

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

*Financial Report*  
**June 30, 2013**

FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT  
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)  
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## Report of Independent Auditor

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

### Report on the Financial Statements

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, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Fremont County Solid Waste Disposal District, as of June 30, 2013 and 2012, and the respective changes in financial position thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5, and the budgetary comparison schedules on page 25, 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 audits were 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 27 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 audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013, 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* in considering the District's internal control over financial reporting and compliance.

*DeCoria, Maichel & Teague, P.S.*

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

October 31, 2013

FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013

The Fremont County Solid Waste Disposal District is a Component Unit of Fremont County, Wyoming. The District is included in the County's Annual Financial Report. This discussion and analysis provides an overview of the District's financial activities for the fiscal year ended June 30, 2013.

**Financial Highlights**

As of June 30, 2013, the District's total assets were \$10,829,900 and the total liabilities were \$8,176,665. Included in the total liabilities is an estimate for future closure and post-closure care costs in the amount of \$7,300,000. This estimate is based on estimated future costs adjusted for capacity used as of June 30, 2013.

During fiscal year 2013, the District had total revenue of \$6,017,815 and \$4,498,083 of expense. The net position increased by \$1,519,732 for the year ended June 30, 2013,

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The report also includes required supplementary information including the budgetary comparison schedules.

Government-wide Financial Statements

The government-wide financial statements present the results of the District's governmental activities using the accrual basis of accounting, which is the basis of accounting generally used by private sector businesses. The government-wide statements are on pages 6 and 7 of this report.

Fund Financial Statements

The 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 measureable and available. Expenses are recorded when the liability is incurred with the exception of long-term debt and other long-term liabilities. The District recognizes the expense related to long-term debt and other long-term liabilities to the extent the liability has matured. The fund financial statements are on pages 8 through 10 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to understanding the data provided in the financial statements. The notes to the financial statements can be found on pages 11 through 24 of this report.

**Financial Summary and Analysis**

The tables on the following page provide condensed Statements of Net Position and condensed Statements of Activities as of and for the years ended June 30, 2013 and 2012.

FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT  
Management's Discussion and Analysis, Continued  
For the Year Ended June 30, 2013

**Condensed Statements of Net Position**

	June 30, <u>2013</u>	June 30, <u>2012</u>	Change Favorable (Unfavorable)
Current Assets	\$ 4,074,283	\$ 3,424,559	\$ 649,724
Noncurrent Assets	<u>6,755,617</u>	<u>6,819,000</u>	<u>(63,383)</u>
Total Assets	<u>10,829,900</u>	<u>10,243,559</u>	<u>586,341</u>
Current Liabilities	519,001	1,348,146	829,145
Noncurrent Liabilities	<u>7,657,664</u>	<u>7,761,910</u>	<u>104,246</u>
Total Liabilities	<u>8,176,665</u>	<u>9,110,056</u>	<u>933,391</u>
Total Net Position	\$ <u>2,653,235</u>	\$ <u>1,133,503</u>	<u>1,519,732</u>

The District was in the beginning stages of closing a portion of the Dubois landfill near the end of fiscal year 2012. The expenses associated with the closure are included in the current liabilities as of June 30, 2012.

**Condensed Statements of Activities**

	Year Ended June 30, <u>2013</u>	Year Ended June 30, <u>2012</u>	Change Favorable (Unfavorable)
Program Expenses	\$ (4,498,083)	\$ (6,649,446)	\$ 2,151,363
Program Revenues	<u>2,598,391</u>	<u>2,784,538</u>	<u>(186,147)</u>
Net Program Expense	<u>(1,899,692)</u>	<u>(3,864,908)</u>	<u>1,965,216</u>
General Revenues			
Tax revenue	3,409,950	3,199,441	210,509
Other general revenue	<u>9,474</u>	<u>59,292</u>	<u>(49,818)</u>
Total General Revenues	<u>3,419,424</u>	<u>3,258,733</u>	<u>160,691</u>
Increase (decrease) in Net Position	\$ <u>1,519,732</u>	\$ <u>(606,175)</u>	\$ <u>2,125,907</u>

The decrease in program expenses from 2012 to 2013 was due primarily to the additional accrued landfill closure and post-closure care expenses recognized in 2012.

**Budgetary Highlights**

The District approves a budget annually in July of each year. The budget is prepared on the basis of accounting used for the fund financial statements and is submitted to the Fremont County Board of Commissioners for approval. There were no changes to the budget, after adoption, for the fiscal year ended June 30, 2013. The Budgetary Comparison Schedule can be found with the required supplementary information of these financial statements on page 25.

FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT  
Management's Discussion and Analysis, Continued  
For the Year Ended June 30, 2013

**Budgetary Highlights, Continued**

As part of the budgeting process, the District has committed a portion of the fund balance for future landfill closure and post-closure care costs. The District added \$687,365 to the committed fund balance for the fiscal year ended June 30, 2013.

The District receives property tax revenue from Fremont County to help fund the operations of landfills throughout the county. The assessed valuation for Fremont County is down approximately 11% for the budget year 2013-2014.

**Capital Assets and Debt Administration**

The District's capital assets, net of depreciation, decreased \$63,383. This decrease is the net result of an increase in assets in the amount of \$532,313 and reduced by depreciation expense in the amount of \$595,696.

The District currently has three capital lease obligations for the lease of equipment with a total obligation of \$493,090 as of June 30, 2013. The District made total payments of \$170,824 during the fiscal year ended June 30, 2013. The total payments were comprised of \$148,020 of principal payments and \$22,804 of interest expense.

**Economic Factors**

The landfills in Fremont County accept municipal solid waste (MSW), construction and demolition waste (CDW) and other waste (biological and sump waste). The County is serviced by four landfills and twelve transfer stations. According to the annual capacity audits prepared for the District as of June 13, 2013, the waste received by service area follows:

<b>Service Area</b>	<b>Tons of Waste Received</b>	<b>Type of Waste</b>
Lander Area	14,160 tons	MSW, CDW, other
Riverton-Sand Draw	17,288 tons	MSW, CDW, other
Shoshoni, Lysite	233 tons	CDW only
Dubois, Crowheart	370 tons	CDW only

The MSW received from the sites accepting CDW only and the transfer stations is disposed at either the Riverton-Sand Draw or the Lander landfill.

According to *suburbanstats.org*, the 2013 population of Fremont County is 40,123, which equates to nearly 1,600 pounds of waste per person disposed in our landfills for year ended June 30, 2013.

**Requests for Information**

The District's financial report is designed to present users with a general overview of the District's financial activity. Questions concerning this report or requests for additional information should be addressed to Fremont County Solid Waste Disposal District, PO Box 1400, 52 Beebee Road, Lander, Wyoming 82520.

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

**STATEMENTS OF NET POSITION**

**JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 3,604,365	\$ 2,902,017
Receivables, net of allowance for uncollectable accounts		
Accounts receivable	204,990	187,386
Taxes receivable	34,000	58,000
Intergovernmental and grants receivable	27,123	75,470
Interest receivable	3,000	17,000
Prepaid expenses	34,574	33,186
Due from primary government	<u>166,231</u>	<u>151,500</u>
Total current assets	4,074,283	3,424,559
Noncurrent assets		
Nondepreciable capital assets	180,856	180,856
Depreciable capital assets, net of accumulated depreciation	<u>6,574,761</u>	<u>6,638,144</u>
Total assets	<u>10,829,900</u>	<u>10,243,559</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued expenses	170,891	279,843
Current portion of long-term liabilities	<u>348,110</u>	<u>1,068,303</u>
Total current liabilities	519,001	1,348,146
Noncurrent liabilities		
Compensated absences	194,385	189,103
Unearned revenue	18,299	-
Obligations under capital leases	493,090	641,110
Closure and post-closure care	7,300,000	8,000,000
Less: current portion	<u>(348,110)</u>	<u>(1,068,303)</u>
Total liabilities	<u>8,176,665</u>	<u>9,110,056</u>
<b>NET POSITION</b>		
Invested in capital assets net of related debt	6,262,527	6,177,890
Unrestricted (deficit)	<u>(3,609,292)</u>	<u>(5,044,387)</u>
Total net position	<u>\$ 2,653,235</u>	<u>\$ 1,133,503</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, 2013 AND 2012**

	2013	2012
Program expenses		
Wages	\$ 1,551,144	\$ 1,609,674
Employee benefits	778,280	748,288
Bale station operation and maintenance	162,626	91,550
Engineering fees	242,111	393,637
Equipment repairs	118,354	88,739
Financial assurance	1,822	7,507
Grant expenses (except capital outlay)	25,414	6,809
Insurance	39,371	38,962
Interest	22,804	15,729
Landfill closure and post-closure care costs	44,808	2,035,000
Leases	41,522	52,809
Office expenses and travel	39,837	37,026
Bad debts	5,875	5,774
Operation and maintenance	287,542	424,858
Professional fees	67,819	86,073
Recycling	169,029	144,609
Scale houses	10,027	8,624
Site improvements and maintenance	115,435	137,924
Supplies	7,325	9,654
Transfer stations	2,010	490
Utilities	169,232	207,790
Depreciation	595,696	497,920
Total program expenses	4,498,083	6,649,446
Program revenues		
Charges for services	2,521,005	2,564,878
Operating grants and contributions	14,276	25,003
Capital grants and contributions	63,110	194,657
Total program revenues	2,598,391	2,784,538
Net program expense	(1,899,692)	(3,864,908)
General revenues		
Taxes, primarily property	3,409,950	3,199,441
Investment income	1,298	870
Gain on disposition of assets	7,161	37,603
Miscellaneous income	1,015	20,819
Total general revenues	3,419,424	3,258,733
Increase (decrease) in net position	1,519,732	(606,175)
Net position - beginning of year	1,133,503	1,739,678
Net position - end of year	\$ 2,653,235	\$ 1,133,503

(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, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,604,365	\$ 2,902,017
Receivables, net of allowance for uncollectible accounts		
Accounts receivable	204,990	187,386
Taxes receivable	34,000	58,000
Intergovernmental and grants receivable	-	37,209
Interest receivable	3,000	17,000
Prepaid expenses	34,574	33,186
Due from primary government	<u>166,231</u>	<u>151,500</u>
Total assets	<u>\$ 4,047,160</u>	<u>\$ 3,386,298</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 170,891	\$ 279,843
Deferred property taxes receivable	37,000	75,000
Unearned revenue	<u>18,299</u>	<u>-</u>
Total liabilities	<u>226,190</u>	<u>354,843</u>
Fund balance		
Nonspendable prepaid expenses	34,574	33,186
Committed for cash reserves	300,000	300,000
Committed for closure and post-closure care obligations	1,592,071	904,706
Unassigned	<u>1,894,325</u>	<u>1,793,563</u>
Total fund balance	<u>3,820,970</u>	<u>3,031,455</u>
Total liabilities and fund balance	<u>\$ 4,047,160</u>	<u>\$ 3,386,298</u>
<b>Reconciliation of the Balance Sheets to the Statements of Net Position</b>		
Fund balance of Fremont County Solid Waste Disposal District	\$ 3,820,970	\$ 3,031,455
Amounts reported for Fremont County Solid Waste Disposal District in the statement of net position are different because:		
1) Capital assets are not financial resources, and therefore, are not reported in the fund financial statements.	6,755,617	6,819,000
2) Certain intergovernmental receivables are not available to pay current-period expenditures and, therefore, are deferred in the fund financial statements.	27,123	38,261
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.	37,000	75,000
4) 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 governmental fund financial statements.	<u>(7,987,475)</u>	<u>(8,830,213)</u>
Net position of Fremont County Solid Waste Disposal District (page 6)	<u>\$ 2,653,235</u>	<u>\$ 1,133,503</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 REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013	2012
<b>Revenues</b>		
Taxes, primarily property	\$ 3,447,950	\$ 3,171,441
Intergovernmental	88,524	219,448
Charges for services	2,521,005	2,564,878
Investment income	1,298	870
Miscellaneous income	1,015	20,819
	6,059,792	5,977,456
<b>Expenditures</b>		
Wages	1,545,862	1,591,874
Employee benefits	778,280	748,288
Bale station operation and maintenance	162,626	91,550
Engineering fees	242,111	393,637
Equipment repairs	118,354	88,739
Financial assurance	1,822	7,507
Grant expenses (except capital outlay)	25,414	6,809
Insurance	39,371	38,962
Landfill closure and post-closure care costs	744,808	35,000
Leases	41,522	52,809
Office expenses and travel	39,837	37,026
Bad debt expense	5,875	5,774
Operation and maintenance	287,542	424,858
Professional fees	67,819	86,073
Recycling	169,029	144,609
Scale houses	10,027	8,624
Site improvements and maintenance	115,435	137,924
Supplies	7,325	9,654
Transfer stations	2,010	490
Utilities	169,232	207,790
Capital outlay	532,313	909,853
Debt service		
Principal	148,020	92,172
Interest	22,804	15,729
	5,277,438	5,135,751
Total expenditures		
Excess of revenues over expenditures	782,354	841,705
<b>Other financing sources:</b>		
Proceeds from capital leases	-	342,211
Proceeds from sale of capital assets	7,161	37,603
	7,161	379,814
Total other financing sources		
Net change in fund balance	789,515	1,221,519
<b>Fund balance - beginning of year</b>	3,031,455	1,809,936
<b>Fund balance - ending of year</b>	\$ 3,820,970	\$ 3,031,455

(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, 2013 AND 2012**

Amounts reported in the Statements of Activities are different because:

	2013	2012
Net change in fund balance (page 9)	\$ 789,515	\$ 1,221,519
 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 expense (\$595,696) and capital outlay (\$532,313) in fiscal 2013; and depreciation expense (\$497,920) and capital outlay (\$909,853) in fiscal 2012.	(63,383)	411,933
 Revenues in the Statements of Activities that do not provide current financial resources are not reported as revenues in the governmental fund financial statements.	(49,138)	28,212
 Expenses reported in the Statements of Activities that do not use current financial resources are not reported as expenditures in the funds. The following are net decreases (increases) in:		
Compensated absences	(5,282)	(17,800)
Landfill closure and post-closure care costs	700,000	(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.	148,020	(250,039)
Change in net position (page 7)	\$ 1,519,732	\$ (606,175)

(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 of 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, 2013, 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 management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities in a narrative format. An analysis of the District's overall financial position and results of operations is included to assist users in assessing whether the financial position has improved or deteriorated as a result of the year's activities.

The District uses government-wide financial statements, including the Statement of Net Position 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*. Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange 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. 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.

**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-D Recent Accounting Pronouncements**

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and standards. The District has adopted and applied all applicable GASB pronouncements, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; GASB Statement No. 62; GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*; and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB 53*, were all effective for the District beginning in the fiscal year ended June 30, 2013. Implementation of these statements did not have a material impact on the District's financial results.

GASB Statement No. 63 amends the current net assets reporting requirements by incorporating deferred inflows of resources and deferred outflows of resources into the definitions of required financial statement components and renames *Net Assets* as *Net Position*. The District's financial statements have been modified to conform to the requirements of this statement. Implementation did not have a material impact on the District's financial results.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify certain items previously reported as assets and liabilities as deferred outflows or deferred inflows of resources or as outflows or inflows of resources. This statement also limits the use of the term deferred in financial statement presentations. This statement will be effective for the District beginning in the fiscal year ending June 30, 2014. The District is currently assessing the financial statement impact of adopting this statement.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The primary objective of GASB Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and deferred inflows of resources and expenses. For defined benefit pension plans, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosure and required supplementary information about pensions are also addressed. GASB Statement No. 68 will be effective for the District beginning in the fiscal year ending June 30, 2015. The District is currently evaluating the financial statement impact of adopting this statement.

**1-E 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-F 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 and are expected to be collected after year end. All receivables for property taxes, regardless of when they are collected are recognized as revenue in the government-wide financial statements. Accounts receivable for landfill user fees are recorded and recognized as revenue as of the service date for both the governmental fund financial statements and the government-wide financial statements.

**1-G 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 as noncurrent assets in the government-wide financial statements and as expenditures in the governmental fund 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:

Buildings and improvements	10-40 years
Equipment	3-30 years
Vehicles	3-15 years
Computer software	5 years
Office furniture	5-10 years
Infrastructure	3-50 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.



**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-H Compensated Absences**

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

Accumulated sick leave and vacation that has become due and payable at the end of the fiscal year, which is expected to be paid during the upcoming fiscal year, is reported as an expenditure and fund liability of the governmental fund in the fund's 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-I 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-J 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, if any, at year end are reported as committed or assigned fund balance since they do not constitute expenditures or liabilities. At June 30, 2013, there were no outstanding encumbrances.

**1-K Net Position**

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net position is comprised of the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following components.

Invested in capital assets, net of related debt – This component of net position 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 position – This component of net position consists of net position 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 position as of June 30, 2013 or June 30, 2012.

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

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT  
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**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

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

**1-L 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.

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then, any remaining fund balance amounts for governmental funds other than the General Fund are classified as restricted fund balance.

It is possible for the governmental funds other than the General Fund to have negative unassigned fund balances when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the governmental funds other than the General Fund.

**1-M Grants and Intergovernmental Revenue**

The District receives financial assistance from governmental agencies in the form of grants and revenue in lieu of tax revenue on exempt property. Revenue is deemed earned and thus recognized when applicable program expenditures are recorded. Funds received but not earned as of the fiscal year end are recorded as unearned revenue.

**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-N Subsequent Events**

The District has evaluated subsequent events through October 18, 2013, the date as of which these financial statements were available to be issued. No material subsequent events have occurred since June 30, 2013 that required recognition or disclosure in these financial statements, except as disclosed in Note 12, Subsequent Events.

**1-O Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related disclosures. Actual results could differ from those estimates and affect the amounts reported in the financial statements.

**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 Schedules**

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

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

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

**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 composition of cash and cash equivalents in the financial statements is as follows as of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Cash on hand	\$ 8,223	\$ 8,693
Bank deposits	<u>3,596,142</u>	<u>2,893,324</u>
Total cash and cash equivalents	<u>\$ 3,604,365</u>	<u>\$ 2,902,017</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Wyoming statute 9-4-820 requires the District to collateralize bank deposits that exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). In addition, for collateral held by a custodian other than the Federal Reserve, an approved Joint Custody Receipt form must be properly executed to perfect the District's interest in collateral pledged by depository financial institutions. The District's superintendent monitors cash account balances to see that sufficient collateral is pledged to the District. At June 30, 2013, the District's deposits were insured by the FDIC up to \$250,000 at each bank.

At June 30, 2013, the carrying amount of the District's bank deposits was \$3,596,142 and the bank balance was \$3,684,380. Of the bank balance, \$462,558 was covered by federal depository insurance and \$3,221,822 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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Accounts receivable	\$ 9,700	\$ 3,825
Taxes and interest receivable	<u>13,000</u>	<u>18,000</u>
	<u>\$ 22,700</u>	<u>\$ 21,825</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 year ended June 30, 2013 is as follows:

	Balance June 30, 2012	Additions	Disposals	Balance June 30, 2013
<b>Non-depreciable Capital Assets</b>				
Land	\$ 180,856	\$ 0	\$ 0	\$ 180,856
Construction in progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total non-depreciable	<u>180,856</u>	<u>0</u>	<u>0</u>	<u>180,856</u>
<b>Depreciable Capital Assets</b>				
Buildings and improvements	4,051,791	30,610	0	4,082,401
Equipment	3,816,116	286,913	0	4,103,029
Vehicles	1,102,055	214,790	(15,722)	1,301,123
Computer software	26,343	0	0	26,343
Office furniture	9,441	0	0	9,441
Infrastructure	<u>1,391,348</u>	<u>0</u>	<u>0</u>	<u>1,391,348</u>
Total depreciable	<u>10,397,094</u>	<u>532,313</u>	<u>(15,722)</u>	<u>10,913,685</u>
<b>Accumulated Depreciation</b>				
Buildings and improvements	876,878	117,159	0	994,037
Equipment	1,872,486	327,027	0	2,199,513
Vehicles	677,869	111,410	(15,722)	773,557
Computer software	13,613	5,269	0	18,882
Office furniture	7,568	281	0	7,849
Infrastructure	<u>310,536</u>	<u>34,550</u>	<u>0</u>	<u>345,086</u>
Total accumulated depreciation	<u>3,758,950</u>	<u>595,696</u>	<u>(15,722)</u>	<u>4,338,924</u>
Depreciable capital assets – net	<u>6,638,144</u>			<u>6,574,761</u>
Governmental activities capital assets - net	<u>\$ 6,819,000</u>	<u>\$ (63,383)</u>	<u>\$ 0</u>	<u>\$ 6,755,617</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.)**

Capital asset activity for the fiscal year ended June 30, 2012 is as follows:

	Balance June 30, 2011	Additions	Transfers	Disposals	Balance June 30, 2012
<b>Non-depreciable Capital Assets</b>					
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>
<b>Depreciable Capital Assets</b>					
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	<u>9,410,990</u>	<u>909,853</u>	<u>339,523</u>	<u>263,272</u>	<u>10,397,094</u>
<b>Accumulated Depreciation</b>					
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	8,344	5,269	0	0	13,613
Office furniture	7,230	338	0	0	7,568
Infrastructure	<u>281,386</u>	<u>29,150</u>	<u>0</u>	<u>0</u>	<u>310,536</u>
Total accumulated depreciation	<u>3,524,302</u>	<u>497,920</u>	<u>0</u>	<u>263,272</u>	<u>3,758,950</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>

**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, 2013 and 2012:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Compensated absences	\$ 189,103	\$ 187,315	\$ 182,033	\$ 194,385	\$ 194,385
Obligations under capital lease	641,110	0	148,020	493,090	153,725
Closure and post-closure care	<u>8,000,000</u>	<u>44,808</u>	<u>744,808</u>	<u>7,300,000</u>	<u>0</u>
	<u>\$ 8,830,213</u>	<u>\$ 232,123</u>	<u>\$ 1,074,861</u>	<u>\$ 7,987,475</u>	<u>\$ 348,110</u>
	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	<u>6,000,000</u>	<u>2,035,000</u>	<u>35,000</u>	<u>8,000,000</u>	<u>731,180</u>
	<u>\$ 6,562,374</u>	<u>\$2,600,681</u>	<u>\$ 332,842</u>	<u>\$ 8,830,213</u>	<u>\$1,068,303</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, 2013, for continuing capital leases are as follows:

<u>Year Ending June 30,</u>	
2014	\$ 170,825
2015	169,280
2016	62,923
2017	<u>128,102</u>
Total minimum lease payments	531,130
Less: Amounts representing interest	<u>38,040</u>
Present value of minimum lease payments	<u>\$ 493,090</u>
Cost of leased property	\$ 1,003,463
Less: Accumulated amortization	<u>328,484</u>
	<u>\$ 674,979</u>

Capital lease obligations payable in future years have been reflected as both proceeds from capital leases 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 25<sup>th</sup> Street, Cheyenne, Wyoming 82001.

Plan members are required to contribute 7.0% of their annual covered salary and the District is required to contribute 7.12% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contributions in addition to the matching contributions. 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, 2013, 2012, and 2011 in the amounts \$208,565, \$204,252, and \$198,460 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. 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, 2013 and 2012, the District made contributions of \$409,330 and \$388,126, 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 Position. 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  
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**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

**NOTE 11. CLOSURE AND POSTCLOSURE-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>
2013	\$ 12,200,000	~60%	\$ 7,300,000

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 for each of the County's landfills to be as follows as of June 30, 2013:

	<u>Remaining Site Life</u>	<u>Capacity Used</u>
Lander – Phases 2–5	10 years	71 %
Riverton – Sand Draw	19 years	57 %
Shoshoni	117 years	66 %
Dubois Expansion	78 years	1 %

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 contributions amounted to \$1,822 and \$7,507, for the years ended June 30, 2013 and 2012, respectively.

The landfills 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, 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.

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT  
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**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

**NOTE 12. SUBSEQUENT EVENTS**

The District terminated the previous contract to provide services on the Wind River Indian Reservation, effective December 15, 2012. The District and the Wind River Indian Reservation agreed to an interim operating agreement for the period of December 16, 2012 through July 14, 2013. The entities have entered into a new operating agreement, effective July, 15, 2013.

**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.

**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, 2013 AND 2012**

	2013			2012		
	Budget Original/ Final	Actual (Budgetary Basis) (Note 2)	Variance Favorable (Unfavorable)	Budget Original/ Final	Actual (Budgetary Basis) (Note 2)	Variance Favorable (Unfavorable)
BUDGETARY FUND BALANCE -	\$ 667,929	\$ 3,031,455	\$ 2,363,526	\$ 154,814	\$ 1,809,936	\$ 1,655,122
<b>RESOURCES (INFLOWS)</b>						
Taxes, primarily property	3,374,668	3,447,950	73,282	3,191,456	3,171,441	(20,015)
Intergovernmental	259,068	88,524	(170,544)	543,569	219,448	(324,121)
Charges for services	2,610,000	2,521,005	(88,995)	2,453,383	2,564,878	111,495
Investment income	625	1,298	673	0	870	870
Miscellaneous income	0	1,015	1,015	0	20,819	20,819
Proceeds from capital leases	0	0	0	0	342,211	342,211
Sale of capital assets	0	7,161	7,161	0	37,603	37,603
Amount available for appropriations	<u>6,912,290</u>	<u>9,098,408</u>	<u>2,186,118</u>	<u>6,343,222</u>	<u>8,167,206</u>	<u>1,823,984</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>						
<b>Current</b>						
Wages	1,797,000	1,545,862	251,138	1,842,451	1,591,874	250,577
Employee benefits	925,000	778,280	146,720	981,215	748,288	232,927
Bale station operation and maintenance	192,000	162,626	29,374	232,000	91,550	140,450
Engineering fees	375,000	242,111	132,889	350,000	393,637	(43,637)
Equipment repairs	235,000	118,354	116,646	235,000	88,739	146,261
Financial assurance	10,000	1,822	8,178	7,000	7,507	(507)
Grant expenses (except capital outlay)	527,294	25,414	501,880	0	6,809	(6,809)
Insurance	41,150	39,371	1,779	38,145	38,962	(817)
Landfill closure and post-closure care costs	760,000	744,808	15,192	0	35,000	(35,000)
Leases	60,000	41,522	18,478	50	52,809	(52,759)
Long-term plan	5,000	0	5,000	40,000	0	40,000
Office expenses and travel	41,500	39,837	1,663	65,800	37,026	28,774
Bad debt expense	0	5,875	(5,875)	0	5,774	(5,774)
Operation and maintenance	480,000	287,542	192,458	400,000	424,858	(24,858)
Professional fees	112,500	67,819	44,681	186,000	86,073	99,927
Recycling	160,000	169,029	(9,029)	130,000	144,609	(14,609)
Scale houses	10,000	10,027	(27)	10,000	8,624	1,376
Site improvements and maintenance	169,500	115,435	54,065	159,000	137,924	21,076
Supplies	8,000	7,325	675	7,500	9,654	(2,154)
Transfer stations	40,001	2,010	37,991	117,600	490	117,110
Utilities	225,000	169,232	55,768	217,000	207,790	9,210
Capital outlay	567,500	532,313	35,187	1,324,461	909,853	414,608
<b>Debt service</b>						
Principal	148,020	148,020	0	0	92,172	(92,172)
Interest	22,825	22,804	21	0	15,729	(15,729)
Total charges to appropriations	<u>6,912,290</u>	<u>5,277,438</u>	<u>\$ 1,634,852</u>	<u>6,343,222</u>	<u>5,135,751</u>	<u>\$ 1,207,471</u>
BUDGETARY FUND BALANCE - ENDING	<u>\$ 0</u>	<u>\$ 3,820,970</u>		<u>\$ 0</u>	<u>\$ 3,031,455</u>	

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

Total charges to Appropriations - Actual (budgetary basis, as above)	\$ 5,277,438	\$ 5,135,751
Encumbrances are not reported as expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance.	<u>0</u>	<u>0</u>
Total expenditures (GAAP Basis) (page 9)	<u>\$ 5,277,438</u>	<u>\$ 5,135,751</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 may differ due to classification of expenditures. There were no encumbrances as of June 30, 2013 or June 30, 2012.

## **Other Supplementary Information**

**FREMONT COUNTY SOLID WASTE DISPOSAL DISTRICT  
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)  
SCHEDULE OF WYOMING STATE ASSISTANCE  
YEARS ENDED JUNE 30, 2013 AND 2012**

Source Grant Number	Purpose	Total Amount Approved	Amount Drawn as of June 30, 2011	Amount Drawn During the Year Ended June 30, 2012	Amount Drawn During the Year Ended June 30, 2013	Balance Available to be Received
<b>Wyoming Office of State Lands and Investments</b>						
MRG-05127Fr	Leachate Control Funding expired Balance	\$ 175,000	\$ 32,162	\$ 0	\$ 0 (142,838)	142,838 <u>(142,838)</u> <u>0</u>
MRG-07221Fr	Sand Draw Landfill Expansion	281,000	111,452	23,400	0	146,148
MRG-09542Fr	Recycling Equipment Transfer from Vehicle Weigh Scales Grant	157,037 <u>42,450</u>				
	Total	<u>199,487</u>	92,823	103,932	2,732	0
MRG-11109Fr	Transfer Station Upgrades	95,000	0	37,209	57,791	0
CWC-13054Fr	Transfer Station Management	28,000	0	0	28,000	0

## **Compliance Reports**





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

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

We have audited, 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, 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, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2013.

### **Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 13-1 that we consider to be a significant deficiency.

## **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*.

## **District's Response to Finding**

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The sole purpose of this report is to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*DeCoria, Maichel & Teague, P.S.*

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

October 31, 2013

**Fremont County Solid Waste Disposal District  
Schedule of Findings and Responses  
Year Ended June 30, 2013**

**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 a significant deficiency in internal control.

The significant deficiency in internal control 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, 2013**

**Finding 13-1**

Condition	The size of the District's staff is not large enough to permit a complete segregation of duties for an effective system of internal control over financial reporting.
Criteria	An effective system of internal control over financial reporting requires that closely related duties be segregated.
Effect	The concentration of closely related duties and responsibilities by a small staff makes it difficult to establish a complete system of automatic internal checks on the accuracy and reliability of the accounting records.
Cause	The District's staff is too small to allow a complete segregation of duties.
Recommendation	Although the organization is not large enough to permit a complete segregation of duties for an effective system of internal control over financial reporting, we recommend that those responsible for governance be aware that the condition does exist.
Management's Response	Management and the Board of Directors are aware of this condition and have made a conscious decision to accept the resulting degree of risk because of cost or other considerations.

**Fremont County Solid Waste Disposal District  
Status of Prior Year Findings  
Year Ended June 30, 2013**

**Finding 12-1**

Condition: The District has not implemented an adequate segregation of duties for an effective system of internal control over financial reporting for the receipt and posting of payments on accounts receivable and the preparation of bank deposits.

Status: This condition has been partially resolved at June 30, 2013. See Finding 13-1.