



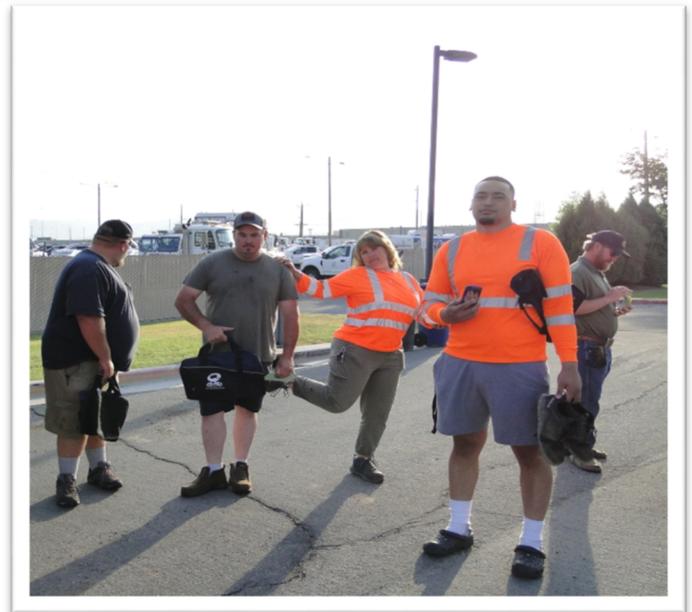
Wasatch Front Waste & Recycling District

Midvale, Utah

2021 NWRA Driver of the Year



Celebrating Women's History Month



Celebrating National Garbage Person Day

Annual Comprehensive Financial Report
For The Fiscal Period Ended December 31, 2021



Wasatch Front Waste & Recycling District, Midvale Utah
Annual Comprehensive Financial Report
For the Fiscal Period Ended December 31, 2021

Prepared by the Finance Team



Wasatch Front Waste & Recycling District
Annual Comprehensive Financial Report
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TABLE OF CONTENTS

INTRODUCTORY SECTION	2
ORGANIZATIONAL CHART	9
LIST OF ADMINISTRATIVE CONTROL BOARD AND APPOINTED OFFICIALS.....	10
FINANCIAL SECTION	11
INDEPENDENT AUDITOR’S REPORT	12
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	15
BASIC FINANCIAL STATEMENTS	22
STATEMENT OF NET POSITION	23
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	25
STATEMENT OF CASH FLOWS	26
NOTES TO THE FINANCIAL STATEMENTS	28
REQUIRED SUPPLEMENTARY INFORMATION.....	58
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY.....	59
SCHEDULE OF CONTRIBUTIONS	60
SCHEDULE OF CHANGE IN NET OPEB LIABILITY AND RELATED RATIOS	61
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION.....	62
OTHER SUPPLEMENTARY INFORMATION	65
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BUDGET TO ACTUAL	66
STATISTICAL SECTION	67
NET POSITION BY COMPONENT	68
CHANGES IN NET POSITION	69
CHARGES FOR SERVICES	71
RATIOS OF OUTSTANDING DEBT	72
DEMOGRAPHIC AND ECONOMIC STATISTICS-SALT LAKE COUNTY	73
FULL-TIME EQUIVALENT (FTE) DISTRICT EMPLOYEES BY FUNCTION/PROGRAM	74
PRINCIPAL EMPLOYERS OF SALT LAKE COUNTY	75
OPERATING INDICATORS BY FUNCTION/PROGRAM.....	76
CAPITAL ASSETS COST BY FUNCTION/PROGRAM	77
SCHEDULE OF INSURANCE	78
ADDITIONAL AUDITOR’S REPORTS	79



Introductory Section



June 22, 2022

Dear Honorable Board,

As you may know, Utah State Law requires that within six months of the close of each fiscal year all general-purpose local governments publish a complete set of financial statements. These statements must be presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants.

In accordance with that requirement, we are presenting the Annual Comprehensive Financial Report of the Wasatch Front Waste & Recycling District (WFWRD) or the District for the fiscal year ending December 31, 2021. This report consists of management's representations concerning the finances of WFWRD. We, as management, accept full responsibility for the completeness and reliability of all the information presented in this report.

WFWRD's financial statements have been audited by Squire & Company, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of WFWRD for the fiscal year ending December 31, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

Based upon the audit, Squire & Company, PC, concluded that there was a reasonable basis for rendering an unmodified opinion that WFWRD's financial statements for the fiscal year ending December 31, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter is designed to balance the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Management staff have established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

Our comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.



Profile of the Government

The District was originally created in 1977, by the Salt Lake County Commission under their authority from Utah State Statutes related to Special Service Districts. The creating resolution empowered the Salt Lake County Commission, and thereafter the County Council with all governing authority over the District.

The District has authority to impose a service fee to each property owner within its boundaries that receives waste collection services. The District relies on user fees that are assessed to each property owner to support the operations of the organization since it does not levy a tax.

Over the years, cities incorporated, and each of their respective elected officials expressed a desire to have a say in their waste collection services rather than being represented by the County Council. Therefore, in 2010, the County Council created the Board and allowed representation of the four incorporated cities in the District. At that time, the cities of Taylorsville, Herriman, Cottonwood Heights, and Holladay each had one representative while the County had five members to make up the nine-member board.

On January 1, 2013, WFWRD was established as a separate entity and remained a special service district with ties to Salt Lake County. Upon separation, the Salt Lake County Council reduced to four board members and Murray City appointed a representative from their council for the annexed portion of the city. The Board remained with nine members.

With the incorporation of Millcreek City, the five Metro Townships of Emigration Canyon, Kearns, Magna, Copperton, White City and the Town of Brighton, the governing board expanded to fifteen elected officials representing each municipality within the District boundaries. Board members are appointed by their respective councils. Under State Statute, the board members serve four-year terms, and each appointed member does so to the best of their ability.

All policy making is vested in the board members. The governing board is responsible for passing resolutions, adopting the budget, appointing committees, and providing “advice, direction, and consent” for the General Manager’s appointments.

The District offices are located in Midvale City, which is 12 miles from Salt Lake City, the capital of Utah. The District boundaries cover an area of approximately 300 square miles. The U.S. Census Bureau estimated the 2021 population of Salt Lake County, the area in which the District operates, to be 1,186,421 residents. The customer base is approximately 85,900 households, and WFWRD staff generally travel over 1,210,000 miles each year to provide the needed collection services.

The General Manager serves as the Chief Executive Officer and Administrative Officer. The General Manager’s responsibilities include carrying out the policies of the governing board and developing standard operating procedures that will guide management in the best practices for administrative functions and the day-to-day operations of the District. The General Manager may make transfers between operating functions if needed. Transfers of appropriations from capital purchases and increases in the over-all annual budget require the approval of the governing board.



Our mission states: “To provide sustainable integrated waste and recycling collection services for the health and safety of our community...because not everything fits in the can.” WFWRD provides a full range of services to meet the demands of its residents, weekly garbage and recycling collections, annual container reservations, emergency disaster aid, leaf bag collections, curbside Christmas tree collections, bulky waste and green waste trailer rentals, centralized glass collections and non-residential collections for government facilities.

Factors Affecting Financial Condition

WFWRD’s financial statements are best understood when given context of our operational environment, which are listed below.

Labor force: WFWRD employs 94 full-time employees and approximately 28 part-time, primarily seasonal, positions for the seasonal container program. Although 2021 had significant effects on some businesses, the waste and recycling industry was not negatively impacted due to the health and safety needs of our communities.

Long-term financial planning: The District Board views the continued operation and the continued financial solvency as its primary subject. Some of the key areas for the future include keeping up with competing workforce markets for commercial driver's license (CDL) drivers, and the salary market adjustments needed for recruitment and retention for all staff positions, and the unknowns of the recycling and commodity markets. Management strives to tackle these challenges as we work to keep user fees as low as possible to remain viable in a competitive business environment.

Local economy: Utah’s unemployment rate decreased in 2021 compared to 2020. The state unemployment rate remained below the national unemployment average. The Salt Lake County area, where WFWRD is located, has an employed labor force of approximately 610,000, and average wages of approximately \$1,234 per week, according to the United States Bureau of Labor Statistics.

Challenges the District navigates include rising salary markets, fleet fuel and maintenance prices, commodities markets that influence recycling fees, landfill dumping fees and personnel recruitment and retention. Vehicle replacement is important to providing services and the cost of one residential sideload truck is significant at approximately \$328,000 in 2021.

Risk Management: WFWRD has a risk management program in conjunction with the District’s liability insurance provider, the Utah Local Governments Trust (ULGT, or the Trust). Training opportunities continue to be offered in areas of leadership, loss control, health maintenance, and safe work environment training. Service-specific training is provided to employees to prevent risk as per industry standards.

The District also follows all laws and regulations related to Department of Transportation (DOT), Commercial Driver’s License (CDL) and the Federal Motor Carriers (FMCSA) requirements for drug and alcohol testing and reporting.



Significant Awards and Accomplishments

WFWRD continues to award our employees for their outstanding efforts in customer service, safety, teamwork and years of service.

2021 was a productive year with equipment operator Ryan Jones winning the National Waste and Recycling (NWRA) Driver of the Year-public sector award. The District has nominated a driver each year since 2011 and Ryan is the fifth district driver to win this prestigious award with four others making it to runner-up status. The award is presented to the driver who exemplifies safe and responsible operations, has outstanding performance records, and whose contributions have enhanced the overall safety and image of the solid waste industry.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to WFWRD for its Annual Comprehensive Financial Report for the fiscal years ended December 31, 2016, 2017, 2018, 2019 and 2020.

A Certificate of Achievement is valid for a period of one year. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we will submit it to GFOA to determine its eligibility for another certificate.

Community Outreach: The District continues to provide community outreach for recycling education. We made the needed adjustments during the pandemic and started remote classes using web-based systems to reach classrooms throughout 2021.

Looking Ahead

The District made great strides to reorganize from a special district to a local district with each of the thirteen municipalities adopting resolutions in support of WFWRD re-organization as a local district. With this overwhelming support, the Administrative Control Board made a formal request to the Salt Lake County Council on August 3, 2021. The Salt Lake County Council, as the legislative body of the county that created WFWRD, may reorganize WFWRD (a special service district) as a local district in accordance with Utah Code Ann. § 17D-1-604.

The re-organization gives the board total governing authority under state statute rather than granted by the County Council. The board composition, operations and financial management all remain the same. WFWRD also continues to operate as an enterprise fund under Utah State Statutes and assesses fees for the services provided to the residents served.

The County Council experienced competing priorities related to COVID restrictions and public outcry related to mask mandates, vaccines, etc. Therefore, the Board's request was pushed to the end of 2021, and again into early 2022.



Recycling markets continue to improve and fees for processing have dropped below the fees to process garbage. Although there are market improvements, we remain skeptical on pricing and have budgeted conservatively to allow financial flexibility within our annual budget.

Management's challenge remains to keep up with the labor market demands for CDL drivers. WFWRD may need to, once again, make salary market adjustments for those positions, which will require additional financial commitments to perform the mandated services for our communities.

Acknowledgements

Management would like to express our appreciation to the dedicated staff of the budget and finance team, the Human Resource Manager and the Operations Manager who assisted and contributed to the preparation of this report. We also thank our auditors, Squire & Company, PC, for their assistance and support of this report.

And of course, credit must be given to the Board for their ongoing support for maintaining the highest standards of professionalism in the management of the WFWRD finances.

Respectfully submitted,

A handwritten signature in black ink that reads "Pam Roberts".

Pam Roberts
General Manager, Chief Executive Officer

A handwritten signature in black ink that reads "Paul Korth".

Paul Korth
Finance Director, Chief Financial Officer

A handwritten signature in black ink that reads "Matt Jorgensen".

Controller, Treasurer



Government Finance Officers Association

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Wasatch Front Waste & Recycling District Utah

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

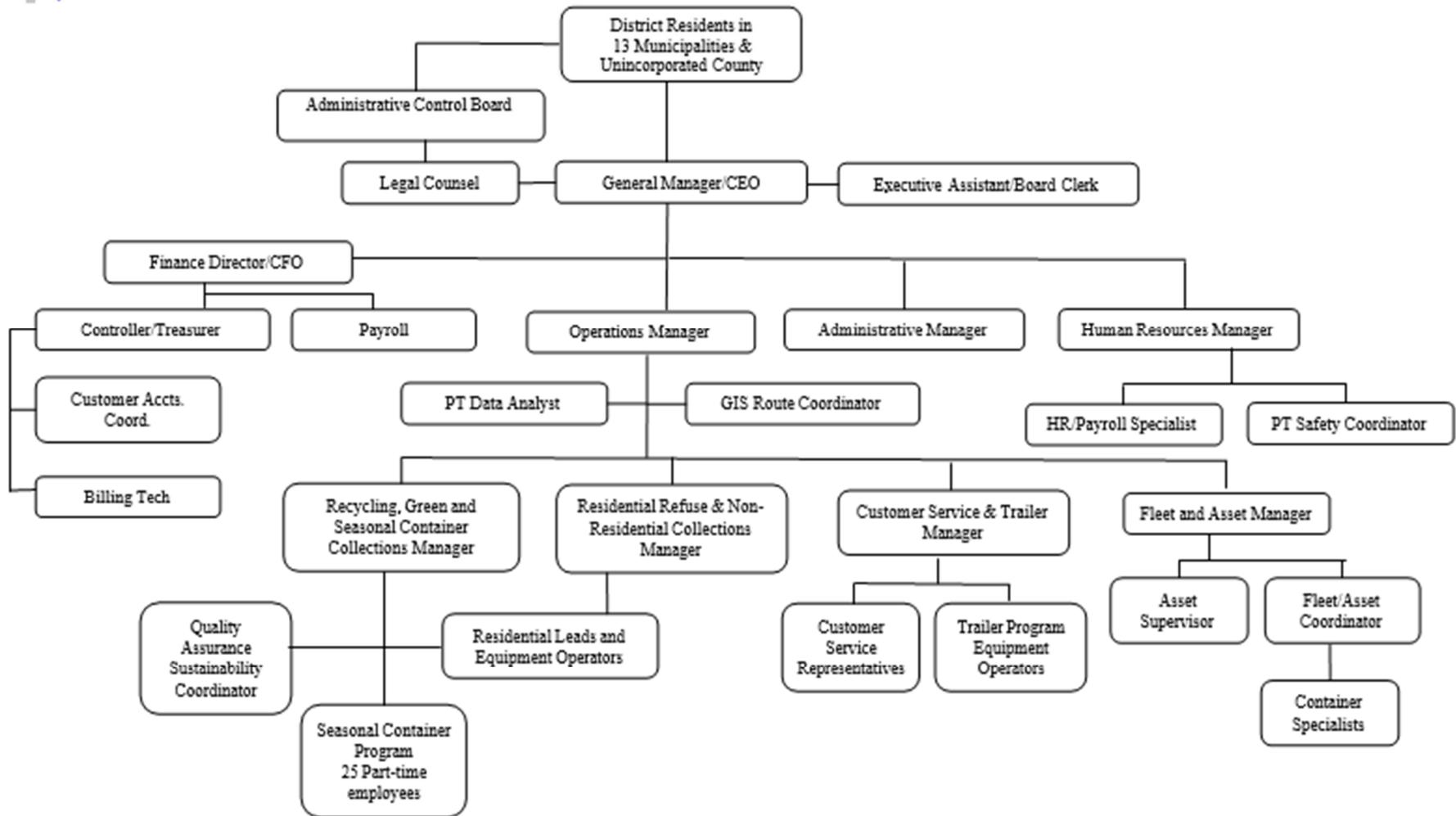
December 31, 2020

Christopher P. Morill

Executive Director/CEO



WASATCH FRONT WASTE & RECYCLING DISTRICT Organizational Chart





Wasatch Front Waste & Recycling District

List of Administrative Control Board and Appointed Officials 2021

Administrative Control Board

Board Chair	Scott Bracken	Cottonwood Heights
Board Vice Chair	Sherrie Ohrn	Herriman City
Board Member	Keith Zuspan	Town of Brighton
Board Member	Tessa Stitzer	Copperton Metro Township
Board Member	Catherine Harris	Emigration Metro Township
Board Member	Daniel Gibbons	Holladay City
Board Member	Patrick Schaeffer	Kearns Metro Township
Board Member	Brint Peel	Magna Metro Township
Board Member	Dwight Marchant	Millcreek City
Board Member	Diane Turner	Murray City
Board Member	Kris Nicholl	Sandy City
Board Member	Anna Barbieri	Taylorsville City
Board Member	Kay Dickerson	White City Metro Township
Board Member	Jim Bradley	Salt Lake County

Appointed Officials

General Manager/Chief Executive Officer: Pam Roberts
Finance Director/Chief Financial Officer: Paul Korth
Controller/Treasurer: Craig Adams



Financial Section



Independent Auditor's Report

Administrative Control Board
Wasatch Front Waste and Recycling District

Opinion

We have audited the accompanying financial statements of Wasatch Front Waste and Recycling District (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of Wasatch Front Waste and Recycling District as of December 31, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wasatch Front Waste and Recycling District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wasatch Front Waste and Recycling District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Wasatch Front Waste and Recycling District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wasatch Front Waste and Recycling District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the proportionate share of the net pension liability, the schedule of contributions, the schedule of change in the net OPEB liability and related ratios, and the related notes to the required supplementary information 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of revenues, expenses and changes in net position budget to actual and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenues, expenses and changes in net position budget to actual is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenses and changes in net position budget to actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2022, 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 solely 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 effectiveness of the District's 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.

Squire & Company, PC

Orem, Utah
June 22, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Wasatch Front Waste & Recycling District, we provide readers of the Wasatch Front Waste & Recycling District's financial statements this narrative, overview, and analysis of the financial activities of the Wasatch Front Waste & Recycling District for the fiscal year ended December 31, 2021.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Wasatch Front Waste & Recycling District activities exceeded the liabilities and deferred inflows of resources as of the close of 2021 by \$24,100,871 (net position) compared to \$23,890,622 in the prior year. The unrestricted net position was \$12,415,070 as of December 31, 2021 compared to \$12,375,827 unrestricted net position in the prior year. The unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors.
- The District expended \$4,575,488 in 2021 compared to \$2,761,145 in 2020 for capital assets (primarily vehicles).
- The District vehicles were driven 1,214,284 miles in 2021 compared to 1,233,368 miles in 2020 to provide services in the District.
- The cost of fuel for 2021 was \$1,125,122 compared to \$995,544 in 2020.
- Vehicle maintenance for 2021 was \$3,377,225 compared to \$3,448,266 in 2020.
- The District delivered 127,326 tons of refuse with a cost of \$4,232,050 in 2021 to waste facilities compared to 131,275 tons of refuse, with a cost of \$4,325,914 in 2020.
- The recycling revenues for 2021 were \$48,422 compared to \$0 in 2020. The recycling fees for 2021 totaled \$330,584 compared to \$1,058,749 for 2020.
- The Diversion from standard disposal methods (recycling, glass, green) was 26,377 tons in 2021 compared to 27,978 tons in 2020.
- There were approximately 85,900 homes being served at the end 2021 compared to approximately 85,800 homes served at the end of 2020.



OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's financial statements included in this annual report are those of a special purpose government entity engaged only in a business-type activity.

The financial statements distinguish functions of the District that are principally supported by activities that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The District has no governmental activities. The business-type activities of the District include Refuse and Recycling Collections, Container Reservations, Glass Collections, Trailer Program, and Green Collections.

The District's basic financial statements are presented using the accrual basis of accounting, which provides for revenue recognition in the period in which services are provided and expense recognition when goods and services are received.

Additionally, the District's basic financial statements utilize the flow of economic resources measurement focus, in which all assets and liabilities are reflected on the *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Net Position* includes all transactions, such as revenues and expenses that increase or decrease the net position.

The statements are comprised of two components: 1) Basic financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The following basic *financial statements* are included in this report:

The *Statement of Net Position* presents information on all the assets, deferred outflow of resources related to pensions, liabilities and deferred inflow of resources related to pensions, of the District, with the difference reported as *net position* (see page 23).

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the organization is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the District's net position changed during the most recent fiscal year.

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). The statement reports the District's operating and nonoperating revenue by source along with operating and nonoperating expenses and capital contributions (see page 25).

The *Statement of Cash Flows* reports the District's cash flows from operating activities, investing, capital and noncapital activities (see page 26).



NOTES TO THE FINANCIAL STATEMENTS. The *notes* provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes are part of the basic financial statements.

OTHER INFORMATION. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District.

FINANCIAL ANALYSIS. Net position may serve as a useful indicator of a government’s financial position over time. In the case of Wasatch Front Waste & Recycling District, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$24,100,871 (net position) at the close of fiscal year 2021.

An additional portion of the District’s net position (approximately 48%) represents resources that are classified as net investment in capital assets. The remaining balance of unrestricted net position of \$12,415,070 may be used to meet the District’s ongoing obligations to citizens and creditors.

As of December 31, 2021, the District had positive balances in the net position.

	December 31, 2021	December 31, 2020	Difference
Current and other assets	\$ 15,847,012	\$ 16,113,584	\$ (266,572)
Noncurrent assets	13,263,291	13,300,753	(37,462)
Total Assets	<u>29,110,303</u>	<u>29,414,337</u>	<u>(304,034)</u>
 Deferred outflow of resources	 <u>1,191,356</u>	 <u>1,029,101</u>	 <u>162,255</u>
 Current liabilities	 1,534,702	 1,535,465	 (763)
Long term liabilities	3,398,464	4,378,734	(980,270)
Total Liabilities	<u>4,933,166</u>	<u>5,914,199</u>	<u>(981,033)</u>
 Deferred inflow of resources	 <u>1,267,622</u>	 <u>638,617</u>	 <u>629,005</u>
 Net Position:			
Net investment in capital assets	11,685,801	11,514,795	171,006
Unrestricted net position	12,415,070	12,375,827	39,243
Total Net Position	<u>\$ 24,100,871</u>	<u>\$ 23,890,622</u>	<u>\$ 210,249</u>

OPERATIONAL ACTIVITIES. Operational activities increased the District’s net position by \$600,563 in 2021 compared to a decrease of \$864,849 in 2020. The increase from the prior year was primarily due to decreased recycling fees in 2021.

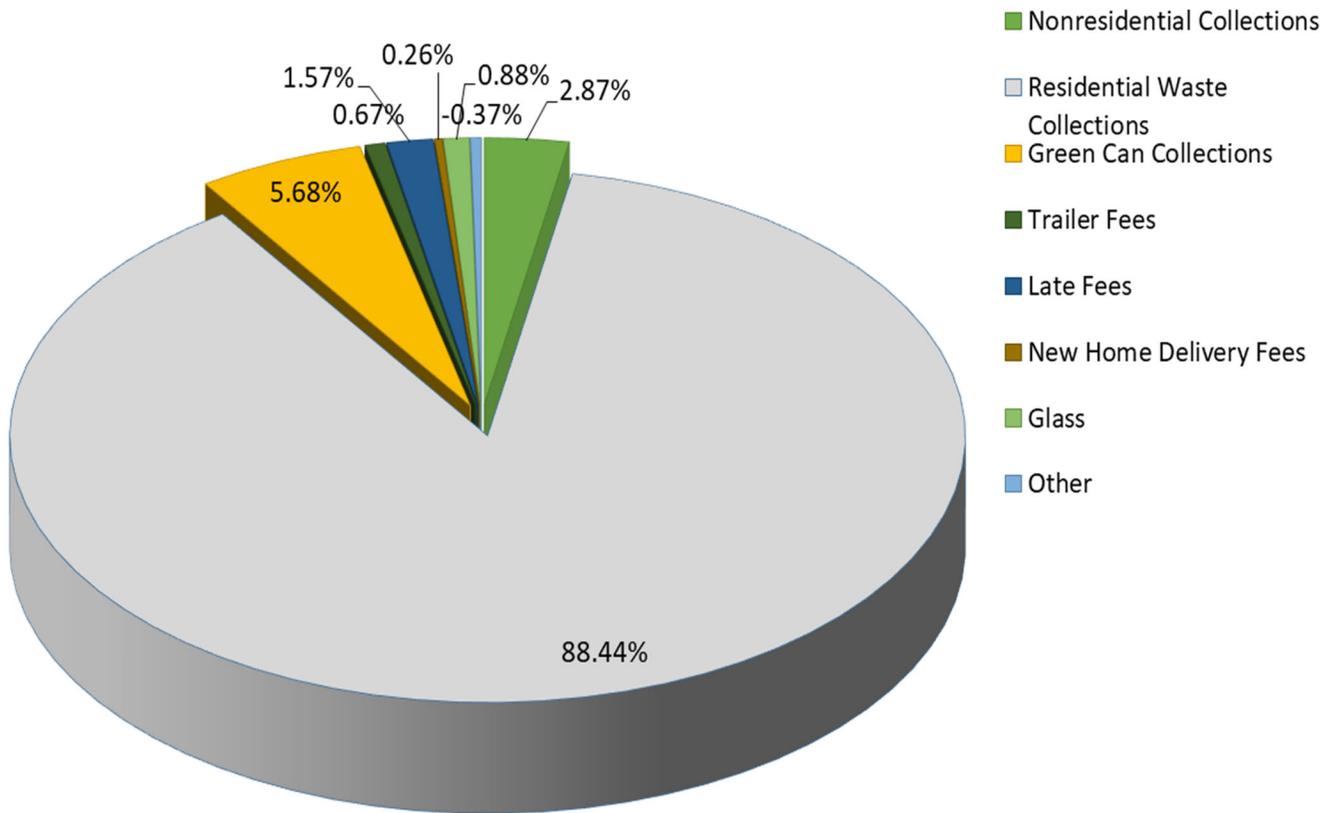


For many of the operational expenses such as facility expense, vehicle repair and maintenance expense, fuel expense, landfill expense, and recycling expense the District has contractual arrangements.

The District exercised prudent management in the capital outlay expenses. Funding for capital assets was primarily for large vehicles. In 2021, the District purchased capital assets for \$4,575,488. More information concerning the District’s capital assets can be found in the notes to the financial statements.

A visual representation of the revenues for 2021 by source:

REVENUES BY SOURCE
For Period Ending December 31, 2021



BUSINESS-TYPE ACTIVITIES. The net position of Business-Type Activities totals \$24,100,871.



WASATCH FRONT WASTE AND RECYCLING DISTRICT

Statement of Revenues, Expenses, and Changes in Net Position

For the Periods Ended December 31, 2021 and 2020

	Business-Type Activities		Difference
	2021	2020	
Operating revenues			
Collection services	\$ 21,390,964	\$ 20,902,763	\$ 488,201
Other revenues	583,327	701,234	(117,907)
Total revenues	<u>21,974,291</u>	<u>21,603,997</u>	<u>370,294</u>
Operating expenses			
Salaries, wages and employee benefits	7,979,672	7,892,793	(86,879)
Utilities, telephone and building expenses	416,835	738,705	321,870
Professional	36,637	32,994	(3,643)
Vehicle maintenance and fuel	4,502,347	4,443,810	(58,537)
Landfill disposal fees	4,232,050	4,325,914	93,864
Recycling fees	330,584	1,058,749	728,165
Can purchases	545,524	436,338	(109,186)
Other	1,223,554	1,346,651	123,097
Depreciation	2,106,525	2,192,892	86,367
Total operating expenses	<u>21,373,728</u>	<u>22,468,846</u>	<u>1,095,118</u>
Operating income/(loss)	<u>600,563</u>	<u>(864,849)</u>	<u>1,465,412</u>
Non-operating income (expense)			
Interest expense	(74,612)	-	(74,612)
Interest income	63,244	162,758	(99,514)
Gain/(loss) on sale/disposal of assets	(365,642)	(324,866)	(40,776)
Gain/(loss) on investments	(13,304)	20,207	(33,511)
Total non-operating income (expense)	<u>(390,314)</u>	<u>(141,901)</u>	<u>(248,413)</u>
Income (loss) before contributions and transfers	<u>210,249</u>	<u>(1,006,750)</u>	<u>1,216,999</u>
Change in net position	<u>210,249</u>	<u>(1,006,750)</u>	<u>1,216,999</u>
Net position - beginning	<u>23,890,622</u>	<u>24,897,372</u>	<u>(1,006,750)</u>
Net position - ending	<u>\$ 24,100,871</u>	<u>\$ 23,890,622</u>	<u>\$ 210,249</u>



CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS. Because the District only uses an enterprise fund, all capital assets are included in this fund.

Major capital asset cash outflows consist primarily of new vehicle purchases.

A primary concern of the District is the maintenance and upkeep of the District vehicles and the financing of future capital assets.

A listing of the District's capital assets is as follows:

Wasatch Front Waste and Recycling District

Capital Assets

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Land	\$ 1,904,800	\$ 1,904,800
Land Improvements	380,426	216,835
Buildings	455,098	455,098
Equipment	601,065	616,900
Vehicles	20,502,328	19,608,638
Office Furniture/Equipment	160,038	160,038
Leased Assets	1,785,958	1,785,958
Less Accumulated Depreciation	<u>(12,526,422)</u>	<u>(11,447,514)</u>
Total	<u>\$ 13,263,291</u>	<u>\$ 13,300,753</u>

Readers desiring more detailed information on capital asset activity can refer to note 5 of the financial statements.

LONG-TERM DEBT

At the end of 2021, the District had recorded long-term debt in regards to leases (see note 6).



ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Wasatch Front Waste & Recycling District is located in Salt Lake County. The unemployment rate for Salt Lake County as of December 2021 was 1.3% compared to 3.4% in December 2020. The unemployment rate for Salt Lake County is less than the reported U.S. unemployment rate as of December 2021 of 3.9% (unemployment rates obtained from Federal Reserve Economic Data).
- The District continues to exercise conservatism and prudence with regards to expenses, employee compensation, and capital assets. The District looks for savings opportunities in areas such as tracking/monitoring miles, fuel consumption, repairs and maintenance, employees' work time, risk management; monitoring vehicles for optimum re-sale potential; and seeks contracts that maximize the purchasing power of the District.
- One of the major fiscal and budget issues is the increasing costs such as landfill costs, personnel costs, maintenance costs, fuel costs, and equipment costs. The District will continue to evaluate the effects of the increased costs and effectively manage the operations.
- The District sought and was approved for a service fee rate increase for fiscal 2018 to help cover increasing costs. Approval for the rate increase included approval of the majority of the District's participating entities.

REQUESTS FOR INFORMATION. The financial report is designed to provide a general overview of Wasatch Front Waste & Recycling District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Wasatch Front Waste & Recycling District, District Clerk, 604 West 6960 South, Midvale, Utah 84047.

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Basic Financial Statements



WASATCH FRONT WASTE & RECYCLING DISTRICT
Statement of Net Position
December 31, 2021

	<u>2021</u>
	<u>Refuse and</u>
	<u>Recycling</u>
ASSETS	
Current Assets	
Cash - checking	\$ 759,205
Cash - state treasurer's pool	1,626,555
Investments	7,115,936
Accounts receivable	5,836,219
Prepaid expenses	355,733
Inventory	<u>153,364</u>
Total Current Assets	<u>15,847,012</u>
Noncurrent Assets	
Capital Assets, at cost	
Land	1,904,800
Improvements	380,426
Buildings and improvements	455,098
Machinery and equipment	21,263,431
Leased assets	1,785,958
Less: accumulated depreciation	<u>(12,526,422)</u>
Total Noncurrent Assets	<u>13,263,291</u>
Total Assets	<u>29,110,303</u>
DEFERRED OUTFLOW OF RESOURCES	
Pension related	<u>1,191,356</u>

See accompanying notes to the financial statements.



WASATCH FRONT WASTE & RECYCLING DISTRICT
Statement of Net Position (continued)
December 31, 2021

	<u>2021</u>
	<u>Refuse and Recycling</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	\$ 890,838
Accrued salaries and benefits payable	231,191
Other current liabilities	20,000
Compensated absences	176,758
Leases payable - current	215,915
Total Current Liabilities	<u>1,534,702</u>
Noncurrent Liabilities	
Compensated absences	320,315
Net OPEB liability	1,387,127
Net pension liability	178,862
Other noncurrent liabilities	150,585
Leases payable - long term	1,361,575
Total Noncurrent Liabilities	<u>3,398,464</u>
Total Liabilities	<u>4,933,166</u>
DEFERRED INFLOW OF RESOURCES	
Pension related	1,267,622
NET POSITION	
Net investment in capital assets	11,685,801
Unrestricted net position	12,415,070
Total Net Position	<u>\$ 24,100,871</u>

See accompanying notes to the financial statements.



WASATCH FRONT WASTE & RECYCLING DISTRICT
Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2021

	<u>Refuse and Recycling</u>
Operating revenues	
Collection services	\$ 21,390,964
Other revenues	583,327
Total revenues	<u>21,974,291</u>
Operating expenses	
Salaries, wages and employee benefits	7,979,672
Utilities, telephone and building expenses	416,835
Professional	36,637
Vehicle maintenance and fuel	4,502,347
Landfill disposal fees	4,232,050
Recycling fees	330,584
Can purchases	545,524
Other	1,223,554
Depreciation	2,106,525
Total operating expenses	<u>21,373,728</u>
Operating income/(loss)	<u>600,563</u>
Non-operating income (expense)	
Interest expense	(74,612)
Interest income	63,244
Gain/(loss) on sale/disposal of assets	(365,642)
Gain/(loss) on investments	(13,304)
Total non-operating income (expense)	<u>(390,314)</u>
Change in net position	<u>210,249</u>
Net position - beginning	<u>23,890,622</u>
Net position - ending	<u>\$ 24,100,871</u>

See accompanying notes to the financial statements.



WASATCH FRONT WASTE & RECYCLING DISTRICT

Proprietary Fund
Statement of Cash Flows

For the Year Ended December 31, 2021

	Business-Type Activities
	Refuse and Recycling
Cash Flows From Operating Activities	
Receipts from customers	\$ 22,055,325
Payments to suppliers	(11,749,737)
Payments to employees and employee benefits	(8,228,149)
	<u>2,077,439</u>
Net Cash Provided By Operating Activities	2,077,439
Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	(2,789,530)
Proceeds from the sale of capital assets	354,825
Interest paid	(74,612)
Principal payments on leases payable	(208,468)
	<u>(2,717,785)</u>
Net Cash (Used) By Financing Activities	(2,717,785)
Cash Flows From Investing Activities	
Interest and dividends received	63,244
Purchase of investments	(2,215,762)
Proceeds from investment maturities and calls	2,177,554
	<u>25,036</u>
Net Cash Provided By Investing Activities	25,036
Net increase in cash and cash equivalents	(615,310)
Cash and cash equivalents - beginning	3,001,070
Cash and cash equivalents - end	<u>\$ 2,385,760</u>
Noncash financing, capital, or investing activities:	
Unrealized investment loss	(13,304)

See accompanying notes to the financial statements.



WASATCH FRONT WASTE & RECYCLING DISTRICT

Proprietary Funds

Statement of Cash Flows (*Continued*)
For the Year Ended December 31, 2021

	Business-Type Activities
	Refuse and Recycling
Reconciliation of operating income to net cash provided by operating activities:	
Operating Income	\$ 600,563
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	2,106,525
Change in accounts receivable	81,034
Change in prepaid expenses	(340,133)
Change in inventory	(64,736)
Change in accounts payable and accrued expenses	(57,338)
Change in accrued salaries and benefits payable	73,035
Change in compensated absences	64,064
Change in other liabilities	(17,737)
Change in net OPEB liability	86,606
Change in pension liability	(454,445)
Total Adjustments	<u>1,476,875</u>
Net cash provided by operating activities	<u>\$ 2,077,438</u>
Reconciliation of total cash and cash equivalents	
Cash checking	\$ 759,205
Cash - state treasurer's pool	1,626,555
Total cash	<u>\$ 2,385,760</u>

See accompanying notes to the financial statements.



Notes to the Financial Statements

The notes to the financial statements are included to provide information that is essential to the user's understanding of the basic financial statements.



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Wasatch Front Waste & Recycling District, Utah (District) was established under what is now the governing code of Utah Code Annotated Title 17D, with some sections that pertain to the District in Utah Code Annotated 17-B.

The District operates under a Board - Chief Executive Officer form of government and provides the following broad range of services to its customers: Refuse and Recycling Collections, Seasonal Container Reservation Program (formerly Area Clean-up), Trailer Program, Green and Glass collections.

Accounting and Reporting Policies

The accounting and reporting policies of the District relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

All activities for the District, are reported as business-type activities, which rely on fees and service charges for support.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The financial results are reflected in the *Statement of Net Position*, the *Statement of Revenues, Expenses, and Changes in Net Position*, and the *Statement of Cash Flows*. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the *Statement of Net Position*.

Refuse and Recycling Fund

The Refuse and Recycling fund is the sole fund utilized by the District. It is used to account for refuse and recycling collection services provided to the residents of the District. Activities of the fund include administration, operations and maintenance of the District's capital assets (primarily vehicles), and billing and collection activities. All costs are financed through charges to utility customers.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods or services in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel, contractual services, materials and supplies, and depreciation of capital assets. All revenue and expenses not meeting the definition are reported as non-operating revenues and expenses.



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The economic resources measurement focus means that all assets and liabilities (whether current or non-current) are included on the *Statement of Net Position*; and the operating statement presents increases (revenues) and decreases (expenses) in the total net position. Under the accrual basis of accounting revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Assets, Liabilities, and Net Position.

Deposits and investments

The District considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents for reporting purposes in the *Statement of Cash Flows*.

Inventory

All inventories are valued at cost at fiscal year-end.

Restricted and Unrestricted Net position

The District currently has no “restricted net position.” Restricted assets are comprised of cash restricted for future payments of principal and interest on debt services or for pension-related transactions.

When both restricted and unrestricted resources are available for use for the same purposes, restricted resources are expended first, in order to meet statutory, budgetary, grant or revenue requirements. For instance, if the District receives grants, the District has maintained the policy that those funds for grant expenses will be expended prior to expending District allocated funds, in order to report to the State that all funds distributed for the grant have been properly expended.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the *Statement of Net Position*. All current capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets having an original cost of \$5,000 or more are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	10-40 years
Machinery and equipment	5-10 years



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Leases

In 2021, the District adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. The new standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The statement requires a lessor to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred outflow of resources. There was no impact to the beginning net position in the statement of net position as a result of adopting this standard.

The District is a lessee for a lease of equipment and a building lease. The District recognizes a lease liability and intangible right-to-use assets (leased assets) in its financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

The District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased assets are initially measured as the initial amount of the lease liabilities, adjusted for lease payments made. The leased assets are amortized on a straight- line basis over the term of the lease.

Key estimates and judgments related to leases include how the District determines (a) the discount rate it uses to discount the expected lease payments to present value, (b) lease term, and (c) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term is the period of the lease.
- Lease payments are comprised of a principal and interest.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the leased assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability. Leased assets are reported with other capital assets and leases payable are reported as current liabilities and noncurrent liabilities on the statement of net position.

Compensated Absences

Compensated absences consist of vacation pay and some sick pay. The District accrues vacation pay when earned. Accrued vacation pay over 320 hours is forfeited on an annual basis.

The District has a policy which allows employees to redeem unused sick leave upon retirement in the Utah Retirement System (URS) at a rate of 25% of the earned sick leave.

Because of the management of compensated absences, the majority of vacation and sick pay earned is considered long-term see “Changes in other long-term obligations” schedule for more information on compensated absences.



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes

During 2021, the District did not have taxing authority. However, UCA Title 17B Chapter 1, part 9, section 902 allows Salt Lake County to “certify” outstanding amounts due to the District as of October of each year.

The certification amount is added to the property taxes assessed to the property owner (customer). Property taxes attach an enforceable lien on property as of January 1st. Taxes are levied and tax notices are sent on November 1st. All unpaid taxes are due and become delinquent on November 30th.

Certified amounts are billed and collected by Salt Lake County on behalf of the District and remitted to the District monthly. At December 31, 2021, the outstanding portion of certifications totaled \$382,229.

Deferred Outflows/Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at December 31, 2021 and revenues and expenses during the year then ended. The actual results could differ from those estimates.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. 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 2 – BUDGET AND BUDGETARY ACCOUNTING

Budgets are adopted on a basis consistent with generally accepted accounting principles. The District maintains legally adopted budgets.

The District Board approves by resolution the total budget appropriation. The District Budget Officer is authorized to transfer budget amounts within departments of a fund. Any revisions that alter the total appropriations of any fund must be approved by the District Board.

Unused appropriations for all of the annually budgeted funds lapse at the end of the year.

Budgetary control is maintained primarily at the program level.

NOTE 3 – DEPOSITS AND INVESTMENTS

The District follows the requirements of the Utah Money Management Act (*Utah Code* Annotated 1953, Section 51, Chapter 7) and the rules of the Utah Money Management Board (the Board). Following are discussions of the District’s exposure to various risks related to its cash management activities.

The District’s carrying value (bank balances) in the District’s bank accounts as of December 31, 2021 was \$1,150,456. All amounts not covered by federal depository insurance on December 31, 2021 totaled \$900,456. No deposits are collateralized, nor is it required by State statute.

Custodial Credit risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure the District’s deposits may not be recovered. The District’s policy for managing custodial credit risk is to adhere to the Money Management Act (the Act). The Act requires all deposits of the District to be in a *qualified depository*, defined as any financial institution whose deposits are insured up to a mandatory limit by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Board. As of December 31, 2021, the deposits (general ledger balances) were as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance</u> <u>December 31, 2021</u>
Checking Account	Insured *	\$ 719,066
Xpress Bill Pay	Insured *	40,139
Total Deposits		<u>\$ 759,205</u>

* Insured up to \$250,000 of the bank balance.



NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

Investments. Custodial credit risk for investments is the risk that in the event of failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. As with Deposits, the District’s policy for managing custodial credit risk of investments is to adhere to the Money Management Act.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The District’s policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investments securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as “first-tier”, at time of purchase, by two nationally recognized statistical rating organizations, one of which must be Moody’s Investor Services or Standard & Poor’s; bankers’ acceptances; obligations of the U.S. treasury and U.S government-sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated “A” or higher, at the time of purchase, by two nationally recognized statistical rating organizations defined in the Act.

Some of the District’s investments are with the Utah Public Treasurer’s Investment Fund (PTIF), an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. Participant accounts with the PTIF are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF share proportionally in the income, costs, gains and losses from investment activities based upon the participants’ average daily balances. The degree of risk of the PTIF depends upon the underlying portfolio, which primarily consists of money market securities including certificates of deposit and top-rated domestic commercial paper held by the Utah State Treasurer; the portfolio has a weighted life of 90 days or less. The majority of the PTIF’s corporate bonds and notes are variable-rate securities, which reset every three months to the prevailing market interest rates. The PTIF is not rated. The reported value of the pool is the same as the fair value of the pool shares.

The District also invests fund with Zions Capital Advisors, a Certified Investment Adviser approved by the Utah Money Management Council.

The following are the District’s investments as of December 31, 2021:

Investments by fair value level	12/31/2021	Fair Value Measurements		
		Level 1	Level 2	Level 3
Zions Bank Investment Fund				
MM Fund	\$ 3,584,805	\$ -	\$ 3,584,805	\$ -
Corporate Bonds	2,604,702	-	2,604,702	-
Corporate Floating Rate	926,429	-	926,429	-
Total Zions Bank Investment Fund	7,115,936	-	7,115,936	-
Utah Public Treasurer’s Investment Fund (PTIF)	1,626,555	-	1,626,555	-
Total investments at fair value	\$ 8,742,491	\$ -	\$ 8,742,491	\$ -



NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

The Standard & Poor’s quality ratings as of December 31, 2021 for the Zions Bank Investment Fund were:

	Fair Value	Quality Ratings					
		Unrated	AA-	A+	A	A-	BBB+
Zions Bank Inv. Fund							
MM Fund	\$3,584,805	\$3,584,805	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	2,604,702	-	551,993	301,450	602,450	200,161	948,648
Corporate Floating Rate	926,429	-	-	-	-	325,012	601,417
Total Zions Bank Inv. Fund	<u>\$7,115,936</u>	<u>\$3,584,805</u>	<u>\$ 551,993</u>	<u>\$ 301,450</u>	<u>\$ 602,450</u>	<u>\$ 525,173</u>	<u>\$1,550,065</u>

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by Generally Accepted Accounting Principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities that the District has the ability access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these does not entail any significant degree of judgement. Securities classified as Level 1 inputs include U.S. Government securities and certain other U.S. Agency and sovereign government obligations.
- Level 2: valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Securities classified as Level 2 include: corporate and municipal bonds, and “brokered” or securitized certificates of deposit.
- Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

For securities that generally have market prices from multiple sources, it can be difficult to select the best individual price, and the best source one day may not be the best source on the following day. The solution is to report a “consensus price” or a or a weighted average price for each security. Zions Capital Advisors DBA Contango Capital receives market prices for these securities from a variety of industrial standard data providers (e.g. Bloomberg), security master files from large financial institutions, and other third-party sources. Zions Capital Advisors DBA Contango Capital uses these multiple prices as inputs into a distribution-curve based algorithm to determine the daily market value.



NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

Debt and equity securities classified in Level 1 are valued using the following approaches. Some securities have a structure that implies a standard expected market price. Examples include a floating-rate note with frequent resets that make it reasonable to expect the price to stay at par or an open-ended money market fund expected to maintain a Net Asset Value of \$1 per share. These securities are priced at the expected market price.

- Corporate and Municipal Bonds and Commercial Paper: quoted prices for similar securities in active markets.
- Repurchase Agreements, Negotiable Certificates of Deposit and Collateralized Debt Obligations; matrix pricing based on the securities’ relationship to benchmark quoted prices.
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by investing in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed-rate negotiable deposits and corporate obligations to 365 days or less.

NOTE 4 – RECEIVABLES

Receivables as of December 31, 2021 for the District’s individual funds, are as follows:

	<u>Refuse and Recycling</u>
Receivables:	
Accounts	\$ 5,374,135
Tax certifications	382,229
Other	79,855
	<u>\$ 5,836,219</u>

Please note, because of the tax certification process described in Note 1, the allowance for uncollectable accounts receivable amounts is deemed “immaterial” and it is not listed.



NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,904,800	\$ -	\$ -	\$ 1,904,800
Total capital assets not being depreciated	<u>1,904,800</u>	<u>-</u>	<u>-</u>	<u>1,904,800</u>
Capital assets being depreciated:				
Leased assets *	1,785,958	-	-	1,785,958
Buildings and improvements	671,933	163,591	-	835,524
Machinery and equipment	<u>20,385,576</u>	<u>2,625,939</u>	<u>(1,748,084)</u>	<u>21,263,431</u>
Total capital assets being depreciated	<u>22,843,467</u>	<u>2,789,530</u>	<u>(1,748,084)</u>	<u>23,884,913</u>
Less accumulated depreciation for:				
Leased Assets	-	(216,607)	-	(216,607)
Buildings and improvements	(499,857)	(13,959)	-	(513,816)
Machinery and equipment	<u>(10,947,657)</u>	<u>(1,875,959)</u>	<u>1,027,617</u>	<u>(11,795,999)</u>
Total accumulated depreciation	<u>(11,447,514)</u>	<u>(2,106,525)</u>	<u>1,027,617</u>	<u>(12,526,422)</u>
Total capital assets, being depreciated, net	<u>11,395,953</u>	<u>683,005</u>	<u>(720,467)</u>	<u>11,358,491</u>
Business-type activities capital assets, net	<u>\$ 13,300,753</u>	<u>\$ 683,005</u>	<u>\$ (720,467)</u>	<u>\$ 13,263,291</u>

* Please see note 6 for additional information concerning leased assets.

NOTE 6 – LEASE PAYABLE

In 2020, the District entered into a lease with Salt Lake County to lease a portion of the administration building together with a right to use portions of the administrative parcel. The term of the lease was effective as of January 1, 2020 and continues for nine years, through December 31, 2028. The lease may be terminated by either party upon one year’s written notice prior to the desired termination date. As of December 31, 2021 the value of the lease liability was \$1,533,628. The annual lease payment was \$271,392 for 2021. The amount of the future annual lease payments vary from year to year. The lease has an approximate interest rate of 5.9%. As of December 31, 2021 the estimated net value of the leased asset was \$1,516,249 and the accumulated depreciation was \$216,607.

In 2020, the District entered into a lease agreement to lease a trash compactor. The term of the lease was effective May 1, 2020 through December 31, 2025. The District may terminate the lease with at least 30 days notice prior to the date of termination. As of December 31, 2021 the value of the lease liability was \$43,862. The monthly lease payments totaled \$11,688 for 2021. The total of the monthly payments for future years is \$12,121 per year. The lease has an interest rate of 5.0%. As of December 31, 2021 the estimated net value of the leased asset was \$42,482 and the accumulated depreciation was \$10,620.



NOTE 6 – LEASE PAYABLE (continued)

The future principal and interest lease payments as of December 31, 2021 for both leases are:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 215,915	\$ 72,374	\$ 288,289
2023	223,414	64,624	288,038
2024	231,614	56,551	288,165
2025	239,617	48,181	287,798
2026	235,697	38,975	274,672
2027-2028	431,233	50,000	481,233
	<u>\$ 1,577,490</u>	<u>\$ 330,705</u>	<u>\$ 1,908,195</u>

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NOTE 7 – NET OPEB (OTHER POST-EMPLOYMENT BENEFITS) LIABILITY

Plan Description

Employees hired prior to January 1, 2013 and retired on or before July 1, 2019 are eligible for lifetime retiree health benefits, provided by a single-employer OPEB plan, once they meet the Utah Retirement Systems Public Employees and Public Safety Retirement Systems eligibility requirements for pension benefits as outlined below. Employees hired prior to January 1, 2013 and retire after July 1, 2019 are not eligible for retiree health benefits.

1. Tier 1 General Employees (hired prior to 7/1/2011) - earlier of:
 - a. Age 65 with 4 years of service
 - b. Age 62 with 10 years of service
 - c. Age 60 with 20 years of service
 - d. Any age with 25 years of service (with full actuarial age reduction)
 - e. Any age with 30 years of service

2. Tier 2 General Employees (hired on/after 7/1/2011) - earlier of:
 - a. Age 65 with 4 years of service
 - b. Age 62 with 10 years of service
 - c. Age 60 with 20 years of service
 - d. Any age with 35 years of service

Spouse Benefit. Surviving spouse can continue coverage after the death of the retiree until Medicare eligibility as long as they pay the full cost of coverage.

Retiree Cost Sharing. Retirees contribute the portion of premium rates not covered by the District's explicitly subsidy. Pre-Medicare retirees' premium rates are 102% of active premium rates during COBRA period (18 months), increasing to 130% of active premium rates at the end of COBRA period.

If retirees elect spousal coverage, they are required to pay the full incremental cost of spousal coverage.

Medical Benefit. The same benefit options are available to retirees as active employees. All pre-Medicare health plans are self-insured while the Medicare plans are all fully insured and community-rated.



NOTE 7 – NET OPEB (OTHER POST-EMPLOYMENT BENEFITS) LIABILITY (continued)

The monthly active and pre-Medicare retirees’ premiums by plan are shown below.

	Pre-Medicare Plans	Active Premiums		Retiree Premiums during COBRA period		Retiree Premiums after COBRA period	
		Retiree	Ret + 1	Retiree	Ret + 1	Retiree	Ret + 1
Eff. 1/1/2021	PEHP PPO*	\$ 625.94	\$ 1,295.68	\$ 638.46	\$ 1,321.59	\$ 813.72	\$ 1,684.38
	PEHP HDHP*	\$ 476.08	\$ 985.50	\$ 485.60	\$ 1,005.21	\$ 618.90	\$ 1,281.15
Eff. 1/1/2022	PEHP PPO*	\$ 627.64	\$ 1,299.22	\$ 640.19	\$ 1,325.20	\$ 815.93	\$ 1,688.99
	PEHP HDHP*	\$ 477.40	\$ 988.18	\$ 486.95	\$ 1,007.94	\$ 620.62	\$ 1,284.63

* Applicable to both Advantage and Summit plans.

The same dental benefit options are available to retirees as active employees. Monthly dental premiums by plan are shown below:

	Active Premiums		Retiree Premiums during COBRA period		Retiree Premiums after COBRA period	
	Retiree	Ret + 1	Retiree	Ret + 1	Retiree	Ret + 1
Effective 1/1/2021						
Dental	\$ 49.60	\$ 63.80	\$ 50.59	\$ 65.08	\$ 50.59	\$ 65.08
Effective 1/1/2022						
Dental	\$ 52.00	\$ 66.90	\$ 53.04	\$ 68.24	\$ 53.04	\$ 68.24

District Subsidy

The District subsidizes retiree health benefits for the retiree only according to the following table:

YOS @ Ret	Effective 1/1/2021		Effective 1/1/2022		Effective 1/1/2021 and 1/1/2022	
	Pre-65 Retirees		Pre-65 Retirees		YOS @ Ret	65+ Retirees Subsidy (as % of Premium)
	PPO	HDHP	PPO	HDHP		
20+	\$ 510.77	\$ 388.50	\$ 512.15	\$ 389.56	20+	80%
18 – 19	\$ 446.92	\$ 339.93	\$ 448.13	\$ 340.87	18 – 19	70%
16 – 17	\$ 383.08	\$ 291.37	\$ 384.11	\$ 292.17	16 – 17	60%
14 – 15	\$ 319.23	\$ 242.81	\$ 320.10	\$ 243.48	14 – 15	50%
12 – 13	\$ 255.38	\$ 194.25	\$ 256.08	\$ 194.78	12 – 13	40%
10 – 11	\$ 191.54	\$ 145.69	\$ 192.06	\$ 146.09	10 – 11	30%
7 – 9	\$ 127.69	\$ 97.12	\$ 128.04	\$ 97.39	7 – 9	20%
4 – 6	\$ 63.85	\$ 48.56	\$ 64.02	\$ 48.70	4 – 6	10%
<4	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	<4	0%

*Preferred Provider Organization (PPO)

**High Deductible Health Plan (HDHP)



NOTE 7 – NET OPEB (OTHER POST-EMPLOYMENT BENEFITS) LIABILITY(continued)

Funding Policy

The District currently pays for postemployment benefits on a “pay-as-you-go” basis. These financial statements assume that “pay-as-you-go” funding will continue.

Employees Covered by Benefit Terms

As of December 31, 2021, the following employees were covered by the benefit terms:

Employees Covered by Benefits Terms

Active employees	0
Inactive employee (retired participants)	<u>13</u>
Total	<u><u>13</u></u>

OPEB Expense

The following presents the OPEB plan expenses for the fiscal year ended December 31, 2021:

Service cost	\$ -
Interest	<u>40,827</u>
Subtotal	<u>40,827</u>
Current period recognition of deferred outflows/inflows of resources	
Differences between expected and actual experience	(41,739)
Changes in assumptions	<u>184,604</u>
Total current period recognition	<u>142,865</u>
Total OPEB Expense	<u><u>\$ 183,692</u></u>
Discount rate December 31, 2020	3.26%
Discount rate December 31, 2021	2.12%



NOTE 7 – NET OPEB (OTHER POST-EMPLOYMENT BENEFITS) LIABILITY (continued)

Deferred Outflows and Inflows of Resources Related to OPEB

The fiscal year 2021 OPEB expense reflects the full recognition of deferred outflows/(inflows) of resources from the current year. This is based off the expected future service of eligible active employees, which is less than one year.

Schedule of Changes in Net OPEB Liability

Net OPEB Liability - beginning of year	\$ 1,300,521
Service cost	-
Interest	40,827
Change of benefit terms	-
Changes in assumptions	184,604
Differences between expected and actual experience	(41,739)
Benefit payments	<u>(97,086)</u>
Net change in total OPEB liability	86,606
Net OPEB Liability - end of year	<u>\$ 1,387,127</u>

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NOTE 7 – NET OPEB (OTHER POST-EMPLOYMENT BENEFITS) LIABILITY (continued)

Sensitivity of the Net OPEB Liability to Changes in Discount Rate

The following presents the District’s Net OPEB Liability using the discount rate of 2.12% as well as what the District’s Net OPEB Liability would be if it were calculated using a discount rate that is 1% lower (1.12%) or 1% higher (3.12%) than the current discount rate.

	1% Decrease 1.12%	Discount Rate 2.12%	1% Increase 3.12%
Net OPEB Liability	<u>\$ 1,590,658</u>	<u>\$ 1,387,127</u>	<u>\$ 1,222,918</u>

Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trend Rates

The following presents the District’s Net OPEB Liability using the health care cost trend rate of 7.50% decreasing to an ultimate rate of 4.50% as well as what the District’s Net OPEB Liability would be if it were calculated using a rate that is 1% lower (6.50% decreasing to an ultimate rate of 3.50%) or 1% higher (8.50% decreasing to an ultimate rate of 5.50%).

	1% Decrease 6.50% decreasing to 3.50%	Health Care Cost Trend Rates 7.50% decreasing to 4.50%	1% Increase 8.50% decreasing to 5.50%
Net OPEB Liability	<u>\$ 1,218,921</u>	<u>\$ 1,387,127</u>	<u>\$ 1,591,125</u>

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Net OPEB Liability in the December 31, 2021 actuarial valuation was determined by using the following actuarial assumptions and other methods applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Discount rate	2.12%
Health care cost trend rates	Initial rate of 7.50% decreasing to an ultimate rate of 4.50%



NOTE 7 – NET OPEB (OTHER POST-EMPLOYMENT BENEFITS) LIABILITY (continued)

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The interim year valuation results have been projected from the prior year's valuation, with adjustments for actual premium and contribution increases from FY 2021 to FY 2022. The impact of this change was a decrease in liabilities.

The discount rate decrease resulted in an increase in liabilities.

In the December 31, 2021 actuarial valuation, entry age normal level percentage of salary cost method was used. The actuarial assumptions included a 2.12% unfunded discount rate and an annual health care cost trend rate of 7.50% initially, reduced by decrements to an ultimate rate of 4.50%. The actuarial value of assets was not determined as the District has not advanced funded its obligations. The unfunded actuarial liability is being amortized as a level percentage of payroll over an open thirty-year period.

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NOTE 8 – PENSION PLANS

State Retirement

The Wasatch Front Waste & Recycling District contributes to the Local Governmental Noncontributory Retirement System. This retirement system is a cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living allowances, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

General Information about the Pension Plan

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website:
www.urs.org/general/publications.

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NOTE 8 – PENSION PLANS (continued)

Summary of Benefits by System

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years, any age; 25 years, any age*; 20 years, age 60*; 10 years, age 62*; 4 years, age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years, any age; 20 years, age 60*; 10 years, age 62*; 4 years, age 65	1.50% per year, all years	Up to 2.5%

* Actuarial reductions are applied.

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Contribution rates as of December 31, 2021, are as follows:

Utah Retirement Systems

	Employee Paid	Paid by Employer for Employee	Employer contribution Rates 401(k)
Contributory System			
111-Local Governmental Division Tier 2	N/A	16.07%	0.62%
Noncontributory System			
15-Local Governmental Division Tier 1	N/A	18.47%	N/A
Tier 2 DC Only			
211-Local Governmental	N/A	6.69%	10.00%

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.



NOTE 8 – PENSION PLANS (continued)

For fiscal year ended December 31, 2021, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 399,662	N/A
Tier 2 Public Employees System	387,886	-
Tier 2 DC Only System	35,968	N/A
Total Contributions	\$ 823,516	\$ -

Contributions reported are the URS Board-approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Relating to Pensions

At December 31, 2021, the District reported a net pension asset of \$0 and a net pension liability of \$178,862.

(Measurement Date):
December 31, 2020

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2019	Change (Decrease)
Noncontributory System	\$ -	\$ 158,115	0.3082501%	0.2842495 %	0.0240006%
Tier 2 Public Employees System	-	20,747	0.1442470%	0.1278630 %	0.0163840%
	<u>\$ -</u>	<u>\$ 178,862</u>			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer’s actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2021, the District recognized pension expense of \$368,677.

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NOTE 8 – PENSION PLANS (continued)

At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 231,220	\$ 9,500
Changes in assumptions	26,242	21,437
Net difference between projected and actual earnings on pension plan investments	-	1,215,205
Changes in proportion and differences between contributions and proportionate share of contributions	110,378	21,480
Contributions subsequent to the measurement date	823,516	-
	\$ 1,191,356	\$ 1,267,622

The \$823,516 reported as deferred outflows of resources related to pensions results from contributions made by the District prior to its fiscal year end, but subsequent to the measurement date of December 31, 2020.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (250,239)
2022	(87,084)
2023	(407,336)
2024	(195,644)
2025	6,948
Thereafter	33,573

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NOTE 8 – PENSION PLANS (continued)

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2021, the District recognized pension expense of \$165,687.

At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 212,122	\$ -
Changes in assumptions	-	20,682
Net difference between projected and actual earnings on pension plan investments	-	1,154,562
Changes in proportion and differences between contributions and proportionate share of contributions	79,443	21,480
Contributions subsequent to the measurement date	399,662	-
	<u>\$ 691,227</u>	<u>\$ 1,196,724</u>

The \$399,662 reported as deferred outflows of resources related to pensions results from contributions made by the District prior to its fiscal year end, but subsequent to the measurement date of December 31, 2020.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2021	\$ (239,760)
2022	(80,865)
2023	(393,124)
2024	(191,410)

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NOTE 8 – PENSION PLANS (continued)

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2021, the District recognized pension expense of \$202,991.

At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,098	\$ 9,500
Changes in assumptions	26,242	755
Net difference between projected and actual earnings on pension plan investments	-	60,643
Changes in proportion and differences between contributions and proportionate share of contributions	30,935	-
Contributions subsequent to the measurement date	423,854	-
	<u>\$ 500,129</u>	<u>\$ 70,898</u>

The \$423,854 reported as deferred outflows of resources related to pensions results from contributions made by the District prior to its fiscal year end, but subsequent to the measurement date of December 31, 2020.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2021	\$ (10,479)
2022	(6,219)
2023	(14,211)
2024	(4,234)
2025	6,948
Thereafter	33,573

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NOTE 8 – PENSION PLANS (continued)

Actuarial Assumptions

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary Increases	3.25 – 9.75 percent, average, including inflation
Investment Rate of Return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement, using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges 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 class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term Expected Portfolio Real Rate of Return
Equity securities	37.00 %	6.30 %	2.33 %
Debt securities	20.00 %	0.00 %	0.00 %
Real assets	15.00 %	6.19 %	0.93 %
Private equity	12.00 %	9.50 %	1.14 %
Absolute return	16.00 %	2.75 %	0.44 %
Cash and cash equivalents	0.00 %	0.00 %	0.00 %
Totals	100.00 %		4.84 %
Inflation			2.50 %
Expected arithmetic nominal return			7.34 %

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.



NOTE 8 – PENSION PLANS (continued)

Discount rate: The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current, active, and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments, to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95 percent.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.95 percent) or 1 percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 2,741,239	\$ 158,115	\$ (1,995,308)
Tier 2 Public Employees System	349,105	20,747	(230,439)
Total	\$ 3,090,344	\$ 178,862	\$ (2,225,747)

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued URS financial report.

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NOTE 9 – CAFETERIA/DEFERRED COMPENSATION PLANS

The District offers a cafeteria plan to all full-time employees to fund a variety of employee benefit programs including life insurance, disability insurance, health insurance, and other benefits.

The District has established a voluntary deferred compensation program pursuant to Section 457 of the Internal Revenue Code. In accordance with Governmental Accounting Standards Board Statement 32 (GASB No. 32), the assets and income of the 457 Plan are held in trust for the exclusive benefit of the participants or their beneficiaries. 6.2% of employee wages are put into this account for their benefit.

The District also offers employees the opportunity to participate in a Roth IRA, with after-tax employee contributions, managed by the Utah State Retirement System (URS).

On July 2, 1991, Social Security and Medicare coverage became mandatory for State and Local governments employees who are not members of a public retirement system and who are not covered under a Section 218 Agreement. The District chose not to opt into the Federal Social Security program. Instead, the District and the employee each contribute 6.2% of earned wages to a third-party administrator (ICMA-International City Managers Association, also known as Mission Square) on behalf of the employee, as a deferred compensation plan.

In addition to the District's contribution to the employee's deferred compensation plan, the District contributes 1% of earned wages to a Utah State Retirement System 401(k) Plan on behalf of the employees.

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NOTE 10 – DEFINED CONTRIBUTION SAVINGS PLANS

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems but may also be used as primary retirement plans. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Wasatch Front Waste & Recycling District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan
- Traditional IRA

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended December 31 were as follows:

	2021		2020		2019
<i>401(k) Plan</i>					
Employer Contributions	\$ 122,980	\$	113,702	\$	95,194
Employee Contributions	67,773		56,297		45,553
 <i>457 Plan</i>					
Employer Contributions	N/A		N/A		N/A
Employee Contributions	\$ 12,687	\$	11,286	\$	9,570
 <i>Roth IRA Plan</i>					
Employer Contributions	N/A		N/A		N/A
Employee Contributions	\$ 1,560	\$	1,820	\$	1,760
 <i>Traditional IRA</i>					
Employer Contributions	N/A		N/A		N/A
Employee Contributions	\$ 1,300	\$	450	\$	-

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NOTE 11 – OTHER LONG-TERM OBLIGATIONS

Changes in other long-term obligations during the year ended December 31, 2021 are summarized as follows:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021	Due Within One Year	Due in More than one Year
Sick Leave	\$ 94,749	\$ 206,756	\$ (189,529)	\$ 111,976	\$ -	\$ 111,976
Vacation	338,261	300,335	(253,499)	385,097	176,758	208,339
Compensated Absences Payable	433,009	507,091	(443,027)	497,073	176,758	320,315
Workers Compensation Liability	188,322	-	(17,737)	170,585	20,000	150,585
Lease Liability	1,785,958	-	(208,468)	1,577,490	215,915	1,361,575
Net OPEB Liability	1,300,521	225,431	(138,825)	1,387,127	-	1,387,127
Net Pension Liability	1,100,056	115,506	(1,036,700)	178,862	-	178,862
Subtotal	<u>4,374,857</u>	<u>340,937</u>	<u>(1,401,730)</u>	<u>3,314,064</u>	<u>235,915</u>	<u>3,078,149</u>
Total Liabilities	<u>\$ 4,807,866</u>	<u>\$ 848,028</u>	<u>\$ (1,844,757)</u>	<u>\$ 3,811,137</u>	<u>\$ 412,673</u>	<u>\$ 3,398,464</u>

The District records a liability for worker’s compensation claims when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Structured settlements (contractual obligations to make agreed-upon payments on fixed dates) are based on life expectancies and discounted rates for 20-year-high quality general obligation bonds.

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NOTE 12 – TRANSACTIONS WITH OTHER GOVERNMENTAL ENTITIES

The District has transactions with other governmental entities. Services provided by other governmental entities for the year ended December 31, 2021 are summarized as follows:

	<u>2021</u>
Salt Lake County Fleet	
Fleet-Truck Maintenance	\$ 3,377,225
Fleet- Diesel/Fuel/CNG	1,125,122
Shared Building Costs	107,726
Salt Lake Valley Landfill	
Disposal Fees	3,377,240
Salt Lake County Public Works Operations	
Materials	9,701
Training	-
Shared Building	135,419
Hooklift	72,303
Salt Lake County Mayors Financial	
Telecommunications	36,028
Office/Facilities Cost	271,392
Information Systems	104,761
Other	15,680
Salt Lake County Recorder	
Recorder Website Search	618
Salt Lake County Sheriff	
Radio	3,009
Trans Jordan Cities Landfill	
Disposal Fees	626,556
Total	<u>\$ 9,262,780</u>

The District recorded \$429,017 of revenue in 2021 for services provided to Salt Lake County.



NOTE 13 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the District to purchase commercial insurance for these risks. Various policies are purchased through the Utah Local Governments Trust to cover liability, theft, damage, and other losses. A minimal deductible applies to these policies which the District pays in the event of any loss. There have been no significant reductions in the coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The District also has purchased a workers' compensation policy.

NOTE 14 – CONTRACT/LEASE ARRANGEMENTS

Effective January 1, 2020 the District entered into a lease agreement with Salt Lake County for office/facility space (see note 6). The District has agreements in place with Salt Lake County for various services and use of equipment. The amounts paid in 2021 are listed in note 12.

NOTE 15 – ENVIRONMENTAL REMEDIATION LIABILITY

The nature of the District's operations is such that the District may be held liable for environmental clean-up costs. The District is unaware of any such issues and has taken measures to prevent potential environmental problems caused by its operations. The costs of potential remediation are not estimable since no knowledge of environmental problems currently exists. Therefore, no liability has been accrued.

NOTE 16 – SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through June 22, 2022, the date the financial statements were available to be issued. Subsequent to December 31, 2021 the world economy continues to be significantly affected by high inflation. The future economic and financial impact of the high inflation on the District is currently unknown.

As alluded to in previous reports, the District has been working to reorganize from a special district to a local district. This change was officially authorized and adopted by resolution of the Salt Lake County Council on March 22, 2022. This action affords the board total governing authority and separates the District completely from Salt Lake County. The board composition, operations, and financial management remain the same.

NOTE 17 – LITIGATION

The District is a defendant in certain legal actions, pending actions, or in the process for miscellaneous claims. The ultimate liability which might result from the final resolution of the above matters is not presently determinable. District management is of the opinion the final outcome of the cases will not have an adverse effect on the District's financial statements.



Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by GASB, but are not considered part of the basic financial statements. Such information includes:

- Pension Disclosures
- OPEB Disclosures



Schedule of Required Supplementary Information

Schedule of the Proportionate Share of the Net Pension Liability

WASATCH FRONT WASTE & RECYCLING DISTRICT

Measurement Date of December 31, 2020

December 31, 2021

Last 7 Fiscal Years*

Noncontributory Retirement System	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability/(asset)	0.3082501%	0.2842495%	0.2875486%	0.3026723%	0.2987538%	0.3037300%	0.3106662%
Proportionate share of the net pension liability/(asset)	\$158,115	\$1,071,299	\$2,117,412	\$1,326,098	\$1,918,365	\$1,718,652	\$1,348,986
Covered payroll	\$2,092,184	\$2,030,843	\$2,026,762	\$2,180,876	\$2,217,202	\$2,274,528	\$2,453,151
Proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	7.56%	52.75%	104.47%	60.81%	86.52%	75.56%	54.99%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	99.20%	93.70%	87.00%	91.90%	87.30%	87.80%	90.20%

Tier 2 Public Employees Retirement System	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability/(asset)	0.1442470%	0.1278630%	0.1371472%	0.1485845%	0.1581720%	0.1828029%	0.1940461%
Proportionate share of the net pension liability/(asset)	\$20,747	\$28,757	\$58,737	\$13,100	\$17,644	(\$399)	(\$5,880)
Covered payroll	\$2,305,655	\$1,777,667	\$1,601,766	\$1,454,937	\$1,297,128	\$1,180,968	\$952,513
Proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	0.90%	1.62%	3.67%	0.90%	1.36%	-0.03%	-0.62%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	98.30%	96.5%	90.80%	97.40%	95.10%	100.20%	103.50%

* In accordance with paragraphs 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will be built prospectively.



Schedule of Required Supplementary Information

Schedule of Contributions

WASATCH FRONT WASTE & RECYCLING DISTRICT

December 31, 2021

	As of fiscal year ended December 31	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
<i>Noncontributory System</i>						
	2014	\$ 427,924	\$ 427,924	\$ -	\$ 2,464,085	17.37%
	2015	\$ 413,061	\$ 413,061	-	\$ 2,283,240	18.09%
	2016	\$ 403,738	\$ 403,738	-	\$ 2,259,080	17.87%
	2017	\$ 401,285	\$ 401,285	-	\$ 2,182,263	18.39%
	2018	\$ 372,132	\$ 372,132	-	\$ 2,087,178	17.83%
	2019	\$ 371,431	\$ 371,431	-	\$ 2,032,530	18.27%
	2020	\$ 384,773	\$ 384,773	-	\$ 2,092,184	18.39%
	2021	\$ 399,662	\$ 399,662	-	\$ 2,165,202	18.46%
<i>Tier 2 Public Employees System*</i>						
	2014	\$ 138,976	\$ 138,976	\$ -	\$ 957,397	14.52%
	2015	\$ 178,572	\$ 178,572	-	\$ 1,176,857	15.17%
	2016	\$ 193,732	\$ 193,732	-	\$ 1,299,343	14.91%
	2017	\$ 218,652	\$ 218,652	-	\$ 1,468,467	14.89%
	2018	\$ 245,980	\$ 245,980	-	\$ 1,604,706	15.33%
	2019	\$ 277,270	\$ 277,270	-	\$ 1,777,452	15.60%
	2020	\$ 362,949	\$ 362,949	-	\$ 2,307,585	15.73%
	2021	\$ 387,886	\$ 387,886	-	\$ 2,431,166	15.95%
<i>Tier 2 Public Employees DC Only System*</i>						
	2014	\$ 1,693	\$ 1,693	\$ -	\$ 26,830	6.31%
	2015	\$ 7,446	\$ 7,446	-	\$ 111,181	6.70%
	2016	\$ 20,399	\$ 20,399	-	\$ 305,043	6.69%
	2017	\$ 21,627	\$ 21,627	-	\$ 323,275	6.69%
	2018	\$ 25,290	\$ 25,290	-	\$ 378,028	6.69%
	2019	\$ 23,111	\$ 23,111	-	\$ 345,456	6.69%
	2020	\$ 29,045	\$ 29,045	-	\$ 434,162	6.69%
	2021	\$ 35,968	\$ 35,968	-	\$ 538,728	6.68%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems.

Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board-certified rate due to rounding and other administrative practices. The 10-year schedule will be built prospectively.



WASATCH FRONT WASTE & RECYCLING DISTRICT

Required Supplementary Information

Schedule of Change in Net OPEB Liability and Related Ratios

December 31, 2021

Last 4 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net OPEB Liability				
Service cost	\$ -	\$ 7,890	\$ 9,731	\$ 9,713
Interest	40,827	43,304	43,258	45,772
Changes in assumptions	184,604	137,680	(87,900)	55,613
Differences between expected and actual experience	(41,739)	108,828	(89,603)	18,055
Benefit payments	<u>(97,086)</u>	<u>(84,968)</u>	<u>(70,333)</u>	<u>(75,636)</u>
Net change in total OPEB liability	86,606	212,734	(194,847)	53,517
Net OPEB Liability as of January 1	<u>1,300,521</u>	<u>1,087,787</u>	<u>1,282,634</u>	<u>1,229,117</u>
Net OPEB Liability as of December 31	<u>\$ 1,387,127</u>	<u>\$ 1,300,521</u>	<u>\$ 1,087,787</u>	<u>\$ 1,282,634</u>
Plan Fiduciary Net Position				
Contributions - employer	97,086	84,968	70,333	75,636
Benefit payments	<u>(97,086)</u>	<u>(84,968)</u>	<u>(70,333)</u>	<u>(75,636)</u>
Net change in fiduciary net position	-	-	-	-
Plan fiduciary net position as of January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position as of December 31	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB Liability as of December 31	<u>\$ 1,387,127</u>	<u>\$ 1,300,521</u>	<u>\$ 1,087,787</u>	<u>\$ 1,282,634</u>
Plan fiduciary net position as a percentage of Net OPEB Liability	0.0%	0.0%	0.0%	0.0%
Covered payroll	N/A	N/A	\$ 271,720	\$ 262,912
Net OPEB Liability as a percentage of covered employee payroll	N/A	N/A	400.3%	487.9%

* The amounts presented for each fiscal year were determined as of December 31.

In accordance with GASB 75, until a full 10-year trend is compiled, information is presented for those years for which the information is available.



Notes to the Required Supplementary Information

The notes to the required supplementary information are included to provide information that is essential to the user's understanding of the required supplementary information.



Changes in Assumptions:

Utah Retirement Systems (URS)

Amounts reported in plan year 2020 reflect the following assumption changes adopted from the January 1, 2020 valuation:

- The payroll growth assumption was decreased from 3.00% to 2.90%.
- Other assumptions that were modified: retirement rates, termination rates, disability rates, rate of pre- and post-retirement mortality tables, and rate of salary increase.

Assumptions for plan years 2019 and 2018 remain unchanged from the prior year.

Amounts reported in plan year 2017 reflect the following assumption changes adopted from the January 1, 2017 valuation:

- The investment return assumption was decreased from 7.20% to 6.95%.
- The inflation assumption decreased from 2.60% to 2.50%.
- The life expectancy assumption increased for most groups.
- The wage inflation assumption decreased from 3.35% to 3.25%.
- The payroll growth assumption decreased from 3.10% to 3.00%.

Amounts reported in plan year 2016 reflect the following assumption changes adopted from the January 1, 2016 valuation:

- The investment return assumption was decreased from 7.50% to 7.20%.
- The inflation assumption decreased from 2.75% to 2.60%.
- Both the payroll growth and wage inflation assumptions were decreased by 0.15%.

Amounts reported in plan year 2015 reflect the following assumption changes adopted from the January 1, 2015 valuation:

- The wage inflation assumption for all employee groups was decreased from 3.75% to 3.50%.
- The payroll growth assumption was decreased from 3.50% to 3.25%.
- Other assumptions that were modified: rate of salary increases, post retirement mortality, and certain demographics.



Other Postemployment Benefits (OPEB)

Wasatch Front Waste & Recycling District is required to disclose OPEB liabilities under GASB 75 for the current valuation.

The discount rate as of the Measurement Date has been updated to be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) tax-exempt, high quality 20-year municipal bonds. The discount rates used in this year's valuation for accounting disclosure purposes are 3.26% as of January 1, 2020 and 2.12% as of January 1, 2021. The change has caused an increase in the liabilities as of the end of the year. The discount rate will be updated annually to reflect market conditions as of the Measurement Date.

The health care trend rates have been reset to an initial rate of 7.50%, decreasing by 0.5% annually to an ultimate rate of 4.5% for pre-65 retirees. Additionally, health care trend rates have been reset to an initial rate of 6.0% decreasing by 0.5% annually to an ultimate rate of 4.5% for post-65 retirees.



Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by generally accepted accounting principles in the United States of America, but are presented for additional analysis.

Such statements and schedules include:

Budgetary Comparison Schedule

WASATCH FRONT WASTE & RECYCLING DISTRICT
Schedule of Revenues, Expenses and Changes in Net Position Budget to Actual
For Year Ended December 31, 2021

	Budget	Refuse and Recycling	Variance
Operating revenues			
Collection services	\$ 21,067,700	\$ 21,390,964	\$ 323,264
Other revenues	475,900	583,327	107,427
Total revenues	<u>21,543,600</u>	<u>21,974,291</u>	<u>430,691</u>
Operating expenses			
Salaries, wages and employee benefits	8,652,100	7,979,672	672,428
Utilities, telephone and building expenses	727,300	416,835	310,465
Professional	33,300	36,637	(3,337)
Vehicle maintenance and fuel	4,892,600	4,502,347	390,253
Landfill disposal fees	4,505,100	4,232,050	273,050
Recycling fees	1,430,000	330,584	1,099,416
Can purchases	433,000	545,524	(112,524)
Other	1,495,100	1,223,554	271,546
Depreciation	1,874,900	2,106,525	(231,625)
Total operating expenses	<u>24,043,400</u>	<u>21,373,728</u>	<u>2,669,672</u>
Operating income/(loss)	<u>(2,499,800)</u>	<u>600,563</u>	<u>3,100,363</u>
Non-operating income (expense)			
Interest expense	-	(74,612)	(74,612)
Interest income	67,500	63,244	(4,256)
Gain/(loss) on sale/disposal of assets	(189,200)	(365,642)	(176,442)
Gain/(loss) on investments	15,400	(13,304)	(28,704)
Total non-operating income (expense)	<u>(106,300)</u>	<u>(390,314)</u>	<u>(284,014)</u>
Change in net position	-	210,249	210,249
Net position - beginning	<u>23,890,622</u>	<u>23,890,622</u>	<u>-</u>
Net position - ending	<u>\$ 23,890,622</u>	<u>\$ 24,100,871</u>	<u>\$ 210,249</u>



Statistical Section

The statistical section of a government's annual comprehensive financial report is the principal source of information regarding a government's economic condition.

The statistical section of the annual comprehensive financial report is designed to meet these objectives: 1) provide information on financial trends, 2) provide information on revenue, 3) provide demographic and economic information, and 4) provide operating information. The purpose of these objectives is as follows:

Financial Trends. This is intended to help understand and assess how a government's financial position has changed over time.

Revenue Capacity Information. This is intended to help understand and assess the factor's affecting a government's ability to generate its own-source revenues by providing information about a government's most significant own-source revenue.

Debt Capacity Information. This information is intended to help understand and assess a government's debt burden and its ability to issue additional debt.

Demographic and economic information. This information is intended to help understand the socioeconomic environment within which a government operates and to provide information that enables comparisons of financial statement information over time and among governments.

Operating information. This information is intended to provide information about a government's operations and resources to assist in understanding a government's economic condition.



WASATCH FRONT WASTE & RECYCLING DISTRICT
Net Position by Component
Nine Fiscal Years*
(Accrual basis of accounting)

	Fiscal Year								
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Business-type activities									
Net investment in capital assets	\$ 9,677,869	\$ 9,585,858	\$ 11,418,022	\$ 12,333,631	\$ 11,615,631	\$ 11,774,384	\$ 11,804,843	\$ 11,514,795	\$ 11,685,801
Unrestricted	14,185,673	22,894,456	12,162,840	11,413,314	10,979,915	12,128,907	13,092,529	12,375,827	12,415,070
Total business-type activities net position	<u>\$ 23,863,542</u>	<u>\$32,480,314</u>	<u>\$ 23,580,862</u>	<u>\$ 23,746,945</u>	<u>\$ 22,595,546</u>	<u>\$ 23,903,291</u>	<u>\$ 24,897,372</u>	<u>\$ 23,890,622</u>	<u>\$ 24,100,871</u>

* Information prior to the time listed is not available, due to the creation of the District in 2013.

** Numbers for 2017 reflect restatement for GASB 75 (note 8).



WASATCH FRONT WASTE & RECYCLING DISTRICT
Changes in Net Position
Nine Fiscal Years*
Business-Type Activities

	Fiscal Year				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Operating revenues					
Charges for services	\$15,492,407	\$17,362,885	\$17,452,544	\$17,270,480	\$17,272,981
Other revenues	21,666	8,923	20,409	434,588	578,984
Total revenues	<u>15,514,073</u>	<u>17,371,808</u>	<u>17,472,953</u>	<u>17,705,068</u>	<u>17,851,965</u>
Operating expenses					
Salaries, wages and employee benefits	5,704,405	5,922,530	6,003,479	6,676,503	6,771,801
Utilities, telephone and building expenses	421,848	451,149	511,662	563,573	545,110
Professional and technical	1,535,583	1,688,364	1,271,772	225,333	270,557
Vehicle maintenance and fuel	3,642,998	3,703,260	3,564,264	3,501,185	3,577,873
Landfill and disposal fees	3,055,934	3,675,716	3,704,541	3,989,683	3,950,628
Can purchases	242,655	384,846	385,879	247,241	430,250
Other	-	-	-	960,607	1,334,754
Depreciation	1,981,487	1,933,148	1,606,179	1,810,884	1,952,572
Total operating expenses	<u>16,584,910</u>	<u>17,759,013</u>	<u>17,047,776</u>	<u>17,975,009</u>	<u>18,833,545</u>
Operating income (loss)	(1,070,837)	(387,205)	425,177	(269,941)	(981,580)
Non-operating income (expense)					
Interest expense	-	-	-	-	-
Interest income	98,637	81,640	109,307	112,687	152,975
Gain (loss) on disposal of capital assets	533,345	345,823	135,874	323,517	118,561
Gain (loss) on investments	-	-	-	-	-
Grants	79,000	100,000	15,864	-	-
Total non-operating income (expense)	<u>710,982</u>	<u>527,463</u>	<u>261,045</u>	<u>436,204</u>	<u>271,536</u>
Changes in Net Position	<u>\$ (359,855)</u>	<u>\$ 140,258</u>	<u>\$ 686,222</u>	<u>\$ 166,263</u>	<u>\$ (710,044)</u>

* Information prior to the time listed is not available, due to the creation of the District in 2013.
Table to be built out to ten years. (Continues on next page)



WASATCH FRONT WASTE & RECYCLING DISTRICT
Changes in Net Position (*Continued*)
Nine Fiscal Years*
Business-Type Activities

	Fiscal Year			
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Operating revenues				
Charges for services	\$ 20,020,766	\$ 20,419,562	\$ 20,902,763	\$ 21,390,964
Other revenues	798,682	728,017	701,234	583,327
Total revenues	<u>20,819,448</u>	<u>21,147,579</u>	<u>21,603,997</u>	<u>21,974,291</u>
Operating Expenses				
Salaries, wages and employee benefits	6,809,579	6,925,082	7,892,793	7,979,672
Utilities, telephone and building expenses	672,781	712,317	738,705	416,835
Professional and technical	39,076	39,924	32,994	36,637
Vehicle maintenance and fuel	3,926,954	4,013,334	4,443,810	4,502,347
Landfill and disposal fees	4,945,521	5,310,986	5,384,663	4,562,634
Can purchases	460,841	422,222	436,338	545,524
Other	1,243,563	1,314,183	1,346,651	1,223,554
Depreciation	1,643,718	1,760,178	2,192,892	2,106,525
Total operating expenses	<u>19,742,033</u>	<u>20,498,226</u>	<u>22,468,846</u>	<u>21,373,728</u>
Operating income (loss)	1,077,415	649,353	(864,849)	600,563
Non-operating income (expense)				
Interest expense	-	-	-	(74,612)
Interest income	236,222	299,333	162,758	63,244
Gain (loss) on disposal of capital assets	30,000	(578)	(324,866)	(365,642)
Gain (loss) on investments	(35,892)	45,973	20,207	(13,304)
Grants	-	-	-	-
Total non-operating income (expense)	<u>230,330</u>	<u>344,728</u>	<u>(141,901)</u>	<u>(390,314)</u>
Changes in Net Position	<u>\$ 1,307,745</u>	<u>\$ 994,081</u>	<u>\$ (1,006,750)</u>	<u>\$ 210,249</u>

* Information prior to the time listed is not available, due to the creation of the District in 2013.
Table to be built out to ten years.



WASATCH FRONT WASTE & RECYCLING DISTRICT
Charges for Services
Nine Fiscal Years*

	Fiscal Year								
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Neighborhood trailers	\$ 70,133	\$ 91,173	\$ 119,461	\$ 132,846	\$ 134,917	\$ 134,745	\$ 120,682	\$ 146,117	\$ 145,382
Nonresidential collections	543,851	510,533	524,186	483,129	562,082	594,655	592,667	583,823	622,179
Residential collections	14,461,370	15,831,126	15,810,166	16,045,907	15,851,416	18,434,278	18,722,201	19,000,635	19,155,392
Green collections	3,420	197,570	347,288	497,430	587,494	705,500	825,013	993,843	1,229,926
Recycling collections	421,586	427,648	110,418	319	-	-	-	-	48,422
Glass collections	-	-	14,040	110,849	137,072	151,588	158,999	178,346	189,663
Total	<u>\$ 15,500,360</u>	<u>\$ 17,058,050</u>	<u>\$ 16,925,559</u>	<u>\$ 17,270,480</u>	<u>\$ 17,272,981</u>	<u>\$ 20,020,766</u>	<u>\$ 20,419,562</u>	<u>\$ 20,902,763</u>	<u>\$ 21,390,964</u>

* Information prior to the time listed is not available, due to the creation of the District in 2013.

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WASATCH FRONT WASTE & RECYCLING DISTRICT
Ratios of Outstanding Debt
One Calendar Year

<u>Calendar Year</u>	<u>Leases Payable</u>	<u>Debt As Percentage of Total Personal Income**</u>	<u>Debt Per Capita **</u>
2021*	\$ 1,577,490	\$ -	\$ 1.33

* In 2021 debt was recorded in conjunction with adopting GASB Statement 87.

** Total Personal Income for 2020 and population for 2020.



WASATCH FRONT WASTE & RECYCLING DISTRICT
Demographic and Economic Statistics-Salt Lake County
Ten Calendar Years

Calendar Year	Personal Income (Federal AGI)	Population	Per Capita Personal Income	Unemployment Rate (%)
2020	\$ 35,756,336,787	1,185,238	\$ 30,168	3.5
2019	33,383,722,237	1,160,437	28,768	2.5
2018	32,432,228,345	1,152,633	28,138	2.8
2017	30,557,087,576	1,137,820	26,856	3.0
2016	28,856,463,106	1,121,354	25,734	2.9
2015	27,942,287,965	1,107,314	25,234	3.9
2014	22,683,116,402	1,091,742	20,777	3.1
2013	24,195,811,652	1,080,866	22,386	3.7
2012	23,790,721,445	1,059,112	22,463	4.6
2011	22,082,819,789	1,045,829	21,115	5.5

<https://tax.utah.gov/econstats/income/federal-returns>

<https://www.census.gov/quickfacts/fact/table/saltlakecountyutah,UT/PST045219>

<https://jobs.utah.gov/jsp/utalmis/#/laborforce>



WASATCH FRONT WASTE & RECYCLING DISTRICT
Full-Time Equivalent (FTE) District Employees by Function/Program
Nine Fiscal Years*

<u>Function/Program</u>	<u>Fiscal Year</u>								
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General government									
Administration	7.48	8.37	8.42	9.28	8.81	9.56	9.91	10.01	11.26
Operation and Internal Services	6.68	6.21	5.52	6.18	5.77	5.25	5.84	5.54	5.99
Collection									
Curbside Collection	27.65	28.95	37.32	39.74	32.87	36.94	25.37	30.44	31.77
Recycling	22.68	24.72	16.44	14.20	25.37	24.54	28.19	31.69	30.06
Special Services									
Trailer Program	7.21	8.00	9.93	6.93	4.04	2.00	1.94	2.00	1.55
Area Cleanup	16.25	12.46	12.09	11.95	10.62	11.93	9.21	9.47	7.46
Special Services	5.00	4.60	4.00	4.85	6.90	5.20	7.86	7.86	7.88
Fleet									
Carts									
Total	<u>92.95</u>	<u>93.31</u>	<u>93.72</u>	<u>93.13</u>	<u>94.38</u>	<u>95.42</u>	<u>88.31</u>	<u>97.00</u>	<u>95.97</u>

Source: Wasatch Front Waste and Recycling District

Note Changes in FTE may represent movement of employees from one program to another.

* Information prior to the time listed is not available, due to the creation of the District in 2013.



WASATCH FRONT WASTE & RECYCLING DISTRICT
Principal Employers of Salt Lake County
2020 and 2010

<u>Employer</u>	<u>2020</u>		<u>2010</u>	
	<u>Employees *</u>	<u>Rank</u>	<u>Employees *</u>	<u>Rank</u>
University of Utah	20,000+	1		
State of Utah	20,000+	2		
Intermountain Health Care	15,000-19,999	3		
United States Government	10,000-14,999	4		
LDS Church Religious Agencies	7,000-9,999	5		
Zions Bank	7,000-9,999	6		
Wal-Mart	7,000-9,999	7		
Granite School District	7,000-9,999	8		
Jordan School District	5,000-6,999	9		
Salt Lake County	5,000-6,999	10		
Amazon Fulfillment Services	4,000-4,999	11		
Canyons School District	4,000-4,999	12		

University of Utah	20,000+	1
Intermountain Health Care	15,000-19,999	2
State of Utah	10,000-14,999	3
Granite School District	7,000-9,999	4
Jordan School District	5,000-6,999	5
Salt Lake County	5,000-6,999	6
Federal Government	5,000-6,999	7
Wal-Mart	4,000-4,999	8
Canyons School District	4,000-4,999	9
Salt Lake City School District	3,000-3,999	10
Delta Airlines	3,000-3,999	11
U.S. Post Office	3,000-3,999	12

Source: <https://jobs.utah.gov/wi/data/library/firm/majoremployers.html>

Ranking of organizations follows ranking from Department of Workforce Services, no data available for 2021.

* Specific employee numbers are not available. A range of the number of employees are presented instead.



WASATCH FRONT WASTE & RECYCLING DISTRICT
Operating Indicators by Function/Program
Nine Fiscal Years**

Function/Program	Fiscal Year								
	2013	2014	2015	2016	2017	2018	2019	2020	2021
CNG Fuel									
CNG Cost	\$70,050	\$276,514	\$471,907	\$770,930	\$878,809	\$857,677	\$809,736	\$870,440	\$920,050
CNG Gallons	38,126	145,114	246,258	389,472	490,816	497,291	505,037	532,780	529,705
CNG Miles Driven	74,247	268,463	462,715	706,041	827,672	805,434	811,429	847,454	846,394
Diesel Fuel									
Diesel Cost	\$1,311,191	\$1,022,461	\$523,539	\$284,025	\$170,725	\$215,061	\$171,560	\$110,494	\$205,072
Diesel Gallons	371,011	310,326	232,155	129,452	70,470	70,904	62,637	53,789	62,943
Diesel Miles Driven	1,292,771	1,021,242	872,183	647,040	469,364	436,455	367,535	312,748	367,890
Avg. Dollar per Gallon									
CNG	\$1.84	\$1.91	\$1.92	\$1.98	\$1.79	\$1.72	\$1.60	\$1.63	\$1.74
Diesel	\$3.53	\$3.29	\$2.26	\$2.19	\$2.42	\$3.03	\$2.74	\$2.05	\$3.26
Maintenance									
Vehicle Maintenance Costs	\$2,171,776	\$2,343,094	\$2,556,858	\$2,446,230	\$2,536,781	\$2,834,894	\$3,017,149	\$3,448,266	\$3,377,225
Safety Ratios									
Safe Days*	88.42%	82.25%	81.73%	84.75%	93.90%	82.00%	75.10%	76.80%	80.10%
Landfill and Transfer Station									
Tons	141,780	142,443	145,124	117,056	110,026	121,319	125,302	131,275	127,326
Costs	\$3,055,934	\$3,646,866	\$3,705,371	\$3,738,919	\$3,859,861	\$4,052,152	\$4,048,158	\$4,325,914	\$4,232,050
Homes Served	81,319	81,320	81,800	80,161	80,753	83,253	84,794	85,615	85,925
Diversion (Tons)	26,567	26,710	28,268	29,922	28,322	27,497	27,186	27,978	26,377
Diversion (Percentage)	18.74%	18.75%	19.48%	20.31%	18.90%	18.48%	17.83%	17.57%	17.16%

*Ratio of accidents free days: days worked

**Data prior to 2013 is not available



WASATCH FRONT WASTE & RECYCLING DISTRICT
Capital Assets Cost by Function/Program
Nine Fiscal Years*

<u>Function/Program</u>	<u>Fiscal Year</u>								
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Administration									
Land	1,904,800	1,904,800	1,904,800	1,904,800	1,904,800	1,904,800	1,904,800	1,904,800	1,904,800
Equipment	145,888	145,888	145,888	145,888	145,888	152,603	152,603	152,603	152,603
Leased Assets	-	-	-	-	-	-	-	-	1,732,856
Area Cleanup									
Equipment	34,485	34,485	-	-	-	-	-	-	-
Vehicles	703,899	703,899	703,899	703,899	216,535	216,535	216,535	216,535	216,535
Carts									
Vehicles	128,162	128,162	128,162	181,306	181,306	181,306	181,306	181,306	181,306
Curbside									
Building & Imp.	558,830	558,830	558,830	558,830	671,933	671,933	671,933	671,933	835,524
Equipment	7,435	7,435	7,435	7,435	7,435	7,435	7,435	7,435	7,435
Vehicles	6,100,186	4,850,681	7,756,479	9,970,781	9,664,939	10,656,684	12,379,157	12,437,201	12,007,883
Green									
Vehicles	282,809	282,809	282,809	282,809	282,809	282,809	282,809	848,427	893,861
Recycle									
Vehicles	4,644,613	5,648,178	4,575,758	3,300,894	3,787,110	4,412,362	4,412,362	4,525,282	5,838,251
Special Services									
Equipment	24,524	24,524	24,524	15,835	35,395	35,395	35,395	35,395	19,560
Vehicles	555,171	555,171	768,611	643,404	623,844	623,844	666,335	666,335	666,335
Leased Assets	-	-	-	-	-	-	-	-	53,102
Trailer									
Equipment	638,294	638,294	638,294	638,294	638,294	638,294	621,460	593,006	593,006
Vehicles	135,863	135,863	137,279	103,735	670,662	670,662	677,152	722,051	686,656

* Information prior to the time listed is not available, due to the creation of the District in 2013.



WASATCH FRONT WASTE & RECYCLING DISTRICT
Schedule of Insurance
January 2021 through December 2021

Description	Company	Liability Limit	Effective Date
General Liability	Utah Local Governments Trust	\$5,000,000	1/1/2021
Public Officials E&O Employment Practices Employee Benefits	Utah Local Governments Trust	\$5,000,000	1/1/2021
Auto Liability	Utah Local Governments Trust	\$5,000,000	1/1/2021
Property	Utah Local Governmnets Trust	\$730,733	1/1/2021
Contents	Utah Local Governments Trust	\$57,500	1/1/2021
Contractors equipment	Utah Local Governments Trust	\$15,835	1/1/2021
EDP equipment	Utah Local Governments Trust	\$44,987	1/1/2021
Equipment in the Open	Utah Local Governments Trust	\$330,000	1/1/2021
Valuable Papers	Utah Local Governments Trust	\$10,000	1/1/2021
Earthquake	Utah Local Governments Trust	\$220,000,000	Shared 1/1/2021
Flood	Utah Local Governments Trust	\$110,000,000	Shared 1/1/2021
Crime	Utah Local Governments Trust	\$5,000,000	1/1/2021
Auto Physical Damage	Utah Local Governments Trust	Vehicles 3 yrs or newer: replacement cost Vehicles older than 3 yrs: Actual cash value	1/1/2021
Public Official Treasurer Bond	N/A	Now Included in Crime Coverage	1/1/2021

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Additional Auditor's Reports

These additional reports are required by *Governmental Auditing Standards* and the Utah State Auditor's Office, respectively.

Additional Auditor's Reports

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*.

Report on Compliance and Report on Internal Control over Compliance as Required by the Utah State Compliance Audit Guide.



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*

Administrative Control Board
Wasatch Front Waste and Recycling District

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 (a major fund) of Wasatch Front Waste and Recycling District (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 22, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Squire & Company, PC

Orem, Utah
June 22, 2022



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

Administrative Control Board
Wasatch Front Waste and Recycling District

Report on Compliance

Opinion on Compliance

We have audited Wasatch Front Waste and Recycling District's (the District) compliance with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended December 31, 2021:

- Budgetary Compliance
- Fund Balance
- Fraud Risk Assessment
- Special and Local Service District Board Members

In our opinion, Wasatch Front Waste and Recycling District complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2021.

Basis for Opinion on Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor. Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the *State Compliance Audit Guide* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the *State Compliance Audit Guide* as a whole

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *State Compliance Audit Guide*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Squire & Company, PC

Orem, Utah
June 22, 2022



Thank you for your interest in our organization, from the Administration and Staff of
Wasatch Front Waste & Recycling District.