

**FREMONT COUNTY WEED & PEST DISTRICT  
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)**

**FINANCIAL REPORT**

**JUNE 30, 2016**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Fremont County Weed & Pest District  
Lander, WY 82520

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the general fund of Fremont County Weed & Pest District (a Component Unit of Fremont County, Wyoming), as of and for the year ended June 30, 2016, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the Fremont County Weed & Pest District as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–10, budgetary comparison information on page 30, and pension information on pages 31-33 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2016, on our consideration of Fremont County Weed & Pest District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Fremont County Weed & Pest District's internal control over financial reporting and compliance.

*Fagnant, Lewis & Brinda, P.C.*

Fagnant, Lewis & Brinda, P.C.  
Lander, Wyoming  
December 2, 2016

**Fremont County Weed & Pest District  
(a Component Unit of Fremont County, Wyoming)  
Management Discussion and Analysis  
for the Fiscal Year Ended June 30, 2016**

This section of the Fremont County Weed & Pest comprehensive Financial Report presents a discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2016. A comparative analysis of government-wide data will be presented. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**Financial Highlights**

The overall condition of all funds and governmental activities remains extremely strong for the District. All goals related to financial activities have been met and if revenue and expenditure patterns can be maintained, the resources for next year will be available.

Fremont County saw its assessed valuation decrease from \$916,766,870 in 2015 to \$672,842,756 in 2016. The District's assessed valuation is the same as Fremont County's. The District receives up to two mills, regulated by State statute, as well as self-generated income for Government contracts, and weed mitigation completed on lands within Fremont County, according to our purview.

The District's FY15-16 \$3.598 million budget is broken into four categories: Administration 7%; Operations 73%; Indirect Costs 17%; and Capital Equipment 3%. Significant classes of expenditure across categories include salaries, wages and related indirect payroll costs of \$1.782 million or 50%; and cost share of \$909,500, or 25% of the budget.

**Overview of the Financial Statements**

This annual report consists of two parts: Management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.

The remaining statements are *Fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.

The *Governmental funds statements* tell how basic services were financed in the *short-term*, as well as what finances remain for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and are related to one another.

**Figure A-1**  
**Fremont County Weed & Pest District Annual Financial Report**

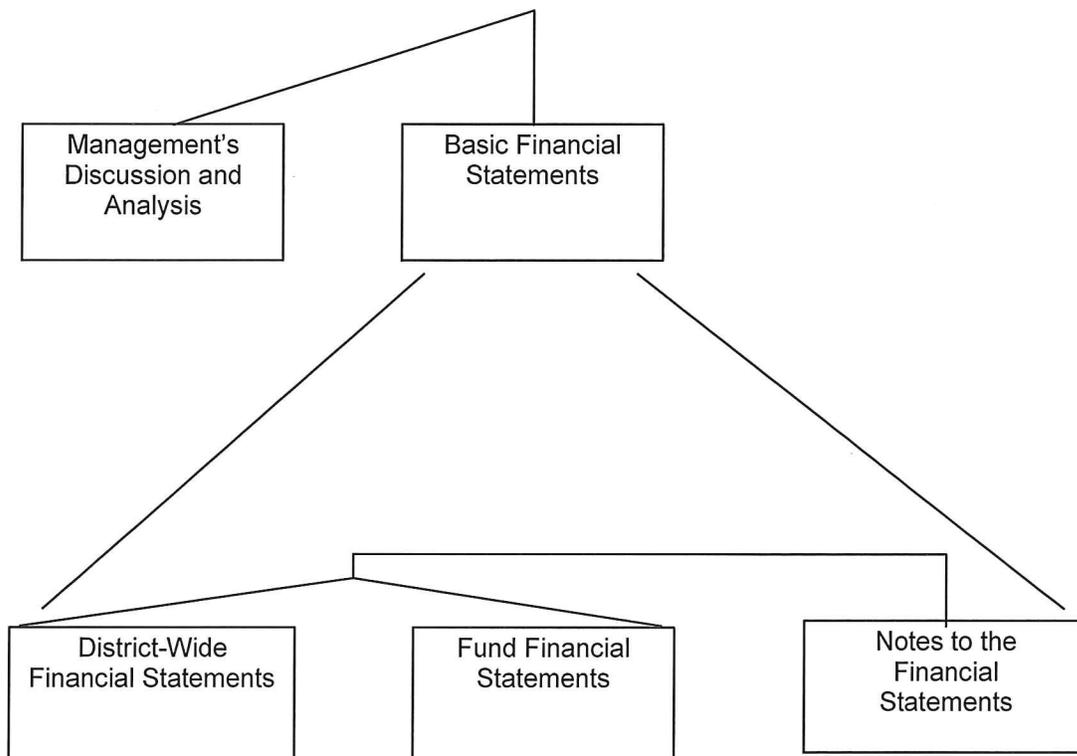


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that are covered and the types of information contained. The remainder of this overview section highlights the structure and contents of each statement.

**Figure A-2**  
**Major Features of the District-Wide and Fund Financial Statements**

	<u>District-Wide Statements</u>	<u>Governmental Funds</u>
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as vehicle and building maintenance
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of Asset/ Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up, and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.
Type of Inflow/ Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid out	Revenues for which cash is received during, or soon after, the end of the year; expenditures when goods or services have been received and the related liability is due and payable.

### **District-Wide Financial Statements**

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflow of resources, deferred outflow of resources, and liabilities. All of the current-year revenue and expenses are accounted for in the statement of activities, regardless of when cash was received or paid.

The two District-wide statements report the District's *net position* and changes. Net position, the difference between the District's assets, deferred inflow of resources, deferred outflow of resources, and liabilities, is one way to measure the District's financial health or *position*.

Over time, increases or decreases in the District's net position are indicators of whether the financial position is improving or deteriorating, respectively.

However, to assess the District's overall financial health, one needs to consider other factors such as changes in the District's property tax base, condition of the District's buildings and equipment, pending litigation, and legislative issues.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law, while other funds have been established to control and manage money for particular reasons, or to show that we are properly using certain revenues.

The District has the following major fund:

- *Governmental fund:* Most of the District's basic services are included in governmental fund, which generally focuses on, (1) how cash and other financial assets that can readily be converted to cash flow in and out and, (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statement provides a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information following the governmental funds statement explains the relationship (or differences) between them.

**Fremont County Weed & Pest District**  
 Management Discussion and Analysis  
 June 30, 2016

**Financial Analysis of the District as a Whole**

As shown in Figure A-3, the District's *combined* net position was \$1,519,652 at June 30, 2016.

**Figure A-3**

<b>Condensed Statement of Net Position</b>	<b>Governmental Activities</b>	<b>Governmental Activities</b>
	<b>2016</b>	<b>2015</b>
Current Assets	1,982,160	\$ 1,832,217
Capital Assets	602,164	613,431
<b>Total Assets</b>	<b>2,584,324</b>	<b>2,445,648</b>
Deferred Outflow of Resources	237,182	74,408
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 2,821,506</b>	<b>\$ 2,520,056</b>
Current Liabilities	219,702	201,500
Non-Current Liabilities	1,082,152	856,395
<b>Total Liabilities</b>	<b>1,301,854</b>	<b>1,057,895</b>
Net Investment in Capital Assets	602,164	613,431
Restricted	0	35,330
Unrestricted	917,488	813,400
<b>Total Net Positions</b>	<b>1,519,652</b>	<b>1,462,161</b>
<b>Total Liabilities and Net Positions</b>	<b>\$ 2,821,506</b>	<b>\$ 2,520,056</b>

**Figure A-4**

**Changes in Net Position from Operating Results**

	<b>Governmental Activities</b>	<b>Governmental Activities</b>
	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Property Taxes	2,030,909	\$ 2,009,842
Charges for Services	1,202,105	1,261,092
Grants	48,851	3,248
Miscellaneous	42,949	44,260
<b>Total Revenue</b>	<b>3,324,814</b>	<b>3,318,442</b>
<b>Expenditures</b>		
Administration	298,750	313,142
Operations	2,968,573	3,005,097
<b>Total Expenditures</b>	<b>3,267,323</b>	<b>3,318,239</b>
<b>Changes in Net Position</b>	<b>\$ 57,491</b>	<b>\$ 203</b>

Figure A-5

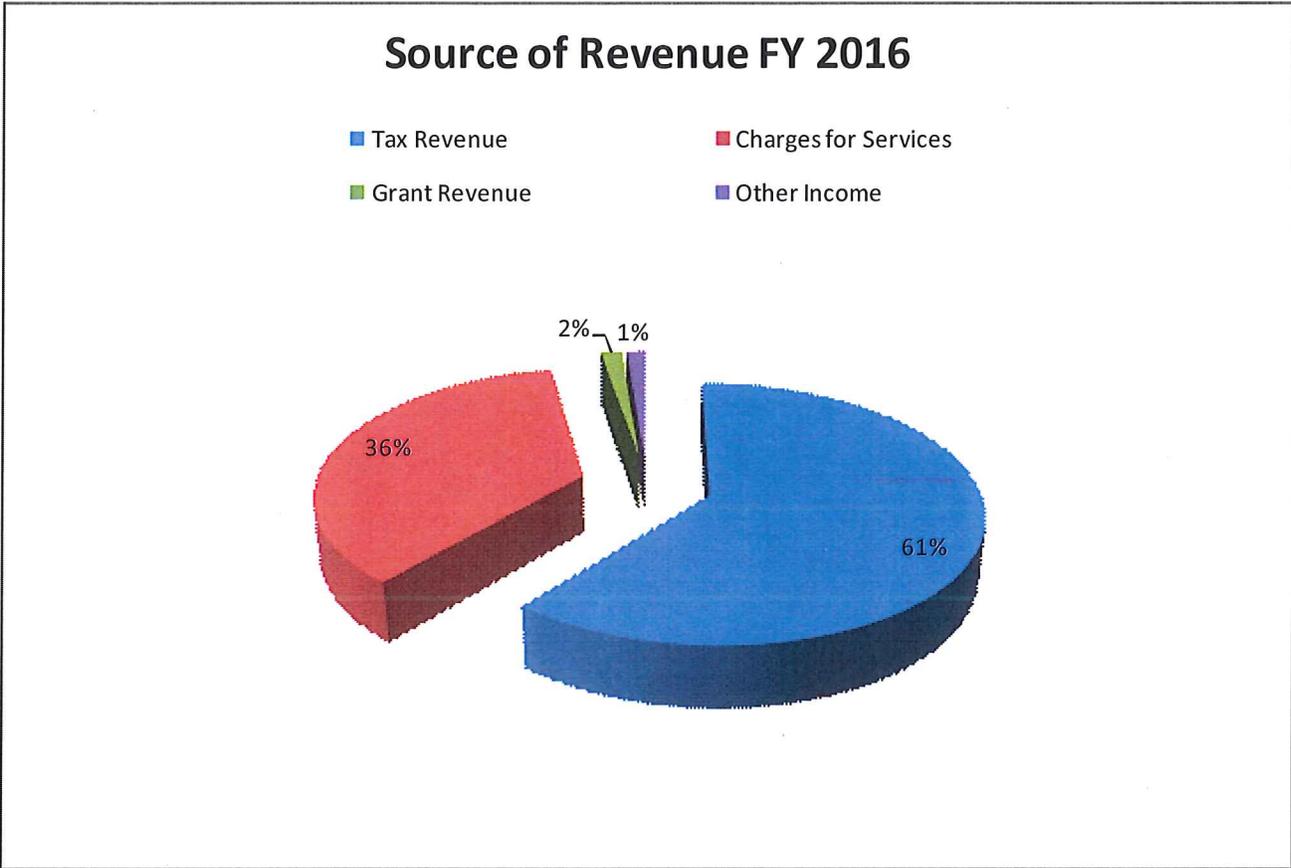
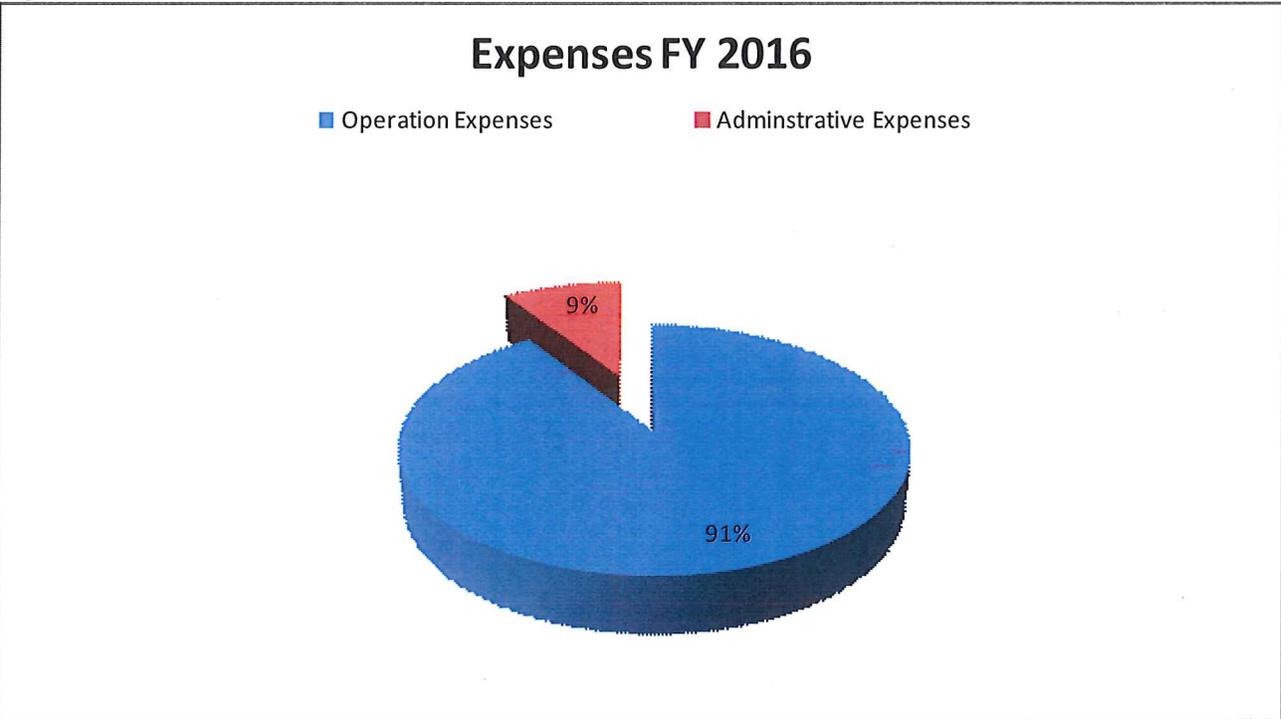


Figure A-6



**Fremont County Weed & Pest District**  
 Management Discussion and Analysis  
 June 30, 2016

**Governmental Activities**

Total governmental activities net expenses amounted to \$2,016,367. The governmental activities had a net increase of \$57,491. The ending net position for all governmental activities was \$1,519,652. This net position will be used to fund future programming, capital improvements, and for maintenance of adequate cash flow.

Figure A-7 presents the cost of the District's major activities. The table shows the total cost and the net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs, such as consolidated grant funds) of each activity.

Administration and general support includes those expenses associated with business administration, as well as day-to-day operating costs.

Figure A-7

**Net Cost of Governmental Activities**

	Total Cost of Services <u>2016</u>	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2016</u>	Net Cost of Services <u>2015</u>
Administration	298,750	313,142	298,750	313,142
Operations	<u>2,968,573</u>	<u>3,005,097</u>	<u>1,717,617</u>	<u>1,740,757</u>
<b>Total</b>	<u><u>\$ 3,267,323</u></u>	<u><u>\$ 3,318,239</u></u>	<u><u>\$ 2,016,367</u></u>	<u><u>\$ 2,053,899</u></u>

Operations and maintenance expenses include those involved with the general upkeep of the buildings and grounds, equipment, and costs of providing services.

**Fremont County Weed & Pest District**  
 Management Discussion and Analysis  
 June 30, 2016

**Capital Assets**

At the end of the fiscal year 2016, the District had \$1,915,453 invested in land, buildings, equipment and contents, and vehicles. Figure A-8 shows 2016 balances compared with 2015.

Figure A-8

**Governmental Capital Assets (Net of Depreciation)**

	2016	2015
Land	88,004	88,004
Buildings and Improvements	456,053	453,153
Office Equipment	100,123	105,813
Spray Equipment	236,961	237,699
Vehicles	<u>1,034,312</u>	<u>975,826</u>
 Total Capital Assets	 1,915,453	 1,860,495
 Less Accumulated Depreciation	 <u>1,313,289</u>	 <u>1,247,064</u>
 <b>Total</b>	 <b><u>602,164</u></b>	 <b><u>613,431</u></b>

**Current Issues**

During the budgeting process, the District assures that adequate funding is requested to allow the District to operate within its statutory obligations. The District also applies for grants from the State of Wyoming to continue the cost share programs to mitigate the expense to Fremont County land owners from the threat of West Nile Virus to livestock and to humans. As in recent years, the District received a grant from the Wyoming Department of Agriculture to help extend mapping programs of Districts across the state. The amount of each of these grants will be determined according to the needs of each program in the coming year. It is anticipated that the mosquito grant will be stable, as a result of the continuing impact from West Nile Virus.

**General Fund Budgetary Highlights**

All funds are legally required to be budgeted and appropriated. The District's Board of Directors annually adopts the budget at the State regulated budget hearing to be held no later than within five (5) days of the third Thursday in July. The Board of Directors may amend the budget after it is approved through the process of a budget hearing. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts adopted on July 11, 2016.

### **General Fund Budgetary Highlights (cont.)**

Because the District reacts to biological phenomenon and weather patterns, it makes it difficult to predict the fluctuation in some line items of our budget. The needs of the District can vary once the fiscal year begins. Although the largest portion of the budget remains as planned, the variances in expenditures reflect additional or changed needs throughout the year. Significant unanticipated revenues and/or expenditures that reflect major changes to the budget require a budget hearing to adopt an amended budget to approve the unanticipated revenues and/or expenditures according to State statutes.

The District follows the Wyoming Special District Accounting Handbook/Uniform Municipal Fiscal Procedures set by the State of Wyoming.

Major expenditures run from May through August (weed season) and depending on weather conditions, can be pushed to one fiscal year or another when the expenditures are accrued unpredictably. Additional information continues to be received after the mandated July date for the budget adoption. The District did exceed the budget on a couple of line items, although the overall expenditures on the budget were at 88.5% of the advertised budget.

### **Economic Factors and Next Year's Budgets**

With the current assessed valuation of the District, the traditional divisions of mill levy, and the self-generated income, the District expects revenue streams to be adequate to fund the District's needs. The Treasurer's office set the assessed valuation at 916.7 million for FY15-16. Due to the minimal change in the assessed value from FY14-15 to FY15-16, the Board adopted a budget for FY15-16 for 1.96 mills, which is identical to the levy from the FY14-15 budget.

Fremont County is expecting a large decrease from the FY15-16 assessed value of 916.7 million to approximately 647 million for FY16-17. As a result, the District will receive less revenue from the mill levy. The District is evaluating the impact of the large decrease and is exploring many options to make up the short fall, including, but not limited to, budget cuts and finding ways to increase its self-generated income.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report, or request for additional information should be addressed to:

Roz Westman, Business Manager  
Fremont County Weed & Pest District  
450 North 2<sup>nd</sup> Street, Room 325  
Lander, WY 82520  
Office: 307-332-1052 Fax: 307-332-1056  
Email: fcwp@wyoming.com

# **Government-Wide Financial Statements**

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**FREMONT COUNTY WEED & PEST DISTRICT**  
**(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

**ASSETS**

Current Assets

Cash and investments (Note 2)	\$ 1,255,313
Accounts receivable	250,312
Taxes receivable, net of allowance (Note 3)	75,463
Inventory	275,972
Due from primary government	125,100
Total Current Assets	1,982,160

Capital Assets (Note 4)

Land	88,004
Other capital assets, net of accumulated depreciation	514,160
Total Capital Assets	602,164
<b>TOTAL ASSETS</b>	<b>\$ 2,584,324</b>

**DEFERRED OUTFLOW OF RESOURCES**

Pension	237,182
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 237,182</b>

**LIABILITIES**

Current Liabilities

Accounts payable	\$ 96,242
Accrued expenses	88,615
Unearned revenue	34,845
Total Current Liabilities	219,702

Non-Current Liabilities

Compensated absences (Note 5)	70,674
Net pension liability	1,011,478
Total Non-Current Liabilities	1,082,152
<b>TOTAL LIABILITIES</b>	<b>1,301,854</b>

**NET POSITION**

Net investment in capital assets	602,164
Unrestricted	917,488
<b>TOTAL NET POSITION</b>	<b>\$ 1,519,652</b>

**FREMONT COUNTY WEED & PEST DISTRICT  
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

Function	Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental activities</b>				
Administration	\$ 298,750	\$ 0	\$ 0	\$ (298,750)
Operations	2,968,573	1,202,105	48,851	(1,717,617)
Total governmental activities	<u>\$ 3,267,323</u>	<u>\$ 1,202,105</u>	<u>\$ 48,851</u>	<u>\$ (2,016,367)</u>
<b>General revenues</b>				
Mill levy distributions				\$ 1,775,508
Motor vehicle taxes				255,401
Investment income				12,733
Gain on sale of capital assets				13,100
Other income				17,116
Total general revenues				<u>2,073,858</u>
Change in net position				57,491
<b>Net position - July 1, 2015</b>				<u>1,462,161</u>
<b>Net position - June 30, 2016</b>				<u>\$ 1,519,652</u>

# **Fund Financial Statements**

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**FREMONT COUNTY WEED & PEST DISTRICT  
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

Assets

Cash and cash equivalents	\$	1,255,313
Accounts receivable, net		250,312
Intergovernmental receivable, net		27,114
Due from primary government		125,100
Taxes receivable, net		48,349
Inventory		275,972
Total Assets and Deferred Outflows of Resources	\$	1,982,160

**LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

Liabilities

Accounts payable	\$	96,242
Accrued expenses		88,615
Unearned revenues		34,845
Total Liabilities		219,702

Deferred Inflows of Resources

Taxes		43,840
Total Liabilities and Deferred Inflows of Resources	\$	263,542

**FUND BALANCE**

Nonspendable - inventory		275,972
Unassigned		1,442,646
Total Fund Balance		1,718,618
Total Liabilities, Deferred Inflows and Fund Balance	\$	1,982,160

**FREMONT COUNTY WEED & PEST DISTRICT  
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 1,718,618</b>
 <b>Amounts reported for governmental activities in the statement of net position are different because:</b>	
Capital assets used in governmental activities are not financial resources, and therefore are not reported as assets in the governmental funds. The cost of assets is \$1,915,453, and the accumulated depreciation is \$1,313,289.	602,164
Receivables will be collected after this year and are not considered available soon enough to pay for current period's expenditures, and therefore are deferred in the governmental funds. Property taxes and grants	43,840
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, not reported in the governmental fund statements.	237,182
Long-term liabilities, including compensated absences, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Net pension liability	(1,011,478)
Compensated absences	<u>(70,674)</u>
 <b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	 <b><u>\$ 1,519,652</u></b>

**FREMONT COUNTY WEED & PEST DISTRICT**  
**(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2016**

**REVENUES**

Taxes, primarily property	\$ 2,034,754
Charges for services	1,205,705
Grants	84,181
Investment income	12,733
Other revenue	<u>17,116</u>
 Total Revenues	 <u>3,354,489</u>

**EXPENDITURES**

Administrative personnel services	252,966
Board expenses	7,414
Office expenses	29,655
Operations personnel services	1,376,817
Cost share programs	853,489
Contractual	79,877
General supplies	181,174
Pesticide	264,707
Insurance	19,283
Capital outlay	<u>118,191</u>

Total Expenditures	<u>3,183,573</u>
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Excess of revenues over (under) expenditures	<u>170,916</u>
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<b>FUND BALANCE - JULY 1</b>	<u>1,547,702</u>
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<b>FUND BALANCE - JUNE 30</b>	<u><u>\$ 1,718,618</u></u>
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**FREMONT COUNTY WEED & PEST DISTRICT  
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

**Total Net Change in Fund Balances - Governmental Funds** \$ 170,916

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

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the period.

Depreciation expense	(138,957)	
Capital outlay	118,191	(20,766)

In the statement of activities, the gain on the sale of capital assets is reported, whereas in the governmental fund, the proceeds from the sale of capital assets increase revenue. 9,500

Because some revenues will not be collected for several months after the District's fiscal year-end, they are not considered as "available" revenues in the governmental funds. (39,176)

Governmental funds report District pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

District pension contributions subsequent to measurement date	62,252	
Cost of benefits earned net of employee contributions (pension expense from pension schedule)	(120,201)	(57,949)

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. (5,034)

**TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 57,491

# **Notes to Financial Statements**

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**FREMONT COUNTY WEED & PEST DISTRICT**  
**(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - Nature of Business and Significant Accounting Policies**

**General Information**

Fremont County Weed & Pest District (District) was established in 1972. The District provides administrative services, acquires equipment, and maintains a workforce to fight the growth of noxious weeds in the area in and around Fremont County, Wyoming. The District also educates and cost-shares with individuals to help with their cause.

The Board of Directors of Fremont County Weed & Pest is appointed by the County Commissioners and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The District is administered by a Board of seven elected directors.

**Reporting Entity**

The Fremont County Weed & Pest District was created in 1972, under the authority of Wyoming Statute 11-5-101 for the operation and maintenance of noxious weeds in Fremont County. The District can levy up to one mill for the purpose of control, prevention, and education. The District can levy an additional one mill for the control of leafy spurge.

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, 2016, may be obtained at the County Courthouse.

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 on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

**Basis of Presentation**

The Weed & Pest District's basic financial statements consist of government-wide statements, consisting of a statement of net position, and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**A. Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the Weed & Pest District as a whole. These statements include the financial activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

**B. Fund Financial Statements**

During the year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Weed & Pest District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major governmental fund is presented in a separate column.

**NOTE 1 - Nature of Business and Significant Accounting Policies (cont.)**

**Fund Accounting**

The Fremont County Weed & Pest District uses funds to maintain its financial records with a self-balancing set of accounts.

**A. Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the District's major governmental fund:

- 1) **General Fund** - The General Fund is the operating fund of the District and is used to account for all financial resources not accounted for and reported in another fund. The General Fund balance is available to the District for any purpose, provided it is expended or transferred in accordance with general laws of Wyoming.

**Measurement Focus and Basis of Accounting**

**A. Government-Wide Financial Statements**

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

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**B. 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 available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The remaining receivables have been classified as deferred revenues and will be recognized as revenue in the period of the actual receipt. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**NOTE 1 - Nature of Business and Significant Accounting Policies (cont.)**

**Measurement Focus and Basis of Accounting (cont.)**

Property taxes, other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The Weed & Pest District reports the following major governmental fund:

**General Fund**

The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

**Budget and Budgetary Accounting**

The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts after approved budget amendments during fiscal year 2016.

The District follows these procedures in establishing the budgetary data reflected for the General Fund in the financial statements.

- A. The Board of Directors prepares and approves the District's budget prior to May 1 for the fiscal year commencing July 1. The budget is then submitted to the County Commissioners for approval. The operating budget includes proposed expenditures and means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year. The budget is submitted in summary form with more detailed line item budgets included for administrative control.
- B. Public hearings are advertised and conducted to obtain taxpayer comments.
- C. On the day of the public hearing, the budget is legally adopted through passage of a resolution.
- D. The Board of Directors can, after adequate public notice and a public hearing, amend the original budget.
- E. Appropriations lapse at the end of each fiscal year.

**Capital Assets**

General capital assets result from expenditures in the governmental funds and include property, plant, and equipment. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (of estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District capitalizes items costing \$1,000 or more that have estimated useful lives in excess of one year. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except for land and land improvements are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

**NOTE 1 - Nature of Business and Significant Accounting Policies (cont.)**

**Capital Assets (cont.)**

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	40 Years
Office and spray equipment	5-10 Years
Vehicles	5-10 Years

**Grants**

The District received a grant from the Wyoming Department of Agriculture for the Emergency Insect Management Program which allows funds to be spent on mosquito control throughout Fremont County.

**Inventory**

Materials and supplies used throughout the day-to-day business of the District are carried at cost as inventory and are charged to expense when consumed or sold. Inventory consists of various herbicides and insecticides used throughout the normal course of business.

**Accrued Liabilities**

All payables and accrued liabilities are reported in the government-wide financial statements.

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

**Compensated Absences**

The District 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. All leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported. The computed liability is in compliance with GASB Codification Section C60, *Accounting for Compensated Absences*.

**Unearned Revenues**

Unearned revenues include amounts received from customers and contract sponsors that have not been earned.

**Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's Wyoming Retirement System (WRS) Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by WRS. 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.

**NOTE 1 - Nature of Business and Significant Accounting Policies (cont.)**

**Fund Balance**

The District uses the fund balance definitions in GASB Codification Section 1800 for financial reporting for all governmental fund types. The definitions provide more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints.

- A. **Nonspendable fund balance** – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- B. **Restricted fund balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- C. **Committed fund balance** – amounts constrained to specific purposes by the District itself, enacted by resolution of the Board of Directors. Committed fund balance cannot be used for any other purpose unless the commitment expires as set forth in the resolution, or a new resolution is enacted by the District's Board of Directors.
- D. **Assigned fund balance** – amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the District's Board of Directors delegates authority.
- E. **Unassigned fund balance** – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The Weed & Pest District applies nonspendable, restricted, committed, assigned, and then unassigned resources when an expense is incurred for purposes that satisfy the related definition and criteria for the related fund balance classification shown above.

**Net position**

Net position is comprised of three categories: net investment in capital assets, restricted net position, and unrestricted net position. Each of the components of net position is reported separately on the statement of net position.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on the use of funds, either through the enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. A net position restriction has been established for amounts required to be set aside for a special mapping project.

The unrestricted portion of net position represents the remaining amounts after the "invested in capital assets" and "restricted" amounts have been determined. The District's positive value of unrestricted net position may be used to meet ongoing and future obligations. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**Use of Estimates**

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

**NOTE 1 - Nature of Business and Significant Accounting Policies (cont.)**

**Recently Adopted Accounting Standards**

The District adopted the following GASB Statements:

The Government Accounting Standards Board Statement (GASB) No. 72, *Fair Value Measurement and Application* was adopted by the District for 2016.

This Statement addresses 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.

This Statement requires the District to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount. Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

This Statement also establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs. An example would be management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

The Government Accounting Standards Board Statement (GASB) No. 79, *Certain External Investment Pools and Participants*.

This Statement addresses 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. The District has evaluated its application in regards to the presentation of the financial statements of the District.

**Subsequent Events**

Management has evaluated subsequent events through December 2, 2016, the date the financial statements were available to be issued.

**NOTE 2 - Deposits and Investments**

The carrying amount of the District's deposits June 30, 2016, was \$1,255,313, of which, \$183,247 was cash held in two financial institutions which are covered by federal depository insurance up to \$250,000 per financial institution. The remaining balance of \$1,072,066 was held within the Wyo-Star investment pool.

Statutes authorize the District to invest primarily in various federal government instruments, certificates of savings and loan associations, and bank certificates of deposits. The District has elected to invest cash in excess of immediate needs in interest bearing bank accounts and the Wyoming State Treasurer's (Wyo-Star) investment pool.

Fair Value of Investments

The Wyo-Star investment pool is an external investment pool administered by the Wyoming State Treasurer. The pool invests in U.S. Treasury and Government Agency securities, and repurchase agreements collateralized with similar securities. The pooled securities are held in safekeeping by a third party trust in the pool's name. The fair value of the District's position in the pool approximates the value of the pool shares. The Wyo-Star investment pool is not rated.

The District defines fair value as 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 in accordance with the Government Accounting Standards Board Statement (GASB) No. 72, *Fair Value Measurement and Application*. This statement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 Fair Value Measurements

The fair value of government and municipal obligations, corporate obligations, and equities are based on quoted values of the shares held by the District at year-end. One hundred percent of the investments held by the pool, on behalf of the District, fall into this category.

Level 2 Fair Value Measurements

These are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means.

Level 3 Fair Value Measurements

These are largely unobservable inputs for the asset or liability; they should be used only when relevant Level 1 and Level 2 inputs are unavailable.

**NOTE 3 - Taxes Receivable**

The District's property taxes are levied at the County level on October 1 of each year. The County Assessor is responsible for the assessment of all taxable real property within Fremont County. The County Treasurer computes the annual tax for each parcel of real property and prepares tax books used as the basis for issuing tax bills to all taxpayers in the County.

Property taxes are collected by the County Treasurer, who remits to each unit its respective share of the collections. Provided the payments are timely, the tax can be paid in two equal installments on November 10 and May 10, or the tax may be paid in full on December 31. Taxes collected are distributed after the end of each month.

Taxes receivable represents uncollected taxes and interest thereon, net of an allowance for uncollectibles which amounts to approximately \$10,000.

**Fremont County Weed & Pest District**  
Notes to Financial Statements  
June 30, 2016

**NOTE 4 - Capital Assets**

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
<b>Governmental Activity</b>				
<b>Capital Assets, Not Being Depreciated</b>				
Land	\$ 88,004	\$ 0	\$ 0	\$ 88,004
<b>Total Capital Assets, Not Being Depreciated</b>	<u>88,004</u>	<u>0</u>	<u>0</u>	<u>88,004</u>
<b>Capital Assets, Being Depreciated</b>				
Buildings and improvements	453,153	2,900	0	456,053
Office Equipment	105,813	1,509	(7,199)	100,123
Spray Equipment	237,699	18,462	(19,200)	236,961
Vehicles	975,826	104,819	(46,333)	1,034,312
<b>Total Capital Assets, Being Depreciated</b>	<u>1,772,491</u>	<u>127,690</u>	<u>(72,732)</u>	<u>1,827,449</u>
<b>Less Accumulated Depreciation</b>				
Buildings and improvements	185,741	14,091	0	199,832
Office Equipment	91,326	7,845	(7,199)	91,972
Spray Equipment	196,168	19,377	(19,200)	196,345
Vehicles	773,829	97,644	(46,333)	825,140
<b>Total Accumulated Depreciation</b>	<u>1,247,064</u>	<u>138,957</u>	<u>(72,732)</u>	<u>1,313,289</u>
<b>Capital Assets, Being Depreciated, Net</b>	<u>525,427</u>	<u>(11,267)</u>	<u>0</u>	<u>514,160</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 613,431</u>	<u>\$ (11,267)</u>	<u>\$ 0</u>	<u>\$ 602,164</u>

**NOTE 5 - Long-Term Debt**

The following is a summary of changes in long-term debt of the District for the year:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance End of Year</u>	<u>Current Portion of Long-Term Debt</u>
Accrued compensated absences	\$ 65,640	\$ 104,632	\$ 99,598	\$ 70,674	\$ 0
Net pension liability	<u>790,755</u>	<u>220,723</u>	<u>0</u>	<u>1,011,478</u>	<u>0</u>
<b>Total</b>	<u>\$ 856,395</u>	<u>\$ 325,355</u>	<u>\$ 99,598</u>	<u>\$ 1,082,152</u>	<u>\$ 0</u>

**Accrued Compensated Absences**

Compensation for vacation, sick leave, and comp time is recorded as expenditure in the year paid to employees. Vacation vests with employees at their anniversary date of employment. The liability for vested, unpaid compensated absences is included in the financial statements as accrued compensated absences.

**NOTE 6 - Defined Benefit Pension Plans**

**General Information about the Pension Plan**

*Plan Descriptions* - Substantially all qualified employees of the State, Public School Systems, and other political subdivisions of Wyoming which have elected to participate are eligible for the Public Employees Pension Plan, a cost-sharing, multiple employer defined benefit pension plan administered by the Wyoming Retirement System (WRS). Benefit provisions under the Plan are established by State statute. WRS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the WRS website.

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through the date of termination or, if they are vested, they may elect to remain in the Plan and be eligible for retirement benefits at age 50 (Tier 1 employees) and 60 (Tier 2 employees).

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

Benefits are determined based on two tiers:

Tier 1 are members who joined WRS by August 31, 2012. The Plan allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service. Benefits are calculated as 2.125% of employee's highest average salary for each year of credited service for the first 15 years of service plus 2.25% of the highest average salary for any years of service credit exceeding 15 years. This amount is reduced by 5% per year that the employee is under age 60.

Tier 2 are members who joined WRS after August 31, 2012. The Plan allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service. Benefits are calculated as 2% of employee's highest average salary for each year of credited service. This amount is reduced by 5% per year that the employee is under age 65.

All employees may also retire upon normal retirement on the bases that the sum of the employee's age and service is at least 85.

*Contributions* - The Plan statutorily requires 16.62% of the participant's salary to be contributed to the Plan. Contributions consist of 8.25% of the participant's salary as employee contributions and 8.37% as employer contributions. The amount of contributions designated as employee contributions represent the portion of total contributions that a participant retains ownership of and can elect to receive as a refund upon termination of employment. Employers can elect to cover all or a portion of the employee's contribution at their discretion. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2016, the contributions from the District that are recognized as part of pension expense for the Plan were as follows:

Contributions - employer	\$64,246
Contributions - employee (paid by employer)	\$63,324

**NOTE 6 - Defined Benefit Pension Plans (cont.)**

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

As of June 30, 2016, the District reported a net pension liability of \$1,011,478 for its proportionate share of the net pension liability of the Plan.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015 rolled forward to December 31, 2015 using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of December 31, 2015 was .04342 percent, which was a decrease of .00139 percent from its .04481 percent proportionate share at December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$184,073. At June 30, 2016, the District reported deferred inflows and outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$62,252	\$0
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	0	(52,872)
Net differences between projected and actual earnings on Plan Investments	249,200	0
Net differences between expected and actual experience on net (inflows)/outflows of resources	0	(21,398)
<b>Total</b>	<u><u>\$311,452</u></u>	<u><u>(\$74,270)</u></u>

The \$62,252 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2017	\$35,548
2018	35,548
2019	53,691
2020	50,143

**NOTE 6 - Defined Benefit Pension Plans (cont.)**

*Actuarial Assumptions* - The total pension liabilities in the January 1, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	January 1, 2016
Actuarial Cost Method	Individual Entry-Age Normal
Amortization Method	Level Percent Open
Actuarial Assumptions:	
Discount Rate	7.75%
Inflation	3.25%
Projected Salary Increase	4.25% - 6%
Investment Rate of Return	7.75%
Mortality	RP-2000 Combined Mortality Table

*Discount Rate* - The discount rate used to measure the total pension liability was 7.75% for the Plan. The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Wyoming State Statutes. Based on those assumptions, the WRS fiduciary net position was projected to be available to make all the projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

DISCOUNT RATE			
Single Discount Rate	Long-Term Expected Rate of Return	Long-Term Municipal Bond Rate*	Last year ending December 31 in the 2015 to 2114 projection period for which projected benefit payments are fully funded
7.75%	7.75%	3.570%	2114

\*Source: "State & local bonds" rate from Federal Reserve statistical release (H.15) as of December 31, 2015. The statistical release describes the rate as "Bond Buyer Index, general obligation, 20 years to maturity, mixed quality."

In determining the long-term expected rate of return, the Plan assumes a long-term investment rate of return of 7.75%. The long-term rate of return is determined through a 4.5% net real rate of return and an inflation rate of 3.25%. The following table represents a comparison of an annual money-weighted rate of return, net of investments expenses compared to the expected real rate of return.

Annual money-weighted rate of return, net of expenses for the fiscal year ended December 31, 2014	Annual money-weighted rate of return, net of expenses for the fiscal year ended December 31, 2015	Expected rate of return net investment expenses
4.70%	(0.26)%	4.50%

**NOTE 6 - Defined Benefit Pension Plans (cont.)**

The table below reflects the assumed asset allocation of the Plan's portfolio, the long-term expected rate of return for each asset class and the expected rate of return is presented arithmetic and geometric. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Major Portfolio Class	30 Year Assumptions – Nominal Arithmetic Return	30 Year Assumptions – Real Arithmetic Return	Policy Allocation	30 Year Assumptions – Nominal Geometric*
Total Plan	8.27%	5.30%	100.00%	7.56%
US Equity	8.83%	5.92%	25.00%	
Non-US Equity	10.37%	7.42%	30.00%	
Fixed Income	3.86%	1.08%	15.00%	
Real Estate	7.50%	4.62%	3.00%	
Private Markets	10.31%	7.36%	9.00%	
Hedge Funds	6.86%	4.00%	8.50%	
GAA	7.17%	4.30%	3.00%	
Risk Parity	6.72%	3.87%	4.00%	
Cash	3.00%	0.25%	2.50%	

\* Geometric return projections by asset class are not presented. Only the aggregate plan-level geometric projection is included.

*Sensitivity of the 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 for the Plan, calculated using the discount rate for each Plan, 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 1-percentage point lower or 1-percentage point higher than the current rate:

	WRS
1% Decrease Net Pension Liability	6.75% \$1,452,124
Current Discount Rate Net Pension Liability	7.75% \$1,011,478
1% Increase Net Pension Liability	8.75% \$638,950

*Pension Plan Fiduciary Net Position* - Detailed information about each pension plan's fiduciary net position is available in the separately issued WRS financial reports.

**Payable to the Pension Plan**

At June 30, 2016, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

**NOTE 7 - Contingencies**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2016.

**B. Litigation**

The District is contingently liable in respect to lawsuits and claims in the ordinary course of its operations. In the opinion of District personnel, the settlement of such contingencies would not affect the financial position of the District at June 30, 2016. Should any claims prove to be a detriment to the District, they will be recorded as expenditure in the period in which a liability is realized.

**C. Property and Liability Risk Management**

Real and personal property owned by the District is subject to loss from natural disasters and actions of others. In addition, the District has the potential to be named as a responsible party in liability claims. The District purchases commercial insurance packages to offset such losses, should they occur.

## **Required Supplementary Information**

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**FREMONT COUNTY WEED & PEST DISTRICT**  
**(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes, primarily property	\$ 2,019,205	\$ 2,019,205	\$ 2,034,754	\$ 15,549
Charges for services	997,800	997,800	1,205,705	207,905
Grants	148,400	148,400	84,181	(64,219)
Investment income	10,600	10,600	12,733	2,133
Other revenue	500	500	17,116	16,616
	<u>3,176,505</u>	<u>3,176,505</u>	<u>3,354,489</u>	<u>177,984</u>
<b>EXPENDITURES</b>				
Current				
General government				
Administrative personnel services	166,500	166,500	155,779	10,721
Board expenses	9,000	9,000	7,414	1,586
Office expenses	69,600	69,600	58,686	10,914
Operations personnel services	1,090,100	1,090,100	914,589	175,511
Travel	26,300	26,300	11,784	14,516
Operating supplies	195,500	195,500	181,174	14,326
Cost Share Program	909,500	909,500	853,489	56,011
Contractual arrangements	74,000	74,000	68,307	5,693
Other operations	330,600	330,600	264,707	65,893
Insurance	23,000	23,000	19,283	3,717
Indirect payroll costs	605,700	605,700	530,170	75,530
Capital outlay	98,500	98,500	118,191	(19,691)
	<u>3,598,300</u>	<u>3,598,300</u>	<u>3,183,573</u>	<u>414,727</u>
Excess of revenues over (under) expenditures	<u>(421,795)</u>	<u>(421,795)</u>	<u>170,916</u>	<u>592,711</u>
<b>FUND BALANCE - JULY 1</b>	<u>1,547,702</u>	<u>1,547,702</u>	<u>1,547,702</u>	<u>0</u>
<b>FUND BALANCE - JUNE 30</b>	<u>\$ 1,125,907</u>	<u>\$ 1,125,907</u>	<u>\$ 1,718,618</u>	<u>\$ 592,711</u>

**FREMONT COUNTY WEED & PEST DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
WYOMING RETIREMENT SYSTEM  
PUBLIC EMPLOYEES PENSION PLAN**

Fiscal Year\*

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.04481%	0.04342%
District's proportionate share of the net pension liability	\$ 790,755	\$ 1,011,478
District's covered-employee payroll	\$ 774,877	\$ 767,569
District's proportionate share of the net pension liability as a percentage of its covered payroll	102.05%	131.78%
Plan fiduciary net position as a percentage of the total pension liability	79.08%	73.40%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred year-end that occurred within the fiscal year.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**FREMONT COUNTY WEED & PEST DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
WYOMING RETIREMENT SYSTEM  
PUBLIC EMPLOYEES PENSION PLAN**

Fiscal Year

	<b>2015</b>	<b>2016</b>
Contractually required contributions	\$ 122,973	\$ 127,570
Contributions in relation to the contractually required contribution	122,973	127,570
Contribution deficiency (excess)	\$ 0	\$ 0
District's covered payroll	\$ 774,877	\$ 767,569
Contributions as a percentage of covered employee payroll	15.87%	16.62%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**FREMONT COUNTY WEED & PEST DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY  
PENSION INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

*Changes to benefit terms* - There are no changes in benefit terms from prior year.

*Changes in assumptions* - There are no changes in actuarial assumptions from prior year.

**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**

To the Board Members  
Fremont County Weed & Pest District  
Lander, WY

We have audited, in accordance with the 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 Weed & Pest District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 2, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fremont County Weed & Pest 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 Fremont County Weed & Pest District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fremont County Weed & Pest 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 certain deficiencies in internal control, described as 2016-001 finding that we consider to be significant deficiencies.

**SIGNIFICANT DEFICIENCIES IN CONTROL STRUCTURE**

**SEGREGATION OF DUTIES - 2016-001**

**Criteria**

Circumstances permitting, accounting and bookkeeping duties should be assigned to different individuals to promote safeguarding of assets and accuracy of financial information.

**Condition**

The number of employees performing the preparation of payroll is not sufficient to provide an adequate segregation of duties.

## **Effect**

Because of the limited number of individuals involved in the preparation of payroll, there is a greater risk that assets will not be properly safeguarded and that errors in financial information will occur and not be detected in a timely manner.

## **Recommendation**

Although it may not be cost efficient to increase the number of employees performing payroll functions, all employees either supervising or performing the duties, and the Board of Directors of the District, should constantly be aware of this deficiency in internal controls.

## **Response**

Since we are a small district office it is difficult to maintain a constant segregation of duties with limited resources. We continue to practice oversight at each level to ensure proper segregation of duties, to the highest extent possible. As time allows, we will continue to cross-train office staff. We must, however, take into consideration the additional work created by segregation of duties, and do not wish to duplicate redundant work. The District realizes that there are limitations to separation of duties in an office of this size. District personnel have and will continue to avail themselves of various classes and training to assist in the internal controls and procedures of the District office.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fremont County Weed & Pest 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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Fagnant, Lewis & Brinda, P.C.*

Fagnant, Lewis & Brinda, P.C.  
Lander, WY  
December 2, 2016