

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

Financial Report
June 30, 2012

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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 ("the District"), a component unit of Fremont County, Wyoming, as of and for the years ended June 30, 2012 and 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 audits provide a reasonable basis for our opinions.

In our report dated January 12, 2012, we expressed an opinion that, 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 care liability, the 2011 financial statements presented 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 the respective changes in financial position thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America because of the following scope limitation: 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, or the landfill closure costs of \$0 for the year then ended. As described in Note 11, during the year ended June 30, 2012, the District obtained the required permits for each of its operating locations. In connection with obtaining the required permits, the District was able to substantiate the estimates reflected in the calculation of the closure and post-closure liability as of June 30, 2011, and the landfill closure costs for the year then ended. Accordingly, our present opinion on the 2011 financial statements, as presented herein, is different from that expressed in our previous report dated January 12, 2012.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Fremont County Solid Waste Disposal District, as of June 30, 2012 and 2011, and the respective changes in financial position thereof, for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated October 19, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has omitted management's discussion and analysis that governmental 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The Schedule of Wyoming State Assistance on page 24 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Wyoming State Assistance has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

NOTICE

The accompanying basic financial statements, supplementary information, and the Report of Independent Auditor 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 the 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 the Report of Independent Auditor are a matter of public record and their distribution is not limited.

DeCoria, Maichel & Teague, P.S.

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

October 19, 2012

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

STATEMENTS OF NET ASSETS

JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,902,017	\$ 1,579,317
Receivables, net of allowance for uncollectable accounts		
Accounts receivable	187,386	230,019
Taxes receivable	58,000	33,000
Intergovernmental and grants	75,470	79,508
Interest receivable	17,000	14,000
Prepaid expenses	33,186	31,000
Due from primary government	151,500	168,799
Total Current Assets	3,424,559	2,135,643
Noncurrent Assets		
Nondepreciable capital assets	180,856	520,379
Depreciable capital assets, net of accumulated depreciation	6,638,144	5,886,688
Total Assets	10,243,559	8,542,710
LIABILITIES		
Current Liabilities		
Accounts payable	279,843	240,658
Current portion of long-term liabilities	1,068,303	223,229
Total Current Liabilities	1,348,146	463,887
Long-term Liabilities		
Compensated absences	189,103	171,303
Obligations under capital lease	641,110	391,071
Closure and post-closure care	8,000,000	6,000,000
Less: current portion above	(1,068,303)	(223,229)
Total Liabilities	9,110,056	6,803,032
NET ASSETS		
Invested in capital assets, net of related debt	6,177,890	6,015,996
Unrestricted (deficit)	(5,044,387)	(4,276,318)
Total Net Assets (Deficit)	\$ 1,133,503	\$ 1,739,678

(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, 2012 AND 2011

	2012	2011
Program Expenses		
Wages	\$ 1,609,674	\$ 1,567,410
Employee benefits	748,288	754,160
Bad debts	5,774	4,811
Bale station operation and maintenance	91,550	262,143
Engineering fees	393,637	1,043,536
Equipment repairs	88,739	83,391
Financial assurance	7,507	16,046
Grant expenses (except capital outlay)	6,809	0
Insurance	38,962	25,387
Interest	15,729	21,354
Landfill closure and post-closure care costs	2,035,000	0
Leases	52,809	72,820
Long-term plan	0	64,761
Office expenses and travel	37,026	42,381
Operation and maintenance	424,858	395,172
Professional fees	86,073	28,532
Recycling	144,609	163,668
Scale houses	8,624	6,371
Site improvements and maintenance	137,924	143,072
Supplies	9,654	8,667
Transfer stations	490	2,758
Utilities	207,790	203,174
Depreciation	497,920	447,677
Total Program Expenses	6,649,446	5,357,291
Program Revenues		
Charges for services	2,564,878	2,476,462
Operating grants and contributions	25,003	289,404
Capital grants and contributions	194,657	0
Total Program Revenues	2,784,538	2,765,866
Net Program Expense	(3,864,908)	(2,591,425)
General Revenues		
Taxes, primarily property	3,199,441	2,598,145
Investment income	870	697
Gain on disposition of assets	37,603	2,915
Miscellaneous income	20,819	2,684
Total General Revenues	3,258,733	2,604,441
Change in net assets	(606,175)	13,016
Net Assets - Beginning of year	1,739,678	1,726,662
Net Assets - Ending of year	\$ 1,133,503	\$ 1,739,678

(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, 2012 AND 2011**

	2012	2011
ASSETS		
Cash	\$ 2,902,017	\$ 1,579,317
Receivables net of allowance for uncollectible accounts		
Accounts	187,386	230,019
Taxes	58,000	41,000
Intergovernmental and grants	37,209	41,459
Interest receivable	17,000	6,000
Prepaid expenses	33,186	31,000
Due from primary government	151,500	168,799
Total Assets	\$ 3,386,298	\$ 2,097,594
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable and accrued expenses	\$ 279,843	\$ 240,658
Deferred revenue	75,000	47,000
Total Liabilities	354,843	287,658
Fund Balance		
Committed for cash reserves	300,000	300,000
Committed for contractual obligations	0	536,086
Committed for closure & post-closure obligations	904,706	0
Unassigned	1,826,749	973,850
Total Fund Balance	3,031,455	1,809,936
Total Liabilities and Fund Balance	\$ 3,386,298	\$ 2,097,594

Reconciliation of the Balance Sheets to the Statements of Net Assets

Fund Balance of Fremont County Solid Waste Disposal District	\$ 3,031,455	\$ 1,809,936
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.	6,819,000	6,407,067
2) Certain intergovernmental and grants are not available to pay current-period expenditures and, therefore, are deferred in the governmental fund financial statements.	38,261	38,049
3) Property tax revenue that will be collected after year-end, but which is not available soon enough after year-end to pay for the current period's expenditures, is deferred in the governmental fund financial statements.	75,000	47,000
4) Long-term liabilities, including compensated absences, closure and post-closure care costs and capital leases, are not due and payable in the current period and, therefore, are not reported in the governmental fund financial statements.	(8,830,213)	(6,562,374)
Net Assets (Deficit) of Fremont County Solid Waste Disposal District (page 4)	\$ 1,133,503	\$ 1,739,678

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

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	2012	2011
Revenues		
Taxes, primarily property	\$ 3,171,441	\$ 2,583,145
Intergovernmental	219,448	291,831
Charges for services	2,564,878	2,476,462
Investment income	870	697
Miscellaneous income	20,819	2,684
	<u>5,977,456</u>	<u>5,354,819</u>
Expenditures		
Wages	1,591,874	1,557,838
Employee benefits	748,288	754,159
Bale stations operation and maintenance	91,550	262,143
Engineering fees	393,637	1,043,536
Equipment repairs	88,739	83,391
Financial assurance	7,507	16,046
Grant expenses (except capital outlay)	6,809	0
Insurance	38,962	25,387
Landfill closure and post-closure care costs	35,000	0
Leases	52,809	72,820
Long-term plan	0	64,761
Office expenses and travel	37,026	42,381
Bad debt expense	5,774	4,811
Operation and maintenance	424,858	395,172
Professional fees	86,073	28,532
Recycling	144,609	163,668
Scale houses	8,624	6,371
Site improvements and maintenance	137,924	143,072
Supplies	9,654	8,667
Transfer stations	490	2,758
Utilities	207,790	203,174
Capital outlays	909,853	808,347
Debt service		
Principal	92,172	183,409
Interest	15,729	21,354
	<u>5,135,751</u>	<u>5,891,797</u>
Total Expenditures		
Excess of Revenues Over (Under) Expenditures	841,705	(536,978)
Other Financing Sources:		
Proceeds from capital leases	342,211	266,657
Sale of capital assets	37,603	107,000
	<u>379,814</u>	<u>373,657</u>
Total Other Financing Sources		
Excess of revenues and other sources over (under) expenditures and other uses	1,221,519	(163,321)
Fund Balance - Beginning of year	<u>1,809,936</u>	<u>1,973,257</u>
Fund Balance - Ending of year	<u>\$ 3,031,455</u>	<u>\$ 1,809,936</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, 2012 AND 2011**

Amounts reported in the Statements of Activities are different because:

	2012	2011
Net change in fund balance (page 7)	\$ 1,221,519	\$ (163,321)
 Governmental funds report capital outlays as expenditures. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is the difference between depreciation (\$497,920) and capital outlays (\$909,853) in fiscal 2012 and depreciation (\$447,677) and capital outlays (\$808,347) in fiscal 2011.	411,933	360,670
 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 fund financial statements.	-	(104,086)
 Revenues in the Statements of Activities that do not provide current financial resources are not reported as revenues in the governmental fund financial statements.	28,212	12,573
 Expenses reported in the Statements of Activities that do not use current financial resources are not reported as expenditures in the funds. Following are net increases in:		
Compensated absences	(17,800)	(9,572)
Landfill closure and post-closure care costs	(2,000,000)	-
 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.	(250,039)	(83,248)
Change in net assets (page 5)	\$ (606,175)	\$ 13,016

(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, 2012, 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 included in 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 for property taxes and the related interest receivable shown on the governmental fund financial statements are those for which payment was not received by the financial statement date, but are due prior to the fiscal year end. The related revenue is recorded as deferred revenue. All receivables for property taxes, regardless of when they are collected are recognized in the government-wide financial statements. Accounts receivable for landfill user fees are recorded and recognized as of the service date for both the governmental fund financial statements and the government-wide financial statements.

1-F Capital Assets

Capitalization and Valuation

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, 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 as 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.

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	10-40 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 both June 30, 2012 and 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 Directors (the District's highest level of decision-making authority);

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

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

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, 2012 are recorded as deferred revenue.

1-M Subsequent Events

The District has evaluated subsequent events through October 19, 2012, the date as of which these financial statements were available to be issued. No material subsequent events have occurred since June 30, 2012 that required recognition or disclosure in these financial statements, except as disclosed in Note 12.

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, 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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Cash on hand	\$ 8,693	\$ 70,634
Bank deposits	<u>2,893,324</u>	<u>1,508,683</u>
Total cash and cash equivalents	<u>\$ 2,902,017</u>	<u>\$ 1,579,317</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, 2012, the District's deposits were insured by the FDIC up to \$250,000 at each bank.

Bank Deposits - At June 30, 2012, the carrying amount of the District's bank deposits was \$2,893,324 and the bank balance was \$2,974,708. Of the bank balance, \$493,676 was covered by federal depository insurance and \$2,481,032 was covered by collateral held in safekeeping by a third party trust.

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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Accounts receivable	\$ 3,825	\$ 4,850
Taxes and interest receivable	<u>18,000</u>	<u>17,000</u>
	<u>\$ 21,825</u>	<u>\$ 21,850</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, 2012 and 2011 is as follows:

	Balance June 30, 2011	Additions	Transfers	Disposals	Balance June 30, 2012
Non-depreciable Capital Assets					
Land	\$ 180,856	\$ 0	\$ 0	\$ 0	180,856
Construction in progress	<u>339,523</u>	<u>0</u>	<u>(339,523)</u>	<u>0</u>	<u>0</u>
Total Non-depreciable	<u>520,379</u>	<u>0</u>	<u>(339,523)</u>	<u>0</u>	<u>180,856</u>
Depreciable Capital Assets					
Buildings and improvements	3,795,849	116,082	139,860	0	4,051,791
Equipment	3,529,079	445,602	0	158,565	3,816,116
Vehicles	905,393	301,369	0	104,707	1,102,055
Computer software	26,343	0	0	0	26,343
Office furniture	9,441	0	0	0	9,441
Infrastructure	<u>1,144,885</u>	<u>46,800</u>	<u>199,663</u>	<u>0</u>	<u>1,391,348</u>
Total Depreciable Assets	<u>9,410,990</u>	<u>909,853</u>	<u>339,523</u>	<u>263,272</u>	<u>10,397,094</u>
Accumulated Depreciation					
Buildings and improvements	771,713	105,165	0	0	876,878
Equipment	1,751,177	279,874	0	158,565	1,872,486
Vehicles	704,452	78,124	0	104,707	677,869
Computer software	7,230	338	0	0	7,568
Office furniture	8,344	5,269	0	0	13,613
Infrastructure	<u>281,386</u>	<u>29,150</u>	<u>0</u>	<u>0</u>	<u>310,613</u>
Total Accumulated Depreciation	<u>3,524,302</u>	<u>497,920</u>	<u>0</u>	<u>263,272</u>	<u>3,758,920</u>
Depreciable Capital Assets - Net	<u>5,886,688</u>				<u>6,638,144</u>
Governmental Activities Capital Assets - Net	<u>\$ 6,407,067</u>	<u>\$ 411,933</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,819,000</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, 2010	Additions	Transfers	Disposals	Balance June 30, 2011
Non-depreciable Capital Assets					
Land	\$ 180,856	\$ 0	\$ 0	\$ 0	180,856
Construction in progress	47,184	292,339	0	0	339,523
Total Non-depreciable	228,040	0	0	0	520,379
Depreciable Capital Assets					
Buildings and improvements	3,795,849	0	0	0	3,795,849
Equipment	3,586,545	516,008	0	573,474	3,529,079
Vehicles	1,043,633	0	0	138,240	905,393
Computer software	26,343	0	0	0	26,343
Office furniture	9,441	0	0	0	9,441
Infrastructure	1,144,885	0	0	0	1,144,885
Total Depreciable Assets	9,606,696	516,008	0	711,714	9,410,990
Accumulated Depreciation					
Buildings and improvements	666,386	105,327	0	0	771,713
Equipment	1,971,873	248,692	0	469,388	1,751,177
Vehicles	777,901	64,791	0	138,240	704,452
Computer software	6,892	338	0	0	7,230
Office furniture	3,075	5,269	0	0	8,344
Infrastructure	258,126	23,260	0	0	281,386
Total Accumulated Depreciation	3,684,253	447,677	0	607,628	3,524,302
Depreciable Capital Assets - Net	5,922,443				5,886,688
Governmental Activities Capital Assets - Net	\$ 6,150,483	\$ 360,670	\$ 0	\$ 104,086	\$ 6,407,067

NOTE 7. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the changes in long-term liabilities of the District for the years ended June 30, 2012 and 2011:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Compensated absences	\$ 171,303	\$ 223,470	\$ 205,670	\$ 189,103	\$ 189,103
Obligations under capital lease	391,071	342,211	92,172	641,110	148,020
Closure and post-closure care	6,000,000	2,035,000	35,000	8,000,000	731,180
	\$ 6,562,374	\$ 2,600,681	\$ 332,842	\$ 8,830,213	\$ 1,068,303

	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
	\$ 6,469,554	\$ 455,744	\$ 362,924	\$ 6,562,374	\$ 223,229

**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 five 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, 2012, for continuing capital leases are as follows:

<u>Year Ending June 30,</u>	
2013	\$ 170,824
2014	170,824
2015	169,280
2016	62,923
2017	<u>128,101</u>
Total minimum lease payments	701,952
Less: Amounts representing interest	<u>60,842</u>
Present value of minimum lease payments	<u>\$ 641,110</u>
Cost of leased property	\$ 1,003,463
Less: Accumulated amortization	196,188
	<u>\$ 807,275</u>

Capital lease obligations payable in future years have been reflected as both proceeds from capital lease and as expenditures 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.

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

Through August 31, 2010, plan members were required to contribute 5.57% of their annual covered salary and the District was required to contribute 5.68% of the annual covered payroll. Effective September 1, 2010, these rates increased to 7.0% and 7.12%, respectively. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contributions in addition to the matching contribution. The District currently pays 100% of the required employees' contributions. 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, 2012, 2011, and 2010, in the amounts \$204,252, \$198,460, and \$160,231 respectively.

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

NOTES TO THE FINANCIAL STATEMENTS (cont.)

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 its operations.

Insurance Coverage

The District is a member of the Local Government Liability Pool as authorized by State statute 1-42-101. Coverage of this pool includes general liability and public officials' errors and omissions. Participation by the District is voluntary. Participants may be terminated for failure to pay the required assessments. A joint powers board administers the pool. It is the board's duty to provide legal services for the defense of claims, procure insurance and professional services as required, establish and collect assessments 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 are covered by a stop-loss policy through a private insurance carrier. This amount remained \$125,000 for the fiscal year ended June 30, 2012. The County has engaged the services of a plan administrator who, for an administration fee, services the claims and stop-loss premiums paid. Settled claims have not exceeded the stop-loss insurance limits in any of the past ten years.

The health insurance plan is funded by monthly contribution payments from the participating groups. For the years ended June 30, 2012 and 2011, the District made contributions of \$388,126 and \$392,722, 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 POST-CLOSURE CARE COST

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 11. CLOSURE AND POST-CLOSURE CARE COST (cont.)

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

<u>June 30,</u>	<u>Estimated Total Closure and Post-closure Care Costs</u>	<u>Percentage of Total Capacity Used</u>	<u>Liability</u>
2012	\$ 17,000,000	~47%	\$ 8,000,000

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

The District estimates the remaining site life and capacity used of each of the County landfills as follows as of June 30, 2012:

	<u>Remaining Site Life</u>	<u>Capacity Used</u>
Lander – Phases 2–5	11.0 years	70 %
Riverton – Sand Draw	22.0 years	54 %
Shoshoni	51.0 years	90 %
Dubois	0.0 years	100 %
Dubois Expansion	70.0 years	0 %

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 \$7,507 and \$16,046, for the years ended June 30, 2012 and 2011, 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 completed for all four sites during the fiscal year ended June 30, 2012. The operating permits were issued as follows: Dubois, issued August 23, 2011; Lander, issued January 5, 2012; Shoshoni, issued March 29, 2012; and Sand Draw, issued April 23, 2012.

The District 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, Pavilion 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.

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

NOTES TO THE FINANCIAL STATEMENTS (cont.)

NOTE 12. SUBSEQUENT EVENTS

The District has terminated the existing contract to provide services on the Wind River Indian Reservation. The termination of the contract is effective December 15, 2012. The District is currently in contract negotiations with the Wind River Indian Reservation to establish a new contract for operations.

NOTE 13. RELATED PARTIES

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

During the fiscal year ended June 30, 2012, one of the District's Board members worked, on a part-time basis, for an engineering firm that provides services to the District. The Board member did not work on any projects related to the District.

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, 2012 AND 2011**

	2012			2011		
	Budget Original/ Final	Actual (Budgetary Basis) (Note A)	Variance Favorable (Unfavorable)	Budget Original/ Final	Actual	Variance Favorable (Unfavorable)
BUDGETARY FUND BALANCE -	\$ 154,814	\$ 1,809,936	\$ 1,655,122	\$ 1,133,739	1,973,257	\$ 839,518
RESOURCES (INFLOWS)						
Taxes, primarily property	\$ 3,191,456	\$ 3,171,441	(20,015)	\$ 2,510,778	2,583,145	\$ 72,367
Intergovernmental	543,569	219,448	(324,121)	530,985	291,831	(239,154)
Charges for services	2,453,383	2,564,878	111,495	2,315,783	2,476,462	160,679
Investment income	0	870	870	2,000	697	(1,303)
Miscellaneous income	0	20,819	20,819	0	2,684	2,684
Proceeds from capital leases	0	342,211	342,211	0	266,657	266,657
Sale of capital assets	0	37,603	37,603	0	107,000	107,000
Amount available for appropriation	<u>6,343,222</u>	<u>\$ 8,167,206</u>	<u>1,823,984</u>	<u>6,493,285</u>	<u>\$ 7,701,733</u>	<u>1,208,448</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)						
Current						
Wages	1,842,451	\$ 1,591,874	250,577	1,722,536	\$ 1,557,838	164,698
Employee benefits	981,215	748,288	232,927	936,950	754,159	182,791
Bad debt expense	0	5,774	(5,774)	0	4,811	(4,811)
Bale stations operation and maintenance	232,000	91,550	140,450	260,000	262,143	(2,143)
Engineering fees	350,000	393,637	(43,637)	675,500	1,355,176	(679,676)
Equipment repairs	235,000	88,739	146,261	235,000	83,391	151,609
Financial assurance	7,000	7,507	(507)	5,000	16,046	(11,046)
Grant expenses (except capital outlay)	0	6,809	(6,809)	0	0	0
Groundwater Exploration	0	0	0	79,966	0	79,966
Insurance	38,145	38,962	(817)	36,331	25,387	10,944
Landfill closure and post-closure care costs	0	35,000	(35,000)	465,000	0	465,000
Leases	50	52,809	(52,759)	50	72,820	(72,770)
Long-term plan	40,000	0	40,000	40,000	64,761	(24,761)
Office expenses and travel	65,800	37,026	28,774	51,300	42,381	8,919
Operation and maintenance	400,000	424,858	(24,858)	490,000	395,172	94,828
Professional fees	186,000	86,073	99,927	71,000	28,532	42,468
Recycling	130,000	144,609	(14,609)	0	163,668	(163,668)
Scale houses	10,000	8,624	1,376	22,000	6,371	15,629
Site improvements and maintenance	159,000	137,924	21,076	50,000	143,072	(93,072)
Supplies	7,500	9,654	(2,154)	7,000	8,667	(1,667)
Transfer stations	117,600	490	117,110	36,000	2,758	33,242
Utilities	217,000	207,790	9,210	217,000	203,174	13,826
Capital outlay	1,324,461	909,853	414,608	1,092,652	1,032,793	59,859
Debt service						
Principal	0	92,172	(92,172)	0	183,409	(183,409)
Interest	0	15,729	(15,729)	0	21,354	(21,354)
Total charges to appropriations	<u>\$ 6,343,222</u>	<u>\$ 5,135,751</u>	<u>\$ 1,207,471</u>	<u>\$ 6,493,285</u>	<u>\$ 6,427,883</u>	<u>\$ 65,402</u>
BUDGETARY FUND BALANCE - ENDING	<u>\$ 0</u>	<u>\$ 3,031,455</u>		<u>\$ 0</u>	<u>\$ 1,273,850</u>	

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

Total charges to Appropriations - Actual (budgetary basis, as above)	\$ 5,135,751	\$ 6,427,883
Encumbrances are not reported as expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance.	<u>0</u>	<u>(536,086)</u>
Total expenditures (GAAP Basis) (page 7)	<u>\$ 5,135,751</u>	<u>\$ 5,891,797</u>

(The accompanying note to the required supplementary information 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 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.

Other Supplementary Information

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
SCHEDULE OF WYOMING STATE ASSISTANCE
YEAR ENDED JUNE 30, 2012 AND 2011**

Source Grant Number	Purpose	Total Amount Approved	Amount Drawn as of June 30, 2010	Amount Drawn During the Year Ended June 30, 2011	Amount Drawn During the Year Ended June 30, 2012	Balance Available to be Received
Wyoming Office of State Lands and Investments						
MRG-05127Fr	Leachate Control	\$ 175,000	\$ 32,162	\$ 0	0	\$ 142,838
MRG-07221Fr	Sand Draw Landfill Expansion	281,000	91,135	20,317	23,400	146,148
MRG-09406Fr	Vehicle Weigh Scales Balance transferred to Recycling Equipment Grant	540,000	497,550	0		42,450 (42,450)
	Balance					<u>0</u>
MRG-09542Fr	Recycling Equipment Transfer from Vehicle Weigh Scales Grant	157,037				
	Total	<u>199,487</u>	0	92,823	103,932	2,732
MRG-11109Fr	Transfer Station Upgrades	95,000	0	0	37,209	57,791



**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, 2012 and 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 19, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as Finding 12-1 that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the District in a separate letter dated October 19, 2012.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the District's response and, accordingly, we express no opinion on it.

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.

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

October 19, 2012

**Fremont County Solid Waste Disposal District
Schedule of Findings and Responses
Year Ended June 30, 2012**

Section I – Summary of Auditor’s Results

Financial Statements

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

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

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

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

Section II – Financial Statement Findings

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

**Fremont County Solid Waste Disposal District
Schedule of Findings and Responses, Continued
Year Ended June 30, 2012**

Finding 12-1

Condition	The District has not implemented an adequate segregation of duties for an effective system of internal control over the receipt and posting of payments on accounts receivable and the preparation of bank deposits.
Criteria	An effective system of internal control requires that closely related duties be segregated. Segregation of duties requires that someone other than the employee responsible for safeguarding the assets must maintain the accounting records for the assets. When an organization segregates the duties of employees, it reduces the probability of an error or irregularity occurring and not being detected in a timely manner.
Effect	The lack of proper segregation of duties over the receipt and posting of payments on accounts receivable and the preparation of bank deposits increases the likelihood of an error or irregularity occurring and not being detected in a timely manner.
Cause	Policies and procedures have not been implemented to allow for adequate segregation of duties.
Recommendation	We recommend that management of the District explore ways in which greater segregation of duties can be accomplished in the tasks of receiving and posting accounts receivable payments and the preparation of bank deposits within the District's present level of staffing.
Management's Response	Management will evaluate opportunities for segregating the tasks of receiving cash payments from the posting of payments to the accounts receivable records and preparing bank deposits to reduce the risk of errors or irregularities occurring without being detected.

**Fremont County Solid Waste Disposal District
Status of Prior Year Findings
Year Ended June 30, 2012**

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.

Status: This condition has been resolved at June 30, 2012.

Finding 11-2

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

Status: This condition has been partially resolved at June 30, 2012. See Finding 12-1.

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.

Status: This condition has been resolved at June 30, 2012.

Finding 11-4

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

Status: This condition has been resolved at June 30, 2012.