

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

*Financial Report*  
**June 30, 2011**

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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 years ended June 30, 2011 and 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 audits.

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 audit evidence related to management's estimate of the closure and post closure care liability stated at \$6,000,000 as of June 30, 2011 and 2010, or the landfill closure costs of \$-0- and \$3,411,467, which is included in the increase (decrease) in net assets for the years ended June 30, 2011 and 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 audit 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, 2011 and 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.

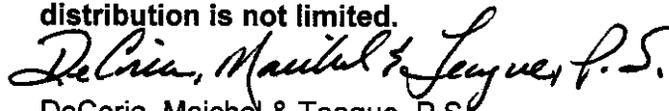
Management has omitted the management's discussion and analysis while including budgetary comparison information on page 22 that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although 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. Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated January 12, 2012, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The budgetary comparison schedule on page 22 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.

#### 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 report of independent auditor 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 report of independent auditor are a matter of public record and their distribution is not limited.



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

January 12, 2012

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

**STATEMENTS OF NET ASSETS**

**JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u> (Restated)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,579,317	\$ 1,686,066
Receivables, net of allowance for uncollectible accounts		
Accounts receivable	230,019	364,062
Taxes receivable	41,000	22,000
Intergovernmental	79,508	51,433
Interest receivable	6,000	10,000
Prepaid expenses	31,000	17,846
Due from primary government	168,799	192,771
<b>Noncurrent Assets</b>		
Nondepreciable capital assets	520,379	228,040
Depreciable capital assets, net of accumulated depreciation	<u>5,886,688</u>	<u>5,922,443</u>
<b>Total Assets</b>	<u><u>8,542,710</u></u>	<u><u>8,494,661</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	240,658	298,445
Current portion of long-term liabilities	223,229	306,256
<b>Noncurrent Liabilities</b>		
Compensated absences	171,303	161,731
Obligations under capital lease	391,071	307,823
Closure and post closure care	6,000,000	6,000,000
Less: current portion above	<u>(223,229)</u>	<u>(306,256)</u>
<b>Total Liabilities</b>	<u><u>6,803,032</u></u>	<u><u>6,767,999</u></u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	6,015,996	5,842,660
Unrestricted (deficit)	<u>(4,276,318)</u>	<u>(4,115,998)</u>
<b>Total Net Assets</b>	<u><u>\$ 1,739,678</u></u>	<u><u>\$ 1,726,662</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)**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
<b>Program expenses</b>		
Wages	\$ 1,567,410	\$ 1,487,152
Employee benefits	754,160	692,012
Bad Debts	4,811	-
Bale station operation and maintenance	262,143	201,538
Engineering fees	1,043,536	143,925
Equipment repairs	83,391	187,637
Financial assurance	16,046	400
Grant expenses (except capital outlay)	-	79,957
Groundwater exploration	-	118,481
Insurance	25,387	25,794
Interest	21,354	20,544
Landfill closure	-	3,411,467
Leases	72,820	45
Long-term plan	64,761	33,860
Office expenses and travel	51,048	27,024
Operation and maintenance	395,172	308,410
Professional fees	28,532	25,373
Recycling	163,668	67,938
Scale houses	6,371	9,270
Site improvement and maintenance	143,072	116,455
Transfer stations	2,758	2,789
Utilities	203,174	221,847
Depreciation	447,677	407,576
<b>Total program expenses</b>	<b>5,357,291</b>	<b>7,589,494</b>
<b>Program revenues</b>		
Charges for services	2,476,462	1,613,027
Operating grants and contributions	289,404	204,797
Capital grants and contributions	-	497,550
<b>Total program revenues</b>	<b>2,765,866</b>	<b>2,315,374</b>
<b>Net program expense</b>	<b>(2,591,425)</b>	<b>(5,274,120)</b>
<b>General revenues</b>		
Taxes, primarily property	2,598,145	3,525,883
Investment income	697	1,364
Gain on disposition of assets	2,915	-
Miscellaneous income	2,684	5,199
<b>Total general revenues</b>	<b>2,604,441</b>	<b>3,532,446</b>
<b>Increase (decrease) in net assets</b>	13,016	(1,741,674)
<b>Net Assets - Beginning</b>	<b>1,726,662</b>	<b>3,468,336</b>
<b>Net Assets - Ending</b>	<b>\$ 1,739,678</b>	<b>\$ 1,726,662</b>

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

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT  
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)  
BALANCE SHEETS  
JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010 (Restated)</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,579,317	\$ 1,686,066
Receivables, net of allowance for uncollectible accounts		
Taxes receivable	41,000	22,000
Intergovernmental and grants	41,459	10,957
Accounts receivable	230,019	364,062
Interest receivable	6,000	10,000
Prepaid expenses	31,000	17,846
Due from primary government	<u>168,799</u>	<u>192,771</u>
<b>Total Assets</b>	<b>\$ <u>2,097,594</u></b>	<b>\$ <u>2,303,702</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 240,658	\$ 298,445
Deferred revenue	<u>47,000</u>	<u>32,000</u>
<b>Total Liabilities</b>	<b><u>287,658</u></b>	<b><u>330,445</u></b>
<b>Fund Balance</b>		
Committed for cash reserves	300,000	300,000
Committed for contractual obligations	536,086	-
Unassigned	<u>973,850</u>	<u>1,673,257</u>
<b>Total Fund Balance</b>	<b><u>1,809,936</u></b>	<b><u>1,973,257</u></b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>2,097,594</u></b>	<b>\$ <u>2,303,702</u></b>
 <b>Reconciliation of the Balance Sheets to the Statements of Net Assets</b>		
Fund Balance	\$ 1,809,936	\$ 1,973,257
Amounts reported for Fremont County Solid Waste Disposal District in the statement of net assets are different because:		
Capital assets are not financial resources, and therefore, are not reported in the fund financial statements.	6,407,067	6,150,483
Other long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the fund financial statements.	38,049	40,476
Property tax revenue that will be collected after the year-end, but is not available soon enough to pay for the current period's expenditures and therefore is deferred in the funds.	47,000	32,000
Long-term liabilities, including compensated absences, closure and post closure care costs and capital leases, are not due in the current period and therefore are not reported in the fund financial statements.	<u>(6,562,374)</u>	<u>(6,469,554)</u>
<b>Net Assets (page 3)</b>	<b>\$ <u>1,739,678</u></b>	<b>\$ <u>1,726,662</u></b>

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

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT  
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)  
STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Taxes, primarily property	\$ 2,583,145	\$ 3,520,883
Intergovernmental	291,831	661,871
Charges for services	2,476,462	1,613,027
Investment income	697	1,364
Miscellaneous income	<u>2,684</u>	<u>5,199</u>
Total Revenues	<u>5,354,819</u>	<u>5,802,344</u>
<b>Expenditures</b>		
Current:		
Wages	1,557,838	1,491,982
Employee benefits	754,159	692,012
Bale station operation and maintenance	262,143	201,538
Engineering fees	1,043,536	143,925
Equipment repairs	83,391	187,637
Financial assurance	16,046	400
Grant Expenses (except capital outlay)	-	79,957
Groundwater exploration	-	118,481
Insurance	25,387	25,794
Landfill closure	-	95,326
Leases	72,820	45
Long-term plan	64,761	33,860
Office expenses and travel	51,048	27,024
Bad Debt Expense	4,811	-
Operation and maintenance	395,172	308,410
Professional fees	28,532	25,373
Recycling	163,668	67,938
Scale Houses	6,371	9,270
Site improvement and maintenance	143,072	116,455
Transfer stations	2,758	2,789
Utilities	203,174	221,847
Capital outlay		
Vehicle weigh scales	-	557,692
Other	808,347	287,370
Debt service		
Principal	183,409	210,111
Interest	<u>21,354</u>	<u>20,544</u>
Total Expenditures	<u>5,891,797</u>	<u>4,925,780</u>
Excess (Deficiency) of Revenues Over (Under) Expenditure	(536,978)	876,564
<b>Other Financing Sources:</b>		
Proceeds from capital leases	266,657	-
Proceeds from sale of capital assets	<u>107,000</u>	<u>-</u>
Total other financing sources	<u>373,657</u>	<u>-</u>
Net change in fund balance	(163,321)	876,564
<b>Fund Balance - Beginning</b>	<u>1,973,257</u>	<u>1,096,693</u>
<b>Fund Balance - Ending</b>	<u>\$ 1,809,936</u>	<u>\$ 1,973,257</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 STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE TO THE STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

Amounts reported in the statement of activities are different because:

	2011	2010
Net change in fund balance (page 6)	\$ (163,321)	\$ 876,564
 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 (\$447,677) and capital outlays (\$808,347) in fiscal 2011; and depreciation (\$407,576) and capital outlays (\$845,062) in fiscal 2010.	360,670	437,486
 The net effect of various transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net assets. These transactions are not reflected in governmental funds.	(104,086)	-
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements.	12,573	45,476
 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	(9,572)	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.	(83,248)	210,111
 Change in net assets (page 4)	\$ 13,016	\$ (1,741,674)

(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, 2011, may be obtained at the Fremont County courthouse or at <http://fremontcountywy.org/treasurer/financials/>.

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

**1-B Government-Wide and Fund Financial Statements**

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

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

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 (cont.)**

**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 collected 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 as of the financial statement date as of the end of the current fiscal period. The remaining receivables have been classified as deferred revenues and will be recognized as revenue in the period of the actual receipt. Expenditures 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 with a maturity of three months or less when purchased.

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

**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

**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 by 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.

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

**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

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

**1-G Compensated Absences (cont.)**

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 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 contractual obligations.

**1-J Net Assets**

Net assets represent the difference between assets and liabilities. Net assets are comprised of the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net assets are classified in the following components.

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net assets – This component of net assets consists of net assets subject to constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The District had no restricted net assets at June 30, 2011.

Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

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

**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

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

**1-K Fund Balance**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* (GASB No. 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB No. 54, which became effective for fiscal years beginning after June 15, 2010, requires the fund balance amounts to be properly reported within one of the following fund balance classifications:

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

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

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

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

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

**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, 2011 are recorded as deferred revenue.

**1-M Subsequent Events**

The District has evaluated subsequent events through January 11, 2012, the date as of which these financial statements are issued. No material subsequent events have occurred since June 30, 2011 that required recognition or disclosure in these financial statements, except as disclosed in footnote 12, Subsequent Events.

**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.

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

**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**2-A. Budgets and Budgetary Accounting**

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

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

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

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

**2-B. Budgetary Comparison 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.

**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, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Cash on hand	\$ 70,634	\$ 3,929
Bank deposits	1,508,683	1,682,116
Money Market Investment Pool	<u>0</u>	<u>21</u>
Total cash and cash equivalents	<u>\$ 1,579,317</u>	<u>\$ 1,686,066</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

**NOTE 3. CASH AND CASH EQUIVALENTS (cont.)**

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, 2011, the District's deposits were insured by the FDIC up to \$250,000 at each bank.

Bank Deposits - At June 30, 2011, the carrying amount of the District's bank deposits was \$1,508,683 and the bank balance was \$1,584,711. Of the bank balance, \$365,228 was covered by federal depository insurance and \$1,219,483 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 similar 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, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Accounts receivable	\$ 4,850	\$ 3,827
Taxes receivable	17,000	17,000
	<u>\$ 21,850</u>	<u>\$ 20,827</u>

**NOTE 5. PROPERTY TAXES**

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

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

**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the fiscal years ended June 30, 2011 and 2010 are as follows:

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2011</u>
<b>Non-depreciable Capital Assets</b>				
Land	\$ 180,856	\$ 0	\$ 0	\$ 180,856
Construction in progress	<u>47,184</u>	<u>292,339</u>	<u>0</u>	<u>339,523</u>
Total Non-depreciable	<u>228,040</u>	<u>292,339</u>	<u>0</u>	<u>520,379</u>
<b>Depreciable Capital Assets</b>				
Buildings & improvements	3,795,849	0	0	3,795,849
Equipment	3,586,545	516,008	573,474	3,529,079
Vehicles	1,043,633	0	138,240	905,393
Computer software	26,343	0	0	26,343
Office furniture	9,441	0	0	9,441
Infrastructure	<u>1,144,885</u>	<u>0</u>	<u>0</u>	<u>1,144,885</u>
Total Depreciable	<u>9,606,696</u>	<u>516,008</u>	<u>711,714</u>	<u>9,410,990</u>
<b>Accumulated Depreciation</b>				
Buildings & improvements	666,386	105,327	0	771,713
Equipment	1,971,873	248,692	469,388	1,751,177
Vehicles	777,901	64,791	138,240	704,452
Office furniture	6,892	338	0	7,230
Computer software	3,075	5,269	0	8,344
Infrastructure	<u>258,126</u>	<u>23,260</u>	<u>0</u>	<u>281,386</u>
Total Accumulated Depreciation	<u>3,684,253</u>	<u>447,677</u>	<u>607,628</u>	<u>3,524,302</u>
Depreciable Capital Assets - Net	<u>5,922,443</u>			<u>5,886,688</u>
<b>Governmental Activities Capital Assets - Net</b>	<u>\$ 6,150,483</u>	<u>\$ 360,670</u>	<u>\$ 104,086</u>	<u>\$ 6,407,067</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

**NOTE 6. CAPITAL ASSETS (cont.)**

	Balance June 30, 2009	Additions	Disposals	Balance June 30, 2010
<b>Non-depreciable Capital Assets</b>				
Land	\$ 180,856	\$ 0	\$ 0	\$ 180,856
Construction in progress	<u>0</u>	<u>47,184</u>	<u>0</u>	<u>47,184</u>
<b>Total Non-depreciable</b>	<u>180,856</u>	<u>47,184</u>	<u>0</u>	<u>228,040</u>
<b>Depreciable Capital Assets</b>				
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>
<b>Total Depreciable</b>	<u>8,808,818</u>	<u>797,878</u>	<u>193,832</u>	<u>9,412,864</u>
<b>Accumulated Depreciation</b>				
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>
<b>Total Accumulated Depreciation</b>	<u>3,276,677</u>	<u>407,576</u>	<u>193,832</u>	<u>3,490,421</u>
<b>Depreciable Capital Assets - Net</b>	<u>5,532,141</u>			<u>5,922,443</u>
<b>Governmental Activities Capital Assets - Net</b>	<u>\$ 5,712,997</u>	<u>\$ 437,486</u>	<u>\$ 0</u>	<u>\$ 6,150,483</u>

**NOTE 7. CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of the changes in long-term liabilities of the District for the year ended June 30, 2011 and 2010:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
Compensated absences	\$ 161,731	\$ 189,087	\$ 179,515	\$ 171,303	\$ 171,303
Obligations under capital lease	307,823	266,657	183,409	391,071	51,926
Closure and post closure care	6,000,000	0	0	6,000,000	0
	<u>\$ 6,469,554</u>	<u>\$ 455,744</u>	<u>\$ 362,524</u>	<u>\$ 6,562,374</u>	<u>\$ 223,229</u>
	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
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>

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

**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

**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, 2011, for continuing capital leases are as follows:

<u>Year Ending June 30,</u>	
2012	\$ 59,684
2013	107,901
2014	107,902
2015	48,218
2016	<u>106,357</u>
Total minimum lease payments	430,062
Less: Amounts representing interest	<u>38,991</u>
Present value of minimum lease payments	<u>\$ 391,071</u>
Cost of leased property	\$ 633,552
Less: Accumulated amortization	<u>106,110</u>
	<u>\$ 527,442</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 (cont.)**

**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 25<sup>th</sup> 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, 2011, 2010, and 2009, in the amounts \$198,460, \$160,231, and \$141,316 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 \$125,000 per individual were covered by a stop-loss policy through a private insurance carrier. This amount will remain \$125,000 for the fiscal year ending June 30, 2012. 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 (cont.)**

**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 years ended June 30, 2011 and 2010, the District made contributions of \$392,722 and \$389,242, respectively, 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 Used</u>	<u>Liability</u>
2011	\$ 11,000,000	~55%	\$ 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, 2011:

	<u>Remaining Site Life</u>	<u>Capacity Used</u>
Lander – Phases 2 – 5	12.0 years	50 %
Riverton – Sand Draw	26.0 years	42 %
Shoshoni	62.0 years	90 %
Dubois	0.8 years	100 %

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

**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

**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 \$16,046 and \$400, for the years ended June 30, 2011 and 2010, respectively.

During the year ended June 30, 2011, the District operated the Lander, Sand Draw, Shoshoni and Dubois landfills without permits. These sites are required to be re-permitted by the Wyoming Department of Environmental Quality (WDEQ) every four years. The permitting process was under way for all four sites during the fiscal year and is discussed further in Note 12, Subsequent Events.

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 August 23, 2011, the Dubois Landfill was issued a permit by the Wyoming Department of Environmental Quality (WDEQ).

The District submitted a permit application by the deadline for the Sand Draw Landfill. However, upon review, the DEQ placed two conditions on the permit that the District objected to. The matter was appealed to the Environmental Quality Council (EQC) and a hearing was held on November 16 and 17, 2011. The ruling following the hearing was that one condition had to be modified, which was acceptable to the District, and the other condition had to be eliminated. Therefore, it is anticipated that once the EQC enters a final written order, a permit will be issued.

On April 20, 2011, the District submitted a permit to the WDEQ for the Shoshoni Landfill. The permit was deemed complete and technically adequate, the 60 day public notice period was completed, and the District is now waiting for the final issuance of the permit from WDEQ.

On May 1, 2011, the Lander Landfill submitted a permit to the WDEQ. The permit was deemed complete and technically adequate, the 60 day public notice period was completed, and the District is now waiting for the final issuance of the permit from WDEQ.

No further litigation is anticipated with regards to the permits.

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

**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

**NOTE 13. PRIOR PERIOD ADJUSTMENTS**

The District's financial statements for the year ended June 30, 2010 reflected an accrual of property taxes receivable that did not meet the guidance of the "Codification of Governmental and Financial Reporting Standards" which state that "governments should recognize assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arise..." Management has determined that the enforceable legal claim does not arise until September 1<sup>st</sup> each year, which changes the recognition of the taxes receivable and deferred revenues as of June 30, 2010. The restatement also includes a reclassification of \$40,476 from taxes receivable to intergovernmental receivables on the Statement of Net Assets. The restatements had no effect on the net assets at June 30, 2010.

The effects of the restatements on the financial statements as of and for the year ended June 30, 2010 are as follows:

	<u>As Previously Reported</u>	<u>As Restated</u>
Statement of Net Assets – District-Wide:		
Taxes receivable	\$ 1,240,476	\$ 22,000
Intergovernmental revenues	10,957	51,433
Deferred revenue	(1,178,000)	-

	<u>As Previously Reported</u>	<u>As Restated</u>
Balance Sheet – Governmental Fund:		
Taxes receivable	\$ 1,168,000	\$ 22,000
Deferred revenue	(1,178,000)	(32,000)

## **Required Supplementary Information**

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT  
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)  
BUDGETARY COMPARISON SCHEDULES  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	2011			2010		
	Budget Original/ Final	Actual	Variance Favorable (Unfavorable)	Budget Original/ Final	Actual	Variance Favorable (Unfavorable)
BUDGETARY FUND BALANCE -	\$ 1,133,739	\$ 1,973,257	\$ 839,518	\$ 1,100,000	\$ 1,096,693	\$ (3,307)
<b>RESOURCES (INFLOWS)</b>						
Taxes, primarily property	\$ 2,510,778	\$ 2,583,145	72,367	\$ 3,653,969	\$ 3,520,883	(133,086)
Intergovernmental	530,985	291,831	(239,154)	1,101,352	661,871	(439,481)
Charges for services	2,315,783	2,476,462	160,679	1,721,000	1,613,027	(107,973)
Investment income	2,000	697	(1,303)	5,000	1,364	(3,636)
Miscellaneous income	-	2,684	2,684	-	5,199	5,199
Proceeds from capital leases	-	266,657	-	-	-	-
Sale of capital assets	-	107,000	107,000	-	-	-
Amount available for appropriation	<u>6,493,285</u>	<u>\$ 7,701,733</u>	<u>941,791</u>	<u>7,581,321</u>	<u>\$ 6,899,037</u>	<u>(682,284)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>						
Current:						
Wages	1,722,536	\$ 1,557,838	164,698	1,778,515	\$ 1,491,982	286,533
Employee benefits	936,950	754,159	182,791	927,306	692,012	235,294
Bale stations operation and maintenance	260,000	262,143	(2,143)	190,000	201,538	(11,538)
Engineering fees	675,500	1,355,176	(679,676)	410,000	143,925	266,075
Equipment repairs	235,000	83,391	151,609	235,000	187,637	47,363
Financial assurance	5,000	16,046	(11,046)	5,000	400	4,600
Grant Expenses (except capital outlay)	-	-	-	871,803	79,957	791,846
Groundwater Exploration	79,966	-	79,966	196,902	118,481	78,421
Insurance	36,331	25,387	10,944	31,500	25,794	5,706
Landfill closure	465,000	-	465,000	240,016	95,326	144,690
Leases	50	72,820	(72,770)	-	45	(45)
Long-term plan	40,000	64,761	(24,761)	50,000	33,860	16,140
Office expenses and travel	58,300	51,048	7,252	92,350	27,024	65,326
Bad Debt Expense	-	4,811	-	-	-	-
Operation and maintenance	490,000	395,172	94,828	380,000	308,410	71,590
Professional fees	71,000	28,532	42,468	25,000	25,373	(373)
Recycling	-	163,668	(163,668)	110,000	67,938	42,062
Scale Houses	22,000	6,371	15,629	5,000	9,270	(4,270)
Site improvement and maintenance	50,000	143,072	(93,072)	159,100	116,455	42,645
Transfer stations	36,000	2,758	33,242	36,000	2,789	33,211
Utilities	217,000	203,174	13,826	157,000	221,847	(64,847)
Capital outlay:						
Vehicle weigh scales	-	-	-	540,000	557,692	(17,692)
Other	1,092,652	1,032,793	59,859	625,000	287,370	337,630
Debt service:						
Principal	-	183,409	(183,409)	200,000	210,111	(10,111)
Interest	-	21,354	(21,354)	15,829	20,544	(4,715)
Total charges to appropriations	<u>\$ 6,493,285</u>	<u>\$ 6,427,883</u>	<u>\$ 70,213</u>	<u>\$ 7,281,321</u>	<u>\$ 4,925,780</u>	<u>\$ 2,355,541</u>
BUDGETARY FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 1,273,850</u>		<u>\$ 300,000</u>	<u>\$ 1,973,257</u>	

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

Total charges to Appropriations - Actual  
(budgetary basis, as above) \$ 6,427,883

Encumbrances are not reported as expenditures on the  
Statement of Revenues, Expenditures and Changes  
in Fund Balance (536,086)

Total expenditures (GAAP Basis) (page 6) \$ 5,891,797

(The accompanying note to the budgetary comparison schedules is an integral part of this schedule.)

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

**NOTE TO BUDGETARY COMPARISON SCHEDULES**

**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, 2011 AND 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	Amount Drawn During the Year Ended June 30, 2011	Balance Available to be Received
<b>Wyoming Office of State Lands and Investments</b>						
MRG-05127Fr	Leachate Control	\$ 175,000	\$ 26,618	\$ 5,544	\$ -	\$ 142,838
MRG-07221Fr	Sand Draw Landfill Expansion	281,000	2,251	88,884	20,317	169,548
MRG-09406Fr	Vehicle Weigh Scales Balance transferred to Recycling Equipment Grant	540,000	-	497,550	-	42,450 (42,450)
	Balance					<u>-</u>
MRG-09542Fr	Recycling Equipment Grant Transfer from Vehicle Weigh Scales Grant	157,037				
		<u>42,450</u>				
	Total	<u>199,487</u>	-	-	92,823	106,664



**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 years ended June 30, 2011 and 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 12, 2012. The report on the District was qualified because we were unable to obtain sufficient audit evidence related to management's estimate of the closure and post closure care liability stated at \$6,000,000 as of June 30, 2011 and 2010, or the landfill closure costs of \$-0- and \$3,411,467, which is included in the increase (decrease) in net assets for the years ended June 30, 2011 and 2010, respectively. 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 audits, 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 11-1 and 11-2 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 11-3 and 11-4 to be significant deficiencies, and in the aggregate, to be a material weakness.

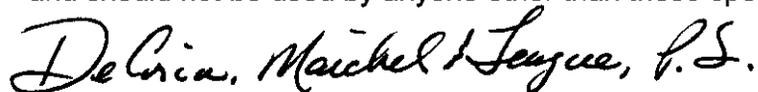
### **Compliance and Other Matters**

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 January 12, 2012.

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

January 12, 2012

**Fremont County Solid Waste Disposal District  
Schedule of Findings and Responses  
Year Ended June 30, 2011**

**Section I – Summary of Auditor's Results**

*Financial Statements*

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

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

The two 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, 2011**

**Finding 11-1**

Condition	We were unable to obtain sufficient audit evidence related to management's estimate of the closure and post closure care liability stated at \$6,000,000 as of June 30, 2011.
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, 2011 financial statements as we are unable to determine if the financial statements 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 and an approved permit from the Wyoming Department of Environmental Quality to document the current estimated cost of the closure and post closure care liability for the landfills.
Management's Response	The District has had engineering firms prepare cost estimates for the closure and post closure care. The cost estimates were prepared with the most current information available from the Department of Environmental Quality (DEQ) with regards to the requirements for closure and post closure monitoring. However, as of the report date, the district was waiting on final approval of a few permit applications by the DEQ. Therefore the cost estimates are based on preliminary data provided in the permit applications. The district anticipates that the DEQ will provide final approval on all sites before the end of the current fiscal year and the engineering firms will have the information needed to prepare complete cost estimates for the closure and post closure care.

**Fremont County Solid Waste Disposal District  
Schedule of Findings and Responses, Continued  
Year Ended June 30, 2011**

**Finding 11-2**

Condition	The District has not implemented an adequate segregation of duties for an effective system of internal control.
Criteria	<p>An effective system of internal control 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"><li>1. Protect assets against theft and waste.</li><li>2. Ensure compliance with policies, procedures and state statute.</li><li>3. Evaluate the performance of personnel to promote efficient operations.</li><li>4. Ensure accurate and reliable operating and accounting records.</li></ol> <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	Efforts are made by the Solid Waste office to segregate duties whenever possible. Due to the small staff, adequate segregation is not always possible. The Solid Waste Board has contracted the services of a CPA, which will provide additional oversight.

**Fremont County Solid Waste Disposal District  
Schedule of Findings and Responses, Continued  
Year Ended June 30, 2011**

**Finding 11-3**

Condition	The coding of grant revenues and expenditures are not fully formalized and documented and the accounting staff has not had any formal training related to grant monitoring.
Criteria	An effective system of internal control includes the proper training for staff and the implementation of controls for the proper recording of grant revenue and expenditures.
Effect	<p>In connection with performing our audit testing, we noted that the procedures for coding and recording grant revenues and expenditures were nonexistent.</p> <p>As a result the accounting system is not an effective tool in assuring that the grant reimbursement requests are complete and accurate.</p>
Cause	The organization does not have fully formalized, documented procedures for properly recording grant revenue and expenditures.
Recommendation	We recommend that recording and reconciling procedures be developed, documented and implemented for the proper accounting of the grants. The implementation of procedures should reduce or eliminate the need for adjustments at year end and help to insure the receipt of all reimbursements for grant expenditures.
Management's Response	The grant income and the expenses applied to the grant request for reimbursement will be recorded using the "class" function in QuickBooks. This will give the entity the ability to quickly generate a grant report for accurate tracking of the grants.

**Fremont County Solid Waste Disposal District  
Schedule of Findings and Responses, Continued  
Year Ended June 30, 2011**

**Finding 11-4**

Condition	Month-end and year-end closing procedures are not fully formalized and documented for certain accounts.
Criteria	An effective system of internal control includes periodically reconciling each general ledger account, and adjusting the recorded balances, if necessary.
Effect	<p>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.</p> <p>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 and at year-end.</p>
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 District has contracted with a CPA to assist the District with accounting procedures and financial reporting. The District is in the process of developing closing procedures, revising financial reports provided to the Board and reviewing internal controls for adequate segregation and safeguarding of assets.

**Fremont County Solid Waste Disposal District  
Status of Prior Year Findings  
Year Ended June 30, 2011**

**Finding 10-1**

Condition: We were unable to obtain sufficient audit evidence related to management's estimate of the closure and post closure care liability stated at \$6,000,000 as of June 30, 2011.

Status: This condition continues to exist at June 30, 2011. See Finding 11-1.

**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.

Status: This condition has been resolved.

**Finding 10-3**

Condition: The District has not implemented an adequate segregation of duties for an effective system of internal control.

Status: This condition continues to exist at June 30, 2011. See Finding 11-2.

**Finding 10-4**

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

Status: This condition continues to exist at June 30, 2011. See Finding 11-4.