoming fiscal year commencing that July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. The County Charter requires that the budget be submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The legal level of statutory control for the detailed budget is at the department/function level.

Public hearings are conducted between the second and the third Monday in July to obtain taxpayer comments. Within 24 hours following the public hearing, the budget is legally adopted through passage of a resolution. The District may, after public notice and hearing, amend the budget.

The budget for the District is adopted on a basis consistent with generally accepted accounting principles (GAAP), except that encumbrances are included as expenditures. All appropriations lapse at the end of each fiscal year.

2-B Budgetary Comparison Schedules

The budgetary comparison schedules are presented as required supplementary information to demonstrate whether resources were obtained and used in accordance with the District's legally adopted budgets. The budget amounts shown include the original and final authorized amounts. Encumbrances are included with expenditures to determine statutory compliance.

NOTE 3. CASH AND INVESTMENTS

Statutes authorize the District to invest in various instruments of the federal government and its agencies, savings certificates of savings and loan associations, bank certificates of deposit, and investment pools that purchase allowable investments.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 3. CASH AND INVESTMENTS (cont.)

The composition of cash and investments in the financial statements is as follows as of June 30, 2016 and 2015:

| | <u>2016</u> | <u>2015</u> |
|-----------------------------|---------------------|---------------------|
| Cash on hand | \$ 5,035 | \$ 8,204 |
| Bank deposits | 973,920 | 4,017,260 |
| Investment pool | 5,733,196 | 1,320,874 |
| Investments – Federal bonds | <u>2,855,059</u> | <u>1,321,975</u> |
| Total cash and investments | <u>\$ 9,567,210</u> | <u>\$ 6,668,313</u> |

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Wyoming statute 9-4-820 requires the District to collateralize bank deposits that exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). In addition, for collateral held by a custodian other than the Federal Reserve, an approved Joint Custody Receipt form must be properly executed to perfect the District's interest in collateral pledged by depository financial institutions. The District's superintendent monitors cash account balances to see that sufficient collateral is pledged to the District. At June 30, 2016, the District's deposits were insured by the FDIC up to \$250,000 at each bank.

The District's bank balances at June 30, 2016 totaled \$1,022,339. The differences between the carrying amount of bank deposits and the bank balances consisted of outstanding checks and deposits not processed by the banks as of June 30, 2016.

A summary of the total insured and collateralized bank balances at June 30, 2016 is as follows:

| | |
|---|---------------------|
| Insured by FDIC | \$ 646,578 |
| Collateralized with security held by pledging institution's trust department or correspondent bank under a joint custody receipt in the name of the District and the financial institution. | <u>375,761</u> |
| Total bank balance | <u>\$ 1,022,339</u> |

As of June 30, 2016, the District had the following investments.

| <u>Investment</u> | <u>Maturities</u> | <u>Fair Value</u> |
|---|---------------------------|---------------------|
| Wyo-STAR Local Government Investment Pool | 230 days average | \$ 5,733,196 |
| Edward Jones Investments | August 2016–February 2021 | <u>2,855,059</u> |
| Total investments | | <u>\$ 8,588,255</u> |

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 3. CASH AND INVESTMENTS (cont.)

Interest Rate Risk: The District has an investment policy that limits investment maturities to no more than five years from the date purchased. The policy is in place to help manage the exposure to fair value losses arising from increasing interest rates;

Credit Risk: State law limits investments to obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. As of June 30, 2016, the District's investment in the Wyo-STAR Local Government Investment Pool (Wyo-STAR) had a credit rating of AAA by Standard and Poor's Rating Services, and the investments in Edward Jones Investments had credit ratings of AA+, Aaa, and AAA by Standard and Poor's Rating Services, Moody's Investors Services, and Fitch Ratings, respectively;

Concentration of Credit Risk: The District's investment policy limits the amount the District may invest any available reserve funds into bonds allowed by Wyoming State Statutes with maturities not to exceed five years and the remaining amount of available reserve funds to be invested with Wyo-STAR. More than five percent of the District's investments are invested in Wyo-STAR and Edward Jones Investments. These investments each represent approximately 67% and 33% of the District's total investments, respectively.

The Wyo-STAR is overseen and managed by the Wyoming State Treasurer's Office.

NOTE 4. RECEIVABLES

Receivables have been reported net of an allowance for uncollectible accounts. The allowance is estimated based on prior experience.

The allowance for uncollectible accounts as of June 30, 2016 and 2015 is as follows:

| | <u>2016</u> | <u>2015</u> |
|-------------------------------|------------------|------------------|
| Accounts receivable | \$ 9,000 | \$ 8,000 |
| Taxes and interest receivable | <u>19,000</u> | <u>18,000</u> |
| | <u>\$ 28,000</u> | <u>\$ 26,000</u> |

NOTE 5. PROPERTY TAXES

The Fremont County Treasurer is responsible for collecting property taxes levied by the District and approved by the Fremont County Board of County Commissioners. Taxes are levied by October 10. Provided the payments are timely, the tax can be paid in two equal installments on November 10 and May 10 or tax may be paid in full on December 31. Any taxes on real property that have not been received by the due date are put before the general public for a tax deed assignment sale in August following three publicly advertised notices of the date of this sale. Taxes that are not received at this assignment sale will cause the respective property to be assigned to the County.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016 is as follows:

| | <u>Balance June 30, 2015</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance June 30, 2016</u> |
|---|----------------------------------|---------------------|------------------|----------------------------------|
| Non-depreciable Capital Assets | | | | |
| Land | \$ 180,856 | \$ 0 | \$ 0 | \$ 180,856 |
| Total non-depreciable | <u>180,856</u> | <u>0</u> | <u>0</u> | <u>180,856</u> |
| Depreciable Capital Assets | | | | |
| Buildings and improvements | 4,048,017 | 26,605 | 0 | 4,074,622 |
| Equipment | 4,872,710 | 16,438 | (1,000) | 4,888,148 |
| Vehicles | 1,485,265 | 0 | 0 | 1,485,265 |
| Computer software | 26,343 | 0 | 0 | 26,343 |
| Office furniture | 44,798 | 0 | 0 | 44,798 |
| Infrastructure | <u>1,479,790</u> | <u>0</u> | <u>0</u> | <u>1,479,790</u> |
| Total depreciable | <u>11,956,923</u> | <u>43,043</u> | <u>(1,000)</u> | <u>11,998,966</u> |
| Accumulated Depreciation | | | | |
| Buildings and improvements | 1,197,695 | 116,752 | 0 | 1,314,447 |
| Equipment | 2,783,273 | 359,047 | (1,000) | 3,141,320 |
| Vehicles | 959,290 | 113,797 | 0 | 1,073,087 |
| Computer software | 26,344 | 0 | 0 | 26,344 |
| Office furniture | 17,098 | 6,961 | 0 | 24,059 |
| Infrastructure | <u>418,205</u> | <u>39,803</u> | <u>0</u> | <u>458,008</u> |
| Total accumulated depreciation | <u>5,401,905</u> | <u>636,360</u> | <u>(1,000)</u> | <u>6,037,265</u> |
| Depreciable capital assets – net | <u>6,555,018</u> | <u>(593,317)</u> | <u>0</u> | <u>5,961,701</u> |
| Governmental activities capital assets - net | <u>\$ 6,735,874</u> | <u>\$ (593,317)</u> | <u>\$ 0</u> | <u>\$ 6,142,557</u> |

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 6. CAPITAL ASSETS (cont.)

Capital asset activity for the fiscal year ended June 30, 2015 is as follows:

| | <u>Balance June 30, 2014</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance June 30, 2015</u> |
|---|----------------------------------|-------------------|-------------------|----------------------------------|
| Non-depreciable Capital Assets | | | | |
| Land | \$ 180,856 | \$ 0 | \$ 0 | \$ 180,856 |
| Total non-depreciable | <u>180,856</u> | <u>0</u> | <u>0</u> | <u>180,856</u> |
| Depreciable Capital Assets | | | | |
| Buildings and improvements | 4,082,401 | 3,000 | (37,384) | 4,048,017 |
| Equipment | 4,489,977 | 492,778 | (110,045) | 4,872,710 |
| Vehicles | 1,271,906 | 213,359 | 0 | 1,485,265 |
| Computer software | 26,343 | 0 | 0 | 26,343 |
| Office furniture | 29,606 | 15,192 | 0 | 44,798 |
| Infrastructure | 1,391,348 | 88,442 | 0 | 1,479,790 |
| Total depreciable | <u>11,291,581</u> | <u>812,771</u> | <u>(147,429)</u> | <u>11,956,923</u> |
| Accumulated Depreciation | | | | |
| Buildings and improvements | 1,111,441 | 116,530 | (30,276) | 1,197,695 |
| Equipment | 2,517,078 | 374,785 | (108,590) | 2,783,273 |
| Vehicles | 846,341 | 112,949 | 0 | 959,290 |
| Computer software | 24,150 | 2,194 | 0 | 26,344 |
| Office furniture | 11,134 | 5,964 | 0 | 17,098 |
| Infrastructure | 379,051 | 39,154 | 0 | 418,205 |
| Total accumulated depreciation | <u>4,889,195</u> | <u>651,576</u> | <u>(138,866)</u> | <u>5,401,905</u> |
| Depreciable capital assets – net | <u>6,402,386</u> | <u>161,195</u> | <u>(8,563)</u> | <u>6,555,018</u> |
| Governmental activities capital assets - net | <u>\$ 6,583,242</u> | <u>\$ 161,195</u> | <u>\$ (8,563)</u> | <u>\$ 6,735,874</u> |

NOTE 7. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the changes in long-term liabilities of the District for the fiscal years ended June 30, 2016 and 2015:

| | <u>Balance June 30, 2015</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance June 30, 2016</u> | <u>Due Within One Year</u> |
|--|----------------------------------|----------------------|----------------------|----------------------------------|--------------------------------|
| Compensated absences | \$ 71,910 | \$ 110,501 | \$ 111,296 | \$ 71,115 | \$ 71,115 |
| Closure and post-closure care costs | 11,000,000 | 700,000 | 0 | 11,700,000 | 0 |
| Net pension liability | <u>1,238,542</u> | <u>109,145</u> | <u>0</u> | <u>1,347,687</u> | <u>0</u> |
| | <u>\$ 12,310,452</u> | <u>\$ 919,646</u> | <u>\$ 111,296</u> | <u>\$ 13,118,802</u> | <u>\$ 71,115</u> |
| | <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> | <u>Due Within</u> |
| | <u>June 30, 2014</u> | <u>June 30, 2015</u> | <u>June 30, 2015</u> | <u>June 30, 2015</u> | <u>One Year</u> |
| Compensated absences | \$ 142,865 | \$ 132,637 | \$ 203,592 | \$ 71,910 | \$ 71,910 |
| Closure and post-closure care costs | 10,800,000 | 200,000 | 0 | 11,000,000 | 0 |
| Net pension liability | <u>1,279,290</u> | <u>0</u> | <u>40,748</u> | <u>1,238,542</u> | <u>0</u> |
| | <u>\$ 12,222,155</u> | <u>\$ 332,637</u> | <u>\$ 244,340</u> | <u>\$ 12,310,452</u> | <u>\$ 71,910</u> |

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 8. WYOMING RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN

Plan Description

All full-time and permanent part-time employees of the District participate in the State of Wyoming Retirement System (“the Plan”), a multi-employer, cost-sharing public employee retirement plan. The Plan is a defined benefit plan covering substantially all employees of the State, electing local municipalities, and the Public School System of Wyoming. The cost to administer the Plan is financed through the contributions and investment earnings of the Plan.

The Plan is governed by a Board of Trustees comprised of the State Treasurer, five trustees who are members of the Plan and five “at-large” trustees who are not members of the Plan. With the exception of the State Treasurer, Board members are appointed by the Governor and confirmed by the Wyoming Senate. The Board employs an executive director to oversee day-to-day operations which includes a staff of approximately 40 employees.

Pension Benefits

The Plan allows for normal retirement after four years of service and attainment of age 60. Retirees can select one of five options for receiving benefits. Early retirement is allowed, provided the employee has completed four years of service and attained age 50, but results in a reduction of benefits based on the length of time remaining to normal retirement age. Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated earnings through the date of their termination.

The Plan offers two tiers of benefits. Tier 1 participants are those that have made contributions to the Plan prior to September 1, 2012. Tier 1 participants vest after 48 months of service, with eligibility for full retirement benefits upon attaining age 60 and meeting the “rule of 85,” which requires the participant’s age and years of service to equal or exceed 85. Tier 1 benefits are calculated with a 2.125% multiplier rate for the first 15 years of service with the remaining service years calculated with a 2.25% rate, using the highest average salary for 36 continuous months. Tier 2 participants are those whose participation in the Plan and contributions to the Plan began on or after September 1, 2012. Tier 2 participants vest after 48 months of service, with eligibility for full retirement benefits upon attaining age 65 and meeting the “rule of 85.” Tier 2 benefits are calculated with a 2.00% multiplier rate for all years of service using the highest average salary for 60 continuous months.

Member and Employer Contributions

The Plan statutorily requires 16.62% of the participant’s salary to be contributed to the Plan; the District is required to contribute a minimum of 8.37% of the employee’s salary. The District can, however, elect to contribute more than the required amount. The District has elected to contribute 14.565% of the employee’s salary, with the remaining 2.055% contributed by the employee.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 8. WYOMING RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN (cont.)

Member and Employer Contributions (cont.)

Salaries and wages paid to employees covered by the Plan for the years ended June 30, 2016, 2015 and 2014 were \$1,020,898, \$1,089,957 and \$1,365,926, and the District's total contributions, including both employer and employee portions, totaled \$148,694, \$159,352 and \$192,869, respectively. The employee portion of the retirement contributions paid on behalf of employees by the District for the years ended June 30, 2016, 2015 and 2014 were \$63,245, \$76,297, and \$95,611, respectively.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a liability of \$1,347,687 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. The District's proportion of the net pension liability was based on the District's share of contributions to the Plan relative to the total contributions of all participating Plan members, actuarially determined. At December 31, 2015, the District's proportionate allocation was 0.057856825%.

For the year ended June 30, 2016, the District recognized net pension expense of \$212,873, including employer contributions of \$167,794 paid during the Plan's year ended December 31, 2015.

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Contributions made subsequent to the measurement date | \$ 42,228 | \$ -- |
| Net difference between projected and actual earnings on investments | 330,028 | |
| Differences between expected and actual experience | -- | 28,511 |
| Changes in proportionate share of the net pension liability | <u>--</u> | <u>255,148</u> |
| Total | <u>\$ 372,256</u> | <u>\$ 283,659</u> |

The amount reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, in the amount of \$42,228, will be recognized as pension expense and a reduction of the net pension liability in the year ending June 30, 2017.

The average of the expected remaining service lives of all employees that are provided with pensions through the Plan (active and inactive employees), determined at January 1, 2015, the beginning of the measurement period ended December 31, 2015, is 3.9136 years.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 8. WYOMING RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN (cont.)

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

Year Ending June 30,

| | | |
|------|--|------------------|
| 2017 | | \$ (25,943) |
| 2018 | | (25,943) |
| 2019 | | 31,445 |
| 2020 | | <u>66,810</u> |
| | | <u>\$ 46,369</u> |

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Plan permitted under Wyoming Code is 30 years.

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | | |
|---------------------------|-----------------------------------|-------|
| Inflation | | 3.25% |
| Salary increases | 4.25 – 6.00%, including inflation | |
| Payroll growth rate | | 4.25% |
| Investment rate of return | 7.75%, net of investment expenses | |

Mortality rates were based on the RP – 2000 combined mortality table for healthy males or females as appropriate with the following post-retirement mortality offsets:

- Males: set back 1 year with a 104% multiplier
- Females: no setback with a 90% multiplier

Mortality rates were based on the RP – 2000 combined mortality table for healthy males or females as appropriate with the following pre-retirement mortality offsets:

- Males: set back 5 years with a 104% multiplier
- Females: set back 4 years with a 90% multiplier

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 8. WYOMING RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN (cont.)

Actuarial Assumptions, Continued

The assumed rate of investment return was adopted by the Plan's trustees after considering input from the Plan's investment consultant and actuary. Additional information about the assumed rate of investment return was included in the Plan's actuarial valuation report as of January 1, 2015. In addition, a five-year experience study was completed as of December 31, 2011 that provided a detailed analysis regarding recommendations on the long-term rates for inflation and the real rate of return. The assumed rate of investment return of 7.75% (real return net of inflation of 4.50%) falls within a reasonable range of the long-term rate of return.

The long-term expected rate of return on pension plan investments was determined using the building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset as of January 1, 2015 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------|------------------------------|---|
| Cash | 2.50% | 0.25% |
| Fixed income | 15.00% | 0.87% |
| Equity | 59.00% | 5.13% |
| Marketable alternatives | 15.50% | 4.75% |
| Private markets | <u>8.00%</u> | 5.84% |
| Total | <u><u>100.00%</u></u> | |

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects 1) a long-term expected rate of return on pension plan investments (to the extent that the Plan's fiduciary net position is projected to be sufficient to pay benefits using a 100-year analysis) and 2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For purposes of this valuation, the expected rate of return on pension plan investments is 7.75% and the municipal bond rate is 3.57%, which is based on the weekly rate closest to, but not later, than the measurement date of the "state and local bonds" rate from the Federal Reserve statistical release (H.15).

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 8. WYOMING RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN (cont.)

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| | 1% Decrease (6.75%) | Current Rate (7.75%) | 1% Increase (8.75%) |
|---|------------------------|-------------------------|------------------------|
| District's proportionate share of the net pension liability | \$ 1,934,801 | \$ 1,347,687 | \$ 851,333 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued WRS Plan financial report. A copy of the Plan's financial statements may be obtained by contacting the Wyoming Retirement System at 6101 Yellowstone Road, Suite 500, Cheyenne, WY 82002 or on the Plan website at <http://retirement.state.wy.us>.

Payables to the Pension Plan

At June 30, 2016, the District reported no amounts owing to the Plan for legally required employer contributions or employee contributions which had been withheld from employee wages but not yet remitted to the Plan.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Litigation

Various claims and lawsuits arising in the ordinary course of operations may be pending against the District. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of the District's Attorney, the liabilities which may arise from such action would not result in losses which would materially affect the financial position of the District or the results of its operations.

Insurance Coverage

The District is a member of the Local Government Liability Pool as authorized by State statute 1-42-101. Coverage of this pool includes general liability and public officials' errors and omissions. Participation by the District is voluntary. Participants may be terminated for failure to pay the required assessments. A joint powers board administers the pool. It is the board's duty to provide legal services for the defense of claims, procure insurance and professional services as required, establish and collect assessments from participating entities as necessary to operate the pool, and establish deductibles. Separate insurance coverage is maintained for property and vehicles. Settled claims have not exceeded the insurance coverage in any of the past three years. No significant reduction in the District's insurance coverage has occurred.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 9. COMMITMENTS AND CONTINGENCIES (cont.)

Group Health Insurance

The District participated in the County's self-insured health benefit plan through May 31, 2015. The purpose of this plan was to pay medical, dental and vision claims of County and other qualifying entities' employees and their covered dependents, and minimize the total cost of medical benefits. Medical claims exceeding \$125,000 per individual were covered by a stop-loss policy through a private insurance carrier. The County engaged the services of a plan administrator who, for an administration fee, serviced the claims and stop-loss premiums paid. Settled claims have not exceeded the stop-loss insurance limits in any of the past ten years.

The health insurance plan was funded by monthly contribution payments from the participating groups. For the eleven months ended May 31, 2015 and the year ended June 30, 2015, the District made contributions of \$306,710 and \$379,480, respectively, to the health insurance plan on behalf of its covered employees. As of June 1, 2015, the District changed their employee health insurance to a group policy with Blue Cross Blue Shield of Wyoming. The District made contributions to this health insurance plan on behalf of its covered employees during June 2015 totaling \$34,903.

The District also made contributions to the plan on behalf of its covered employees during the year ended June 30, 2016 totaling \$259,239. The District also makes contributions to health savings accounts for eligible employees.

The District also offered a self-funded death benefit to employees as a fringe benefit through May 31, 2015. The maximum death benefit was \$10,000 per employee. As of June 1, 2015 the District offers employees a group life insurance policy with a \$50,000 death benefit.

Contractual Agreement

The District entered into an agreement with the Northern Arapaho Tribe and the Eastern Shoshone Tribe ("the Tribes") for the operation of the transfer stations effective July 1, 2016, for a period of two years. The terms of the agreement are for the Tribes to manage and operate the four transfer stations located on the reservation. Either party may unilaterally terminate the agreement for cause.

NOTE 10. CLOSURE AND POST-CLOSURE CARE COST

State and federal laws and regulations require the District to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for at least 30 years after closure. After five years, the District can petition the State for official closure status. Closure and post-closure care costs will be paid only near or after the date that the landfills stop accepting waste. The estimated liability incurred to date is included as a liability of the District in the government-wide Statement of Net Position. Closure and post-closure care costs are recognized when incurred. The liability is adjusted each year to reflect costs incurred and changes in estimated remaining landfill capacity. The District estimates closure and post-closure care costs based on original landfill capacity and the estimated capacity used to date.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 10. CLOSURE AND POSTCLOSURE-CARE COST (cont.)

The landfill closure and post-closure care liability reported is based on the following estimated costs and capacities:

| <u>June 30,</u> | <u>Estimated Total Closure and Post-closure Care Costs</u> | <u>Percentage of Total Capacity Used</u> | <u>Liability</u> |
|-----------------|--|--|------------------|
| 2016 | \$ 17,384,000 | ~67% | \$ 11,700,000 |
| 2015 | 16,994,000 | ~65% | 11,000,000 |

These costs are based on what it would presently cost to perform all closure and post-closure care. Actual costs may be more or less due to inflation, changes in technology or changes in regulations.

The District estimates the remaining site life and capacity for each of the County's landfills to be as follows as of June 30, 2016:

| | <u>Remaining Site Life</u> | <u>Capacity Used</u> |
|----------------------|--------------------------------|----------------------|
| Lander – Phases 2–5 | 9 years | 77 % |
| Riverton – Sand Draw | 27 years | 59 % |
| Shoshoni | 67 years | 67 % |
| Dubois Expansion | 62 years | 7 % |

State and federal laws require the District to provide financial assurance that the closure and post-closure care requirements will be met. The District participates in a guarantee program administered by the State of Wyoming. Participation in this program satisfies the financial assurance requirements. The effective date of compliance with these requirements was April 9, 1997. The annual contributions amounted to \$213 for both years ended June 30, 2016 and 2015.

The landfills were previously required to be re-permitted by the Wyoming Department of Environmental Quality (WDEQ) every four years, although the State now has a “lifetime” permit process which allows permitting for a 25 year period. The permitting process was completed for all four sites during the fiscal year ended June 30, 2012. The operating permits were issued as follows: Dubois, issued August 23, 2011; Lander, issued January 5, 2012; Shoshoni, issued March 29, 2012; and Sand Draw, issued April 23, 2012. The District will pursue “lifetime” permits for Dubois and Sand Draw with the next permit application. The WDEQ also has a closure permit or delayed closure permit for landfills that will be closed in the near future. The District will seek a closure and a delayed closure permit for the Shoshoni and Lander sites, respectively.

The District has closed six sites. The State of Wyoming has assumed control over all six small landfills within Fremont County (Atlantic City, Jeffrey City, Hudson, Lysite, Pavillion and Missouri Valley), releasing the District of post-closure responsibilities and decreasing the amount of liability recognized by the District.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO THE FINANCIAL STATEMENTS (cont.)
JUNE 30, 2016 AND 2015**

NOTE 11. RELATED PARTIES

The District has a Memorandum of Understanding with Community Entry Services (CES) to advance the net proceeds of certain recycled products in exchange for sorting and monitoring delivery of recyclable materials. One of the current Board members of the District is employed by CES.

Required Supplementary Information

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
BUDGETARY COMPARISON SCHEDULES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

| | 2016 | | | 2015 | | |
|---|------------------------------|-----------------------------|--|------------------------------|-----------------------------|--|
| | Budget Original/ Final | Actual (Budgetary Basis) | Variance Favorable (Unfavorable) | Budget Original/ Final | Actual (Budgetary Basis) | Variance Favorable (Unfavorable) |
| BUDGETARY FUND BALANCE - | \$ (1,361,526) | \$ 6,993,713 | \$ 8,355,239 | \$ 306,430 | 5,020,391 | \$ 4,713,961 |
| RESOURCES (INFLOWS) | | | | | | |
| Taxes, primarily property | 3,070,300 | 3,083,051 | 12,751 | 3,072,718 | 3,095,253 | 22,535 |
| Intergovernmental | 25,000 | 40,137 | 15,137 | 171,148 | 63,565 | (107,583) |
| Charges for services | 2,462,000 | 2,633,594 | 171,594 | 2,381,000 | 2,685,076 | 304,076 |
| Investment income | 13,170 | 47,483 | 34,313 | 18,438 | 11,869 | (6,569) |
| Miscellaneous income | 4,500 | 576 | (3,924) | 0 | 1,422 | 1,422 |
| Sale of capital assets | 0 | 0 | 0 | 0 | 26,077 | 26,077 |
| Amount available for appropriation | <u>4,213,444</u> | <u>12,798,554</u> | <u>8,585,110</u> | <u>5,949,734</u> | <u>10,903,653</u> | <u>4,953,919</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | | | |
| Current | | | | | | |
| Wages | 1,139,800 | 1,061,343 | 78,457 | 1,319,530 | 1,175,642 | 143,888 |
| Employee benefits | 684,444 | 578,692 | 105,752 | 730,258 | 621,610 | 108,648 |
| Bad debt expense | 0 | 1,201 | (1,201) | 0 | 0 | 0 |
| Bale station operation and maintenance | 30,000 | 3,027 | 26,973 | 55,000 | 10,692 | 44,308 |
| Engineering fees | 316,500 | 206,694 | 109,806 | 398,000 | 159,015 | 238,985 |
| Equipment repairs | 154,500 | 57,968 | 96,532 | 176,500 | 154,624 | 21,876 |
| Financial assurance and regulatory fees | 5,000 | 1,513 | 3,487 | 5,000 | 713 | 4,287 |
| Grant expenses (except capital outlay) | 0 | 0 | 0 | 292,296 | 34,060 | 258,236 |
| Insurance | 42,650 | 35,217 | 7,433 | 42,150 | 40,117 | 2,033 |
| Leases | 30,000 | 22,530 | 7,470 | 16,000 | 21,495 | (5,495) |
| Office expenses and travel | 49,500 | 37,193 | 12,307 | 55,200 | 41,989 | 13,211 |
| Operation and maintenance | 407,000 | 200,394 | 206,606 | 417,000 | 271,715 | 145,285 |
| Professional fees | 99,950 | 52,078 | 47,872 | 172,800 | 58,241 | 114,559 |
| Recycling | 125,000 | 141,438 | (16,438) | 140,000 | 79,886 | 60,114 |
| Scale houses | 12,000 | 16,166 | (4,166) | 8,000 | 13,879 | (5,879) |
| Site improvements and maintenance | 154,500 | 61,667 | 92,833 | 80,000 | 71,792 | 8,208 |
| Supplies | 10,100 | 11,601 | (1,501) | 10,000 | 13,031 | (3,031) |
| Transfer stations | 255,000 | 255,470 | (470) | 254,000 | 251,057 | 2,943 |
| Utilities | 155,000 | 186,526 | (31,526) | 155,000 | 162,611 | (7,611) |
| Capital outlay | 542,500 | 43,043 | 499,457 | 1,623,000 | 727,771 | 895,229 |
| Total charges to appropriations | <u>4,213,444</u> | <u>2,973,761</u> | <u>\$ 1,239,683</u> | <u>5,949,734</u> | <u>3,909,940</u> | <u>\$ 2,039,794</u> |
| BUDGETARY FUND BALANCE - ENDING | \$ <u>-</u> | \$ <u>9,824,793</u> | | \$ <u>-</u> | \$ <u>6,993,713</u> | |

**Reconciliation of total charges to appropriations - actual
(budgetary basis) to total expenditures**

| | | |
|--|---------------------|---------------------|
| Total charges to Appropriations - Actual (budgetary basis, as above) | \$ 2,973,761 | \$ 3,909,940 |
| Encumbrances are not reported as expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance. | <u>0</u> | <u>0</u> |
| Total expenditures (GAAP Basis) (page 11) | \$ <u>2,973,761</u> | \$ <u>3,909,940</u> |

(See accompanying Report of Independent Auditor and Note to Budgetary Comparison Schedules.)

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTE TO THE BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2016 AND 2015**

NOTE A - BUDGETARY ACCOUNTING

The budgetary comparison schedules have been prepared on the modified accrual basis of accounting, which is the same basis of accounting used in the governmental fund financial statements. The modified accrual basis of accounting and account groupings reflected in the governmental fund financial statements differ from the presentation and account groupings required by Wyoming Statutes for Board of Directors' budgetary control at the functional level, as described in Note 2 to the Financial Statements. There were no instances in which actual expenditures exceeded budgeted expenditures at the functional levels required by Wyoming Statutes.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
SCHEDULE OF DISTRICT'S SHARE OF NET PENSION LIABILITY - WRS PUBLIC EMPLOYEES PENSION PLAN
LAST 10 FISCAL YEARS ***

| <u>Fiscal Year</u> | <u>Employer's Portion of NPL</u> | <u>Employer's Proportionate Share of NPL (a)</u> | <u>Employer's Covered Employee Payroll (b)</u> | <u>Employer's NPL as a Percentage of Covered Payroll (a/b)</u> | <u>Plan Net Position as a Percentage of Total Pension Liability</u> |
|--------------------|--------------------------------------|--|--|--|---|
| 2015 | 0.070184606% | \$ 1,238,542 | \$ 1,223,672 | 101.22% | 79.08% |
| 2016 | 0.057856825% | \$ 1,347,687 | \$ 1,037,030 | 129.96% | 73.40% |

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of December 31, 2015.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
SCHEDULE OF DISTRICT CONTRIBUTIONS - WRS PUBLIC EMPLOYEES PENSION PLAN
LAST 10 FISCAL YEARS ***

| Fiscal Year | Statutorily Required Contribution (a) | Actual Employer Contribution (b) | Contribution Deficiency (Excess) (a - b) | Employer's Covered Employee Payroll (c) | Contributions as a Percentage of Covered Employee Payroll (b / c) |
|------------------------|--|---|---|--|--|
| 2013 | \$ 105,169 | \$ 105,169 | \$ - | \$ 1,477,089 | 7.12% |
| 2014 | 97,254 | 97,258 | (4) | 1,365,926 | 7.12% |
| 2015 | 83,055 | 83,055 | - | 1,089,957 | 7.62% |
| 2016 | 85,449 | 85,449 | - | 1,020,898 | 8.37% |

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2016.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO WRS PUBLIC EMPLOYEES PENSION PLAN SCHEDULES
JUNE 30, 2016**

1. CHANGES IN BENEFIT TERMS

There were no changes in benefit terms during the Plan year ended December 31, 2015.

2. CHANGES IN COMPOSITION OF THE POPULATION

There were no changes in composition of the population during the Plan year ended December 31, 2015.

3. CHANGES IN ASSUMPTIONS

There was a single change in actuarial assumptions during the Plan year ended December 31, 2015. The range for salary increases decreased from 4.50 – 6.00% to 4.25 – 6.00%.

Other Supplementary Information

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
SCHEDULE OF WYOMING STATE ASSISTANCE
YEAR ENDED JUNE 30, 2016 AND 2015**

| <u>Source/Grant Number</u> | <u>Purpose</u> | <u>Total Amount Approved</u> | <u>Amount Drawn as of June 30, 2014</u> | <u>Amount Drawn During the Year Ended June 30, 2015</u> | <u>Amount Drawn During the Year Ended June 30, 2016</u> | <u>Balance Available to be Received</u> |
|--------------------------------|------------------------------|--------------------------------------|---|---|---|---|
| MRG-07221Fr | Sand Draw Landfill Expansion | \$ 281,000 | \$ 134,852 | \$ 17,030 | \$ 0 | 0 |

Compliance Reports



**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***

Board of Directors
Fremont County Solid Waste Disposal District
Lander, Wyoming

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Fremont County Solid Waste Disposal District ("the District"), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2016.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2016-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Response to the Finding

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

DeCoria, Maichel + Teague, P.S.
DeCoria, Maichel & Teague, P.S.
Spokane, Washington

October 31, 2016

**Fremont County Solid Waste Disposal District
Schedule of Findings and Responses
Year Ended June 30, 2016**

Section I – Summary of Auditor’s Results:

Financial Statements

The report of independent auditor expressed an unqualified opinion on the basic financial statements of Fremont County Solid Waste Disposal District.

The audit of the financial statements of Fremont County Solid Waste Disposal District disclosed a significant deficiency in internal control over financial reporting.

The significant deficiency in internal control over financial reporting was not considered to be a material weakness.

The audit disclosed no compliance findings material to the financial statements of Fremont County Solid Waste Disposal District.

Section II – Financial Statement Findings:

This section identifies the significant deficiencies, material weaknesses, and instances of non-compliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Finding 2016-001

| | |
|-----------------------|---|
| Condition | The size of the District’s staff is not large enough to permit a complete segregation of duties for an effective system of internal control over financial reporting. |
| Criteria | An effective system of internal control over financial reporting requires that closely related duties be segregated. |
| Effect | The concentration of closely related duties and responsibilities by a small staff makes it difficult to establish a complete system of automatic internal checks on the accuracy and reliability of the accounting records. |
| Cause | The District’s staff is too small to allow a complete segregation of duties for an effective system of internal control over financial reporting. |
| Recommendation | Although the District’s staff is not large enough to permit a complete segregation of duties for an effective system of internal control over financial reporting, we recommend that those responsible for governance be aware that the condition does exist. |
| Management’s Response | Management and the Board of Directors are aware of this condition and have made a conscious decision to accept the resulting degree of risk because of cost or other considerations. |

**Fremont County Solid Waste Disposal District
Status of Prior Year Findings
Year Ended June 30, 2016**

Finding 2015-001

Condition: The size of the District's staff is not large enough to permit a complete segregation of duties for an effective system of internal control over financial reporting.

Status: This condition continues to exist at June 30, 2016. See Finding 2016-001.