

**Fremont County Solid Waste Disposal District
(a component unit of Fremont County, Wyoming)**

Financial Report
June 30, 2010

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Report of Independent Auditor

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

We have audited the accompanying financial statements of the governmental activities and the general fund of Fremont County Solid Waste Disposal District, a component unit of Fremont County, as of and for the year ended June 30, 2010, which collectively comprise the Fremont County Solid Waste Disposal District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fremont County Solid Waste Disposal District's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

We were unable to obtain sufficient appropriate audit evidence related to management's estimate of the closure and post closure care liability stated at \$6,000,000 as of June 30, 2010, or the landfill closure costs of \$3,411,467, which is included in the decrease in net assets for the year ended June 30, 2010.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine sufficient evidence regarding the estimate of the closure and post closure liability, the financial statements referred to in the first paragraph above, present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Fremont County Solid Waste Disposal District, as of June 30, 2010, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

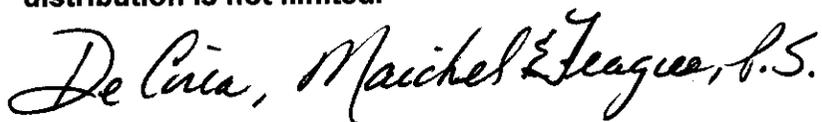
Management's Discussion and Analysis is required supplementary information under Governmental Accounting Standards Board Statement No. 34. This information has not been included as part of these financial statements as required by accounting principles generally accepted in the United States of America.

The budgetary comparison schedule on page 20 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 7, 2010, on our consideration of Fremont County Solid Waste Disposal District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

NOTICE

The accompanying basic financial statements, supplementary information, and our independent auditor's report are for the purpose of meeting local and state requirements and are for the use of those entities, management and the Board, and should not be used or relied upon by any other party for any purpose. Additional users of these basic financial statements, supplementary information and our independent auditor's report are hereby advised that the liability of DeCoria, Maichel & Teague, P.S. to third party users who use or rely on this information may be limited pursuant to 1995 Wyo. Sess. Laws, Chapter 155 creating Wyo. Stat. §33-3-201. However, the basic financial statements and our independent auditor's report are a matter of public record and their distribution is not limited.



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

December 7, 2010

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

STATEMENT OF NET ASSETS

JUNE 30, 2010

ASSETS

Cash and cash equivalents	\$ 1,686,066
Receivables, net of allowance for uncollectable accounts	
Accounts receivable	364,062
Taxes receivable	1,240,476
Intergovernmental and grants	10,957
Interest receivable	10,000
Prepaid expenses	17,846
Due from primary government	192,771
Nondepreciable capital assets	228,040
Depreciable capital assets, net of accumulated depreciation	<u>5,922,443</u>
 Total Assets	 <u>9,672,661</u>

LIABILITIES

Current Liabilities	
Accounts payable and accrued expenses	298,445
Deferred revenues	1,178,000
Current portion of long-term liabilities	306,256
 Noncurrent liabilities	
Compensated absences	161,731
Obligations under capital lease	307,823
Closure and post closure care	6,000,000
Less: current portion above	<u>(306,256)</u>
 Total Liabilities	 <u>7,945,999</u>

NET ASSETS

Invested in capital assets net of related debt	5,842,660
Unrestricted (deficit)	<u>(4,115,998)</u>
 Total Net Assets	 <u>\$ 1,726,662</u>

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

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Program Expenses	
Wages	\$ 1,487,152
Employee benefits	692,012
Bale station operation and maintenance	201,538
Engineering fees	143,925
Equipment repairs	187,637
Financial assurance	400
Grant expenses	79,957
Groundwater exploration	118,481
Insurance	25,794
Interest	20,544
Landfill closure (Note 11)	3,411,467
Leases	45
Long-term plan	33,860
Office expenses and travel	27,024
Operation and maintenance	308,410
Professional fees	25,373
Recycling	67,938
Scale houses	9,270
Site improvement and maintenance	116,455
Transfer stations	2,789
Utilities	221,847
Depreciation	407,576
Total Program Expenses	<u>7,589,494</u>
Program revenues	
Charges for services	1,613,027
Operating grants and contributions	164,321
Capital grants and contributions	497,550
Total Program Revenues	<u>2,274,898</u>
Net program expense	<u>(5,314,596)</u>
General revenues	
Taxes, primarily property	3,566,359
Investment income	1,364
Miscellaneous income	5,199
Total General Revenues	<u>3,572,922</u>
Decrease in net assets	(1,741,674)
Net Assets - Beginning	<u>3,468,336</u>
Net Assets - Ending	<u>\$ 1,726,662</u>

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

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

BALANCE SHEET
JUNE 30, 2010

ASSETS	
Cash	\$ 1,686,066
Receivables net of allowance for uncollectible accounts	
Accounts receivable	364,062
Taxes receivable	1,168,000
Intergovernmental and grants	10,957
Interest receivable	10,000
Prepaid expenses	17,846
Due from primary government	<u>192,771</u>
Total Assets	\$ <u>3,449,702</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable and accrued expenses	\$ 298,445
Deferred revenue	<u>1,178,000</u>
Total Liabilities	<u>1,476,445</u>
 Fund Balance	
Committed for cash reserve	300,000
Unassigned	<u>1,673,257</u>
Total Fund Balance	<u>1,973,257</u>
Total Liabilities and Fund Balance	\$ <u>3,449,702</u>

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund Balance of Fremont County Solid Waste Disposal District	\$ 1,973,257
Amounts reported for Fremont County Solid Waste Disposal District in the statement of net assets are different because:	
1) Capital assets are not financial resources, and therefore, are not reported in the fund financial statements.	6,150,483
2) Property taxes receivable are not available to pay current-period expenditures and, therefore, are deferred in the fund financial statements.	72,476
3) Long-term liabilities, including compensated absences, closure and post closure care and capital leases, are not due in the current period and therefore are not reported in the fund financial statements.	<u>(6,469,554)</u>
Net Assets of Fremont County Solid Waste Disposal District (page 3)	\$ <u>1,726,662</u>

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

FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010

Revenues	
Taxes, primarily property	\$ 3,520,883
Intergovernmental	661,871
Charges for services	1,613,027
Investment income	1,364
Miscellaneous income	<u>5,199</u>
Total Revenues	<u><u>5,802,344</u></u>
Expenditures	
Current:	
Wages	1,491,982
Employee benefits	692,012
Bale station operation and maintenance	201,538
Engineering fees	143,925
Equipment repairs	187,637
Financial assurance	400
Grant expenses	79,957
Groundwater exploration	118,481
Insurance	25,794
Landfill closure	95,326
Leases	45
Long-term plan	33,860
Office expenses and travel	27,024
Operation and maintenance	308,410
Professional fees	25,373
Recycling	67,938
Scale Houses	9,270
Site improvement and maintenance	116,455
Transfer stations	2,789
Utilities	221,847
Capital outlay	
Vehicle weigh scales	557,692
Other	287,370
Debt service	
Principal	210,111
Interest	<u>20,544</u>
Total Expenditures	<u><u>4,925,780</u></u>
Excess of Revenues Over Expenditures	876,564
Fund Balance - Beginning	<u>1,096,693</u>
Fund Balance - Ending	<u><u>\$ 1,973,257</u></u>

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

FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
 (A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2010

Amounts reported in the statement of activities are different because:

Excess of Revenues Over Expenditures (page 6)	\$	876,564
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is the difference between depreciation (\$407,576) and capital outlay (\$845,062) in fiscal 2010.		437,486
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements.		45,476
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Expenses reported in the statement of activities that do not use current financial resources are not reported as expenditures in the funds. Following are net decreases (increases) in:		
Compensated absences.		4,830
Landfill closure costs		(3,316,141)

The issuance of long-term debt (including capital leases) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. However, this has no effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt.		<u>210,111</u>
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Decrease in net assets (page 4)	\$	<u>(1,741,674)</u>
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(The accompanying notes are an integral part of the basic financial statements.)

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1-A Reporting Entity

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

The District is considered a component unit of Fremont County, Wyoming (the County), because the County Commissioners appoint the board members for the District, and because the District is financially dependent upon the approval of funding outlined in an annual budget submitted to the County Commissioners. Thus, the District is included as a discretely presented component unit in the financial report of Fremont County, Wyoming. A copy of the audited financial statements for Fremont County, Wyoming, for the year ended June 30, 2010, may be obtained at the Fremont County courthouse or at <http://fremontcountyywy.org/treasurer/financials/>.

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

1-B Government-Wide and Fund Financial Statements

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and entitlements. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable when the amount of the transaction can be determined, and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. The remaining receivables have been classified as deferred revenues and will be recognized as revenue in the period of the actual receipt. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims, judgments and compensated absences, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental fund. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The District applies expenses to restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

1-D Cash and Cash Equivalents

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

1-E Receivables

Receivables shown on the governmental fund financial statements are those for which payment was not received within 60 days after the financial statement date. All receivables, regardless of when they are collected, are recognized in the government-wide financial statements.

1-F Capital Assets

Capitalization and Valuation

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems), are reported in the government-wide financial statements. Infrastructure assets with initial costs that equal or exceed \$25,000 are capitalized. Expenditures for buildings and improvements having a useful life greater than five years and a value greater than \$10,000 are capitalized. Expenditures for other capital items having a useful life greater than one year and a value greater than \$1,000 are also capitalized. Individual items having a lesser value may be capitalized if they are purchased in a group. Costs of routine repairs and maintenance that do not improve or extend the useful lives of the related assets are not capitalized.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital projects is included as part of the capitalized value of the assets constructed.

Depreciation Method and Useful Lives

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

Infrastructure	3-50 years
Buildings and improvements	10-90 years
Equipment	3-30 years
Vehicles	3-15 years
Office furniture	5-10 years

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

1-G Compensated Absences

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

Accumulated sick leave and vacation that has become due and payable at the end of the fiscal year, which is expected to be paid during the upcoming fiscal year, is reported as an expenditure and fund liability of the governmental fund in

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

NOTES TO THE FINANCIAL STATEMENTS

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

1-G Compensated Absences (cont.)

the funds financial statement that will pay it. Accumulated sick leave and vacation that is expected to be utilized by employees during the upcoming fiscal year is reported as a current obligation in the government-wide financial statements. Accumulated sick leave and vacation leave that is not expected to be utilized by employees during the upcoming fiscal year is reported as a noncurrent obligation in the government-wide financial statements.

1-H Accrued Liabilities and Long-Term Obligations

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

1-I Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year end are reported as commitment of fund balances.

1-J Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

1-K Fund Balance

In the governmental fund financial statements, fund balance consists of reserved and unreserved amounts. The District records reservations of fund balance to indicate that a portion of the fund balance is segregated for a specific future use and does not represent current available expendable financial resources. Designations of unreserved fund balance represent management plans or intent regarding future financial resource uses.

1-L Grant Revenue

The District receives financial assistance from governmental agencies in the form of grants. Revenue is deemed earned and thus recognized when applicable program expenditures are recorded. Funds received but not earned at June 30, 2010 are recorded as deferred revenue.

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

NOTES TO THE FINANCIAL STATEMENTS

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

1-M Subsequent Events

The District has evaluated subsequent events through December 7, 2010, which is the date that these financial statements are issued. With exception to the amounts disclosed in Note 12, no material subsequent events have occurred since June 30, 2010 that required recognition or disclosure in these financial statements.

1-N Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and related disclosures. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgets and Budgetary Accounting

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

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

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

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

2-B. Budgetary Comparison Schedule

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CASH AND CASH EQUIVALENTS

Statutes authorize the District to invest in various instruments of the federal government and its agencies, savings certificates of savings and loan associations, bank certificates of deposit, and investment pools that purchase allowable investments. The District has elected to invest cash in excess of immediate needs in an investment pool.

The composition of cash and cash equivalents in the financial statements is as follows as of June 30, 2010:

Cash on hand	\$ 3,929
Bank deposits	1,682,116
Money Market Investment Pool	<u>21</u>
Total cash and cash equivalents	<u>\$1,686,066</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Wyoming statute 9-4-820 requires the District to collateralize bank deposits that exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). In addition, for collateral held by a custodian other than the Federal Reserve, an approved Joint Custody Receipt form must be properly executed to perfect the District's interest in collateral pledged by depository financial institutions. The District's superintendent monitors cash account balances to see that sufficient collateral is pledged to the District. At June 30, 2010, the District's deposits were insured by the FDIC up to \$250,000 at each bank.

Bank Deposits - At June 30, 2010, the carrying amount of the District's bank deposits was \$1,682,116 and the bank balance was \$1,765,501. Of the bank balance, \$397,169 was covered by federal depository insurance and \$1,368,332 was covered by collateral held in safekeeping by a third party trust.

Money Market Investment Pool – The District had invested in the Wyoming State Treasurer's Asset Reserve (WyoStar), an investment pool established to allow local government entities to pool surplus funds. The State Treasurer administers and enforces all State statutes governing WyoStar. WyoStar operates similarly to a money market fund and each share has an approximate value of \$1.00. WyoStar may invest in any securities allowed by statute.

NOTE 4. RECEIVABLES

Receivables have been reported net of the allowance for uncollectible accounts. The allowance is estimated based on prior experience. The allowances for uncollectible accounts are as follows as of June 30, 2010:

Accounts receivable	\$ 3,827
Taxes receivable	<u>17,000</u>
	<u>\$ 20,827</u>

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. PROPERTY TAXES

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010 is as follows:

	Balance June 30, 2009	Additions	Disposals	Balance June 30, 2010
Non-depreciable Capital Assets				
Land	\$ 180,856	\$ 0	\$ 0	\$ 180,856
Construction in Progress	<u>0</u>	<u>47,184</u>	<u>0</u>	<u>47,184</u>
Total Non-depreciable	<u>180,856</u>	<u>47,184</u>	<u>0</u>	<u>228,040</u>
Depreciable Capital Assets				
Buildings & improvements	3,685,395	110,454	0	3,795,849
Equipment	3,127,549	458,996	193,832	3,392,713
Vehicles	1,043,633	0	0	1,043,633
Computer Software	0	26,343	0	26,343
Office furniture	9,441	0	0	9,441
Infrastructure	<u>942,800</u>	<u>202,085</u>	<u>0</u>	<u>1,144,885</u>
Total Depreciable	<u>8,808,818</u>	<u>797,878</u>	<u>193,832</u>	<u>9,412,864</u>
Accumulated Depreciation				
Buildings & improvements	563,084	103,302	0	666,386
Equipment	1,756,463	215,410	193,832	1,778,041
Vehicles	710,838	67,062	0	777,900
Office furniture	6,216	676	0	6,892
Computer Software	0	3,075	0	3,075
Infrastructure	<u>240,076</u>	<u>18,051</u>	<u>0</u>	<u>258,127</u>
Total Accumulated Depreciation	<u>3,276,677</u>	<u>407,576</u>	<u>193,832</u>	<u>3,490,421</u>
Depreciable Capital Assets- Net	<u>5,532,141</u>			<u>5,922,443</u>
Governmental Activities Capital Assets (net)	<u>\$ 5,712,997</u>	<u>\$ 437,486</u>	<u>\$ 0</u>	<u>\$ 6,150,483</u>

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the changes in long-term liabilities of the District for the year ended June 30, 2010:

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Compensated absences	\$ 166,561	\$ 161,411	\$ 166,241	\$ 161,731	\$ 161,731
Obligations under capital lease	517,934	0	210,111	307,823	144,525
Closure and post closure care	2,683,859	3,316,141	0	6,000,000	0
	<u>\$ 3,368,354</u>	<u>\$ 3,477,552</u>	<u>\$ 907,599</u>	<u>\$ 6,469,554</u>	<u>\$ 306,256</u>

NOTE 8. LEASING ARRANGEMENTS

The District has entered into leases for equipment which provide for specified minimum rental payments. To comply with state statutes, all leases contain a non-appropriations clause which allows the lessee to cancel the lease in the event that resources are not available for future appropriation. The remaining terms of the leases range from approximately one to four years. Leases which transfer substantially all the benefits and risks incident to the ownership of property have been capitalized. The future minimum rental commitments as of June 30, 2010, for continuing capital leases are as follows:

<u>Year Ending June 30,</u>	
2011	\$ 160,250
2012	59,684
2013	59,684
2014	59,684
2015	<u>0</u>
Total minimum lease payments	339,302
Less: Amounts representing interest	<u>31,479</u>
Present value of minimum lease payments	<u>\$ 307,823</u>
Cost of leased property	\$ 897,437
Less: Accumulated depreciation	<u>368,205</u>
	<u>\$ 529,232</u>

Capital lease obligations payable in future years have been reflected as both proceeds from capital lease and as expenditure in the initial year of the lease in the fund financial statements. Amortization of leased equipment under capital assets is included with depreciation expense in the government-wide financial statement.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN

The District participates in the Wyoming Retirement System ("System"), a statewide cost-sharing, multiple-employer public employee retirement system administered by the State of Wyoming Retirement System Board. Substantially all of the District's full-time employees are eligible to participate. The System provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. The System issues a publicly available financial report which includes audited financial statements and required supplementary information for the System. The report may be obtained by writing to the Wyoming Retirement System, First Floor East, Herschler Building, 122 West 25th Street, Cheyenne, Wyoming 82001

Plan members are required to contribute 5.57% of their annual covered salary and the District is required to contribute 5.68% of the annual covered payroll. Effective September 1, 2010 these rates increase to 7.0% and 7.12% respectively. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The District currently pays 100% of the required employees' contribution. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The District made the required contributions to the System for the years ended June 30, 2010, 2009, and 2008, in the amounts \$160,231, \$141,316, and \$135,247 respectively.

NOTE 10. COMMITMENTS AND CONTINGENCIES

Litigation

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

Insurance Coverage

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

Group Health Insurance

The District participates in the County's self-insured health benefit plan. The purpose of this plan is to pay medical, dental, and vision claims of County and other qualifying entities' employees and their covered dependents, and minimize the total cost of medical benefits. Medical claims exceeding \$85,000 per individual were covered by a stop-loss policy through a private insurance carrier. This amount will increase to \$125,000 for the fiscal year ending June 30, 2011. The County has engaged the services of a plan administrator who, for an administration fee, serviced the claims and stop-loss premiums paid. Settled claims have not exceeded the stop-loss insurance limits in any of the past ten years.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. COMMITMENTS AND CONTINGENCIES (cont.)

Group Health Insurance (cont.)

The health insurance plan is funded by monthly contribution payments from the participating groups. For the year ended June 30, 2010, the District made contributions of \$389,242, to the health insurance plan on behalf of its covered employees.

The District also offers a self-funded death benefit to employees as a fringe benefit. The maximum death benefit is \$ 10,000 per employee.

NOTE 11. CLOSURE AND POSTCLOSURE CARE COST

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

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

<u>June 30,</u>	<u>Estimated Total Closure and Post closure Care Costs</u>	<u>Percentage of Total Capacity Filled</u>	<u>Liability</u>
2010	\$ 12,000,000	~50%	\$ 6,000,000

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

The District estimates the remaining site life and capacity used of each of the County landfills as follows as of June 30, 2010:

	<u>Remaining Site Life</u>	<u>Capacity Used</u>
Lander – Phases 2 – 5	13.0 years	48 %
Riverton - Sand Draw	26.0 years	44 %
Shoshoni	59.0 years	67 %
Dubois	1.8 years	100 %

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. CLOSURE AND POSTCLOSURE CARE COST (cont.)

State and federal laws require the District to provide financial assurance that the closure and post closure care requirements will be met. The District participates in a guarantee program administered by the State of Wyoming. Participation in this program satisfies the financial assurance requirements. The effective date of compliance with these requirements was April 9, 1997. The annual contribution amounted to \$400, for the year ended June 30, 2010.

During the year ended June 30, 2010, the District operated the Lander and Riverton (Sand Draw), and Dubois landfills without permits. These sites are required to be re-permitted by the Wyoming Department of Environmental Quality (WDEQ) every four years. Outstanding issues prevented re-permitting these sites on the normal four year cycle. WDEQ issued a notice of violation for the Lander and Riverton (Sand Draw), and Dubois landfills. The District negotiated a settlement for the Lander and Riverton (Sand Draw), and Dubois landfills (Note 12, SUBSEQUENT EVENTS).

The Lander landfill site has several potential environmental issues that have not yet been thoroughly explored and resolved. Due to the complex geology of the site, the District and the WDEQ are developing drilling and monitoring programs to help determine the nature and extent of any contamination. If high levels of contamination are revealed, the potential exists for the closure and post closure care costs at this site to increase dramatically.

The WDEQ has expressed concerns about the continued operation of the Lander landfill, and has mandated that the landfill cease receipt of all waste by August 1, 2024, and perform closure activities at that time.

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

There are outstanding issues on the remaining three closed sites (Hudson, Pavillion and Missouri Valley). Annual inspections have revealed problems that must be addressed before the District can petition the State for final closure. The State requires five consecutive annual inspections without incident before the petition for release can be accepted.

NOTE 12. SUBSEQUENT EVENTS

On September 29, 2010 the WDEQ and the District were granted a consent decree by the District Court as the two parties had negotiated a settlement to the Notice of Violation and Order issued by WDEQ to the District on October 28, 2008 for violating Wyoming Solid Waste Rules & Regulations (WSWRR) at the Riverton (Sand Draw) landfill. The District agreed to a stipulated penalty in the amount of \$22,000, which was paid on September 30, 2010.

No later than December 31, 2010 the District shall submit to WDEQ a complete and technically adequate renewal permit application pursuant to WSWRR. If the District timely completes the stipulated requirements of the consent decree requirements the additional penalty of \$107,490 shall be forgiven.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. SUBSEQUENT EVENTS (cont.)

Also, on September 29, 2010 the WDEQ and the District were granted a consent decree by the District Court as the two parties had negotiated a settlement to the Notice of Violation and Order issued by WDEQ to the District on October 28, 2008 for violating WSWRR at the Dubois landfill. The District agreed to a stipulated penalty in the amount of \$15,000, which was paid on September 30, 2010. No later than December 31, 2010 the District shall submit to WDEQ a complete and technically adequate renewal permit application pursuant to WSWRR. If the District timely completes the stipulated requirements of the consent decree the additional penalty of \$109,810 shall be forgiven.

On October 15, 2010 the District negotiated an agreement for the submittal of a completed renewal permit application for the Lander Landfill to be submitted to WDEQ no later than May 1, 2011.

Subsequent to year end the District entered into an agreement to trade in a CAT 615C scraper and to purchase a CAT 615C II scraper in the amount of \$266,657. The purchase is financed over five years at 3.5% interest and annual payments of \$48,218, including interest, with a final payment of \$106,358.

Required Supplementary Information

FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Original/ Final</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
BUDGETARY FUND BALANCE - BEGINNING	\$ 1,100,000	\$ 1,096,693	(3,307)
RESOURCES (INFLOWS)			
Taxes, primarily property	\$ 3,653,969	\$ 3,520,883	(133,086)
Intergovernmental	1,101,352	661,871	(439,481)
Charges for services	1,721,000	1,613,027	(107,973)
Investment income	5,000	1,364	(3,636)
Miscellaneous income	0	5,199	5,199
Amount available for appropriation	<u>7,581,321</u>	<u>\$ 6,899,037</u>	<u>(682,284)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Current			
Wages	1,778,515	\$ 1,491,982	286,533
Employee benefits	927,306	692,012	235,294
Bale stations operation and maintenance	190,000	201,538	(11,538)
Engineering fees	410,000	143,925	266,075
Equipment repairs	235,000	187,637	47,363
Financial assurance	5,000	400	4,600
Grant expenses (except capital outlay)	871,803	79,957	791,846
Groundwater exploration	196,902	118,481	78,421
Insurance	31,500	25,794	5,706
Landfill closure	240,016	95,326	144,690
Leases	0	45	(45)
Long-term plan	50,000	33,860	16,140
Office expenses and travel	92,350	27,024	65,326
Operation and maintenance	380,000	308,410	71,590
Professional fees	25,000	25,373	(373)
Recycling	110,000	67,938	42,062
Scale houses	5,000	9,270	(4,270)
Site improvement and maintenance	159,100	116,455	42,645
Transfer stations	36,000	2,789	33,211
Utilities	157,000	221,847	(64,847)
Capital outlay			
Vehicle weigh scales	540,000	557,692	(17,692)
Other	625,000	287,370	337,630
Debt service			
Principal	200,000	210,111	(10,111)
Interest	15,829	20,544	(4,715)
Total charges to appropriations	<u>\$ 7,281,321</u>	<u>\$ 4,925,780</u>	<u>\$ 2,355,541</u>
BUDGETARY FUND BALANCE - ENDING	<u>\$ 300,000</u>	<u>\$ 1,973,257</u>	

(The accompanying notes to the required supplementary information
are an integral part of this schedule.)

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

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE A - BUDGETARY ACCOUNTING

The budget for the governmental fund type is adopted on a basis consistent with generally accepted accounting principles (GAAP), except that encumbrances are included as expenditures. The general fund expenditure classifications for GAAP and budgetary purposes differ due to classification of expenditures.

FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
SCHEDULE OF WYOMING STATE ASSISTANCE
YEAR ENDED JUNE 30, 2010

Source Grant Number	Purpose	Total Amount Approved	Total Amount Drawn as of June 30, 2009	Amount Drawn During the Year Ended June 30, 2010	Balance Available to be Received
Wyoming Office of State Lands and Investments					
MRG-05127Fr	Leachate Control	\$ 175,000	\$ 26,618	\$ 31,407	\$ 116,975
MRG-07221Fr	Sand Draw Landfill Expansion	281,000	5,212	88,884	186,904
MRG-09406Fr	Vehicle Weigh Scales	540,000	-	497,550	42,450
Wyoming Department of Environmental Quality					
SF 38	Integrated Solid Waste Management Plan (ISWMP)	77,988	-	77,988	-

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

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

We have audited the financial statements of the governmental activities and the general fund of Fremont County Solid Waste Disposal District ("the District"), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2010. The report on the District was qualified because we were unable to obtain sufficient appropriate audit evidence related to management's estimate of the closure and post closure care liability stated at \$6,000,000 as of June 30, 2010, or the landfill closure costs of \$3,411,467, which is included in the decrease in net assets for the year ended June 30, 2010. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected

and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as Findings 10-1 and 10-2 to be material weaknesses.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as Findings 10-3 and 10-4 to be significant deficiencies, and in the aggregate, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the District in a separate letter dated December 7, 2010.

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and the Board of Directors, Fremont County and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



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

December 7, 2010

**Fremont County Solid Waste Disposal District
Schedule of Findings and Responses
Year Ended June 30, 2010**

Section I – Summary of Auditor’s Results

Financial Statements

The report of independent auditor expresses a qualified opinion on the basic financial statements of Fremont County Solid Waste Disposal District.

The audit of the financial statements of the Fremont County Solid Waste Disposal District disclosed two material weaknesses and two significant deficiencies.

The significant deficiencies in internal control were considered to be, in the aggregate, a material weakness.

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

Section II – Financial Statement Findings

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

**Fremont County Solid Waste Disposal District
Schedule of Findings and Responses, Continued
Year Ended June 30, 2010**

Finding 10-1

Condition	We were unable to obtain sufficient appropriate audit evidence related to management's estimate of the closure and post closure care liability stated at \$6,000,000 as of June 30, 2010, or the landfill closure costs of \$3,411,467, which is included in the decrease in net assets for the year ended June 30, 2010.
Criteria	Governmental Accounting Standards Board, Statement 18, Accounting for Municipal Solid Waste Landfill Closure and Post Closure Care Costs establishes standards of accounting and financial reporting for municipal solid waste landfill (MSWLF) closure and post closure care costs that are required to be incurred by federal, state, or local laws or regulations. The closure and post closure care costs include the cost of facilities and equipment (such as leachate collection systems and final cover) as well as the costs of services (such as post closure maintenance and monitoring costs)
Effect	The auditor's opinion is modified to a qualified opinion on the June 30, 2010 financial statements as the financial statements do not present fairly in all material respects the closure and post closure care cost liability and landfill closure expenses.
Cause	Supporting cost information has not been properly maintained to provide sufficient evidence to support the estimate of the closure and post closure care costs.
Recommendation	The District should have an engineering cost study prepared to document the current estimated cost of the closure and post closure care liability for the landfills.
Management's Response	<p>Three of the four municipal solid waste landfill sites are operating without a permit from the Wyoming Department of Environmental Quality. Without an operating permit any estimate of closure and post-closure care costs would be unreliable and inaccurate. Once operating permits are obtained, engineering cost estimates will be prepared for the closure and post-closure care costs of each of the landfill sites.</p> <p>In the consent decrees dated September 29, 2010 the District agreed to complete a technically accurate renewal permit application by December 31, 2010 for Sand Draw Landfill and March 29, 2011 for the Dubois Landfill. On October 15, 2010 the District agreed to the Stipulation to Modify Original Joint Stipulation that states a renewal application will be completed no later than May 1, 2011 for the Lander landfill.</p>

**Fremont County Solid Waste Disposal District
Schedule of Findings and Responses, Continued
Year Ended June 30, 2010**

Finding 10-2

Condition	The District opened a bank account in October 2009 that was not established in the public name of Fremont County Solid Waste Disposal District as the owner of the account.
Criteria	The District should maintain the public funds of the entity in a bank account of which the District is the owner of such account to protect the funds of the District.
Effect	The District's funds that are held in the financial institution are at risk of conversion to personal use and loss when the District is not identified as the owner of the account.
Cause	The business account application submitted to the bank was improperly prepared with two members of management of the District listed as the owners of the bank account.
Recommendation	We strongly recommend that the District establish a policy of reviewing of the banking applications prior to submitting the documents to the bank.
Management's Response	The incident in which the District improperly opened a bank account was an isolated case. Two Board members and the District superintendent signed documents without understanding that the account was not properly identified as public funds.

**Fremont County Solid Waste Disposal District
Schedule of Findings and Responses, Continued
Year Ended June 30, 2010**

Finding 10-3

Condition	The District has not implemented an adequate segregation of duties for an effective system of internal controls.
Criteria	<p>An effective system of internal controls requires that closely related duties be segregated. An effective internal control structure of an organization also includes procedures and actions to:</p> <ol style="list-style-type: none">1. Protect assets against theft and waste.2. Ensure compliance with policies, procedures and state statute.3. Evaluate the performance of personnel to promote efficient operations.4. Ensure accurate and reliable operating and accounting records. <p>Segregation of duties requires that someone other than the employee responsible for safeguarding the assets must maintain the accounting records for the asset. When an organization segregates duties of the employees, it minimizes the probability of an error or irregularity occurring and not being timely detected.</p>
Effect	The lack of the proper segregation of duties for internal control increases the probability of an error or irregularity occurring and not being timely detected.
Cause	Policies and procedures have not been implemented to allow for adequate segregation of duties.
Recommendation	The available District personnel are sufficient to permit a more adequate segregation of duties for a more effective system of internal accounting control. We recommend that proper internal control policies and procedures be implemented.
Management's Response	The Deputy Treasurer and District staff have made substantial improvements to the procedures for handling cash receipts. Further improvements are planned to insure adequate segregation of duties for both cash receipts and cash disbursements. The procedures for cash receipts will be fully implemented by December 31, 2010. Procedures for cash disbursements will be completed by January 31, 2011.

**Fremont County Solid Waste Disposal District
Schedule of Findings and Responses, Continued
Year Ended June 30, 2010**

Finding 10-4

Condition Month-end and year-end closing procedures are not fully formalized and documented for certain accounts.

Criteria An effective system of internal controls includes periodically reconciling each general ledger account, and adjusting the recorded balances, if necessary.

Effect In connection with performing our audit testing, we noted that month-end and year-end closing procedures have not been fully formalized and documented for certain accounts. In November 2009 the District implemented the Waste Works system in conjunction with installation of weigh scales at four locations. It was noted that the District does not have a documented system for reconciling the monthly sales to insure the completeness of the sales and accounts receivable reporting.

As a result of the lack of proper month-end and year-end closing procedures the board of directors does not receive accurate and timely information on a monthly basis.

Cause The organization does not have fully formalized, documented procedures for periodically reviewing and reconciling each general ledger account.

Recommendation We recommend that month-end and year-end closing procedures be further developed, documented and implemented for each general ledger account. The implementation of increased procedures should reduce or eliminate the need for adjustments at year end.

Management's
Response The County Deputy Treasurer documented procedures for year-end closing as he prepared the annual financial report for June 30, 2010. Month-end closing procedures have been established. These month-end closing procedures are incomplete and require substantial modification to be completed by December 31, 2010. Both year-end and month-end closing procedures will be subject to a constant improvement process.

**Fremont County Solid Waste Disposal District
Status of Prior Year Findings
Year Ended June 30, 2010**

Finding 09-1

Condition: Due to the small size of the entity, the possibility of segregation of duties over certain transactions is limited.

Status: This condition continues to exist at June 30, 2010 See Finding 10-3.