

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

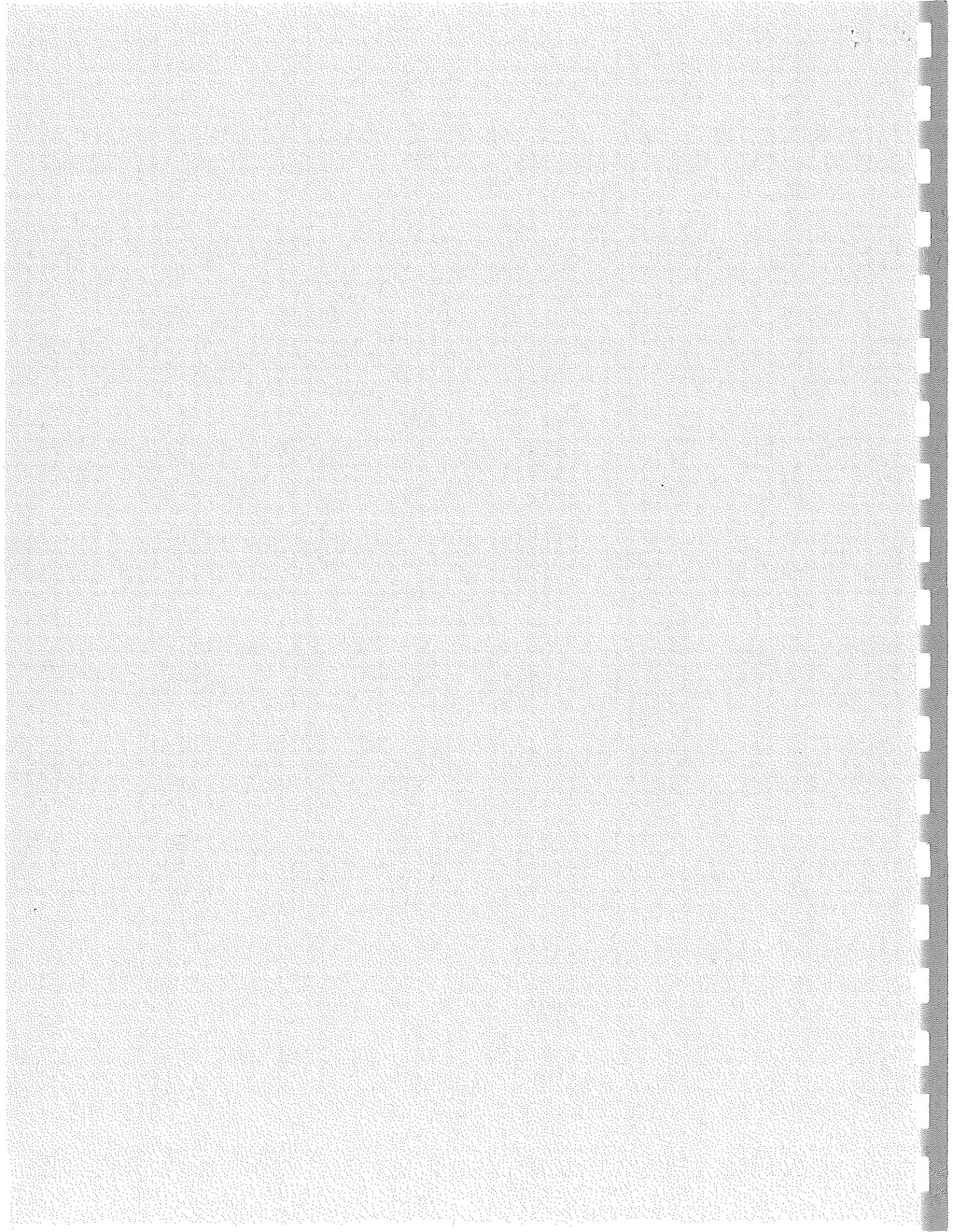
FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

AND

INDEPENDENT AUDITORS' REPORT

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**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

**Annual Financial Report  
For the Year Ended December 31, 2010**

**Chair and Officers of Mid-America Regional Council  
Solid Waste Management District**

Chair                      Michael Shaw, City of Kansas City, Missouri

Vice Chair                Chris Bussen, City of Lee's Summit, Missouri

**Prepared by:**

Department of Financial Affairs  
Dorothy Pope, Director

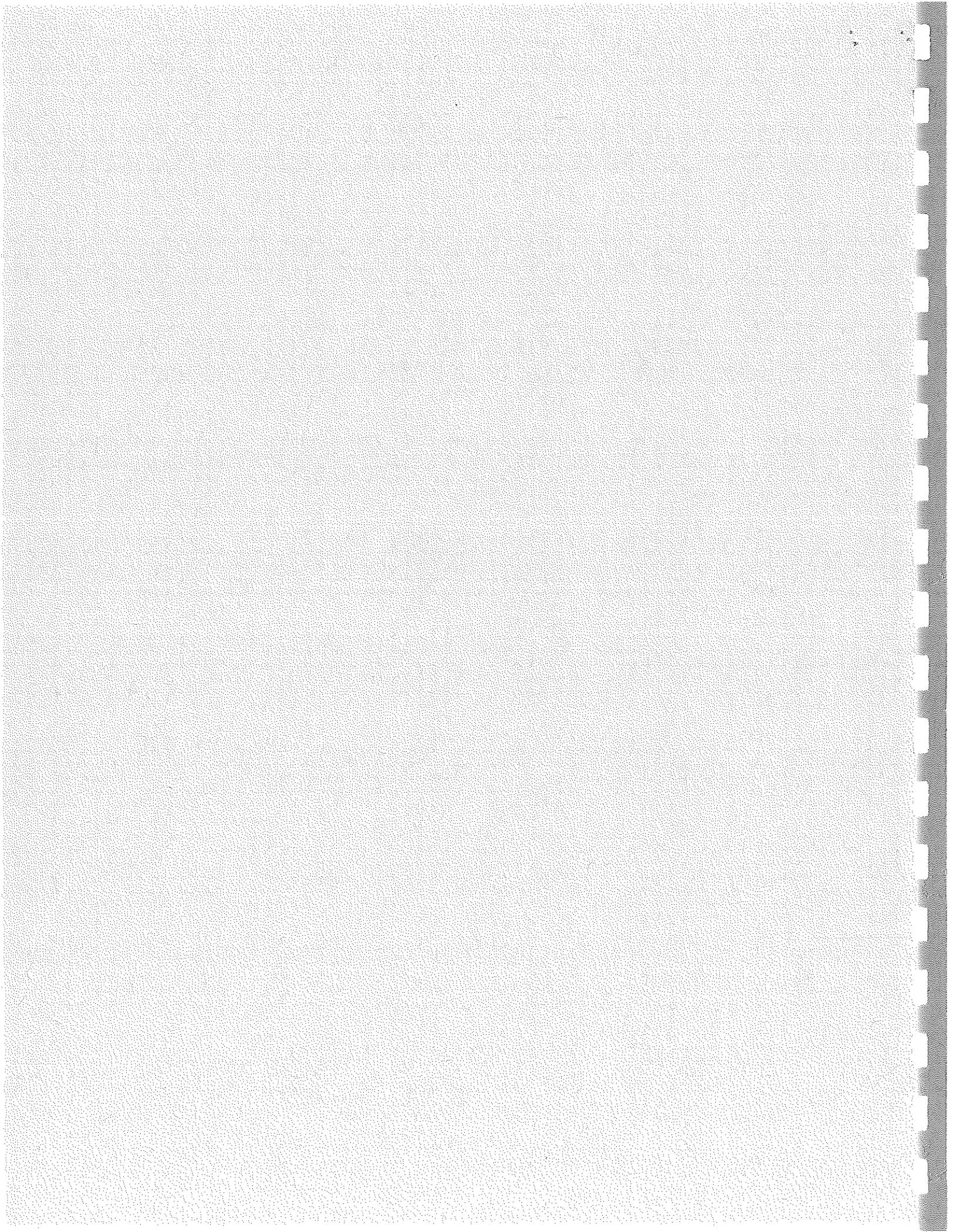
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Kansas City, Missouri 64105-1659

# MID-AMERICA REGIONAL COUNCIL SOLID WASTE MANAGEMENT DISTRICT

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**FINANCIAL SECTION**



INDEPENDENT AUDITORS' REPORT



Allen, Gibbs & Houlik, L.C.  
CPAs & Advisors

Board of Directors  
**Mid-America Regional Council**  
**Solid Waste Management District**

We have audited the accompanying financial statements of the governmental activities and major funds of the Mid-America Regional Council Solid Waste Management District (District) as of and for the year ended December 31, 2010, 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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 major funds of the Mid-America Regional Council Solid Waste Management District as of December 31, 2010, and the respective changes in financial position for the year 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 our report dated June 23, 2011 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Allen, Gibbs & Houlik, L.C.*

June 23, 2011



**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Management's Discussion and Analysis

December 31, 2010

Our discussion and analysis of the Mid-America Regional Council Solid Waste Management District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2010. Please read it in conjunction with the District's basic financial statements.

**Financial Highlights**

- The total assets for the District were \$744,474. The liabilities of the District were \$600,568, which are deferred revenues from state of Missouri grants and the household hazardous waste program. The deferred revenue consists of funds allocated for specific projects and programs to be completed in future years. The District has no long term debt.
- At the end of the fiscal year, there was a receivable of \$744,474 from the Mid-America Regional Council, fiscal agent for the District. MARC has \$744,474 in cash and investments to be allocated to District's programs and projects in future years.
- The District receives essentially all of its revenues from grants from the state of Missouri. Revenues are earned as expenditures are incurred that are funded by the state grants; therefore there is no surplus of revenue over expenditures in the Special Revenue Fund.

**The Basic 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.

Government-wide Financial Statements

The government-wide financial statements present the results of the District's governmental activities using the accrual basis of accounting, the basis of accounting used by private sector businesses. These statements focus on the long-term financial picture of the District as a whole.

The Statement of Net Assets reports all of the District's assets and liabilities. Net assets (the difference between assets and liabilities) are an important measure of the District's overall financial health. Over time, the increases and decreases in net assets can be monitored to determine whether the District's financial position is improving or deteriorating.

The Statement of Activities shows how the net assets have changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected revenues and accrued expenses for payments to subcontractors).

The government-wide financial statements can be found on pages 9 and 10 of this report.

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Management's Discussion and Analysis

December 31, 2010

*Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are categorized as governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one general fund and one special revenue fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for both funds. The basic governmental fund statements can be found on pages 11 and 12 of this report.

The District adopts an annual budget for administration and operation of the District, however, the annual budget does not include the subgrants paid by the District. An annual budget is not required by state statute. Budgetary comparison schedules are not provided.

*Notes to Basic Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 13 to 17 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$143,906 at December 31, 2010. The unrestricted net assets (\$143,906) may be used to meet the government's ongoing obligations.

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Management's Discussion and Analysis

December 31, 2010

The following table reflects the condensed Statement of Net Assets compared to the prior year.

Mid-America Regional Council  
Solid Waste Management District  
Statement of Net Assets

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Accounts receivable:		
Due from Mid-America Regional Council	\$ <u>744,474</u>	<u>483,881</u>
Total assets	\$ <u><u>744,474</u></u>	<u><u>483,881</u></u>
<b>Liabilities</b>		
Deferred revenue - state of Missouri	\$ 400,108	230,490
Deferred revenue - Household Hazardous Waste program	<u>200,460</u>	<u>117,069</u>
Total liabilities	\$ <u><u>600,568</u></u>	<u><u>347,559</u></u>
<b>Net assets</b>		
Unrestricted	\$ <u>143,906</u>	<u>136,322</u>
Total net assets	\$ <u><u>143,906</u></u>	<u><u>136,322</u></u>

As of December 31, 2009 there was \$347,559 in deferred revenue. Due to decreased subgrant activity in fiscal year 2010, deferred revenue increased by \$253,009 to \$600,568 as of December 31, 2010. As a result, the amount due from Mid-America Regional Council increased as well.

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Management's Discussion and Analysis

December 31, 2010

The following table reflects the condensed Statement of Activities for the years ended December 31, 2010 and 2009.

Mid-America Regional Council  
Solid Waste Management District  
Statement of Activities

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
<b>Program revenues:</b>		
Charges for services	\$ 238,072	233,985
Operating grants & contributions	844,322	969,068
<b>General revenues:</b>		
Investment earnings	<u>7,584</u>	<u>13,541</u>
<b>Total revenues</b>	<u>1,089,978</u>	<u>1,216,594</u>
<b>Expenses:</b>		
Program and subgrant expenditures	<u>1,082,394</u>	<u>1,203,053</u>
<b>Total expenses</b>	<u>1,082,394</u>	<u>1,203,053</u>
Change in net assets	7,584	13,541
Net Assets - beginning	<u>136,322</u>	<u>122,781</u>
Net Assets - ending	<u>\$ 143,906</u>	<u>136,322</u>

The net assets of the governmental activities increased in 2010 by \$7,584 as compared to an increase of \$13,541 in 2009. Much of the change from 2009 is related to the decrease in investment earnings. Operating grant revenues are accrued as grant-allowable expenditures are incurred. Therefore, there is no surplus or deficiency recognized from the grant activities or impact on the change in net assets.

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Management's Discussion and Analysis

December 31, 2010

**Financial Analysis of the District's Funds**

**Governmental Funds – General Fund**

The General Fund is the general operating fund for the District. It is used to account for all financial resources except those required to be accounted for in another fund. A comparison of the General Fund's activity for 2010 and 2009 follows:

Mid-America Regional Council  
Solid Waste Management District  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance

	2010	2009	Increase (Decrease) From Fiscal Year 2009	Percent Increase (Decrease)
Investment earnings	\$ 7,584	13,541	(5,957)	(44) %
Fund balance - beginning	<u>136,322</u>	<u>122,781</u>	<u>13,541</u>	11
Fund balance - ending	\$ <u>143,906</u>	<u>136,322</u>	<u>7,584</u>	6 %

Investment earnings were less in 2010 than in 2009 because there were lower yields on investments due to the current investment environment.

**Governmental Funds – Special Revenue Fund**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, such as waste reduction, educational outreach and household hazardous waste programs. Grant revenues are recorded only to the extent allowable grant expenditures have been incurred. Grant funds received in excess of revenues earned are recorded as deferred revenues. A comparison of the Special Revenue Fund's activity for 2010 and 2009 follows:

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Management's Discussion and Analysis

December 31, 2010

Mid-America Regional Council  
Solid Waste Management District  
Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance

	<u>2010</u>	<u>2009</u>	Increase (Decrease) From Fiscal Year 2009	Percent Increase (Decrease)
Revenues:	\$			
Grant revenues	709,040	855,083	(146,043)	(17) %
Household Hazardous Waste program fees	237,947	233,384	4,563	2
MARC matching funds	14,392	9,424	4,968	53
Charges for services	125	601	(476)	—
Contributed services	<u>120,890</u>	<u>104,561</u>	<u>16,329</u>	16
 Total revenues	 1,082,394	 1,203,053	 (120,659)	 (10)
Expenditures				
Contractual services - subrecipients	<u>1,082,394</u>	<u>1,203,053</u>	<u>(120,659)</u>	(10)
 Excess of revenues over expenditures	 —	 —	 —	 —
Fund balance - beginning	<u>—</u>	<u>—</u>	<u>—</u>	—
Fund balance - ending	\$ <u>—</u>	<u>—</u>	<u>—</u>	— %

Each year the District receives grant funds from the state of Missouri from a \$2.11 fee collected on each ton of solid waste disposed in Missouri landfills. Quarterly, the state receives tonnage fees collected by permitted facilities within the state pursuant to 260.325, RSMo. Currently, sixty-one percent of the tonnage fees collected through formula is allocated to the twenty solid waste management districts on a quarterly basis. The District is one of the twenty districts funded by the state. The Executive Board for the District annually awards subgrants to recipients throughout the five-county area. MARC serves as the fiscal agent for the District and receives and disburses funds under the direction of the Executive Board.

Schedule 2 in the Supplemental Information section provides a listing of the subgrants for each fiscal year grant program and reports the current year expenses, prior year(s) expenses, cumulative to date expenses and the status as of December 31, 2010 (open or closed) for each subgrant.

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Management's Discussion and Analysis

December 31, 2010

**Budget Highlights**

The District annually prepares a budget for its management and oversight activities but not for the subgrants since the subgrants span multiple years. This budget should not be considered a legally adopted budget and a comparison is not included in this report.

**Economic Condition and Next Year's Programs**

Missouri state funds available to the District had a modest gain of 4 percent from the state fiscal year 2010; however, funds are still down roughly 16 percent compared to state fiscal year 2009. The economic downturn continues to be a primary factor along with a portion of disposal tons shifted to facilities outside the District's boundary. State revenues accrue to the District on a quarterly basis and are accessible when the District formally requests the funds and submits budget plans. Generally, the District conducts a subgrant solicitation process for waste reduction, reuse and recycling projects in late summer for the following fiscal year. A separate target grant call for parks and special event recycling is offered once or twice a year with \$50,000 currently encumbered for the activity. Approximately \$412,284, including \$30,000 in prior revenues, was approved for subgrants for fiscal year 2011. The District also prepares its annual work plan and budget at the same time. Fiscal year 2011 revenues will be approximately \$525,500 for the District's operations, outreach, planning and household hazardous waste disposal projects. Prior year district operation revenues in the amount of \$27,949 will be reallocated for 2011 household hazardous waste disposal costs. The district also reassigned unused prior year allocations for outreach and planning projects for similar activities in 2011. The District has discretion to modify its budget and hold additional grant solicitations as more funds become available.

**Requests for Information**

This financial report is designed to provide a general overview of the District's financial activity. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Financial Affairs, Mid-America Regional Council, 600 Broadway, Suite 200, Kansas City, Missouri 64105-1659

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Statement of Net Assets

December 31, 2010

	<u>Governmental Activities</u>
<b>Assets</b>	
Accounts receivable:	
Due from Mid-America Regional Council	\$ <u>744,474</u>
 Total assets	 \$ <u><u>744,474</u></u>
<b>Liabilities</b>	
Deferred revenue - state of Missouri	\$ 400,108
Deferred revenue - Household Hazardous Waste Program	<u>200,460</u>
 Total liabilities	 \$ <u><u>600,568</u></u>
<b>Net Assets</b>	
Unrestricted	\$ <u>143,906</u>
 Total net assets	 \$ <u><u>143,906</u></u>

The notes to the basic financial statements are an integral part of this statement

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Statement of Activities

Year Ended December 31, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities:</b>				
Program and subgrant expenditures	\$ 1,082,394	238,072	844,322	—
				7,584
				<u>7,584</u>
				136,322
				<u>\$ 143,906</u>

The notes to the basic financial statements are an integral part of this statement.

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Balance Sheet

December 31, 2010

<b>Assets</b>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Due from Mid-America Regional Council	\$ 143,906	600,568	744,474
 <b>Liabilities and Fund Balances</b>			
Liabilities:			
Deferred revenue - state of Missouri	—	400,108	400,108
Deferred revenue - Household Hazardous Waste Program	—	200,460	200,460
Total liabilities	—	600,568	600,568
Fund balances	143,906	—	143,906
Total liabilities and fund balances	\$ 143,906	600,568	

Amounts reported for governmental activities in the statement of net assets are different because:

None	—
Net assets of governmental funds	\$ 143,906

The notes to the basic financial statements are an integral part of this statement.

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Schedule of Revenues, Expenditures and Changes in Fund Balances

Year Ended December 31, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b>Revenues:</b>			
Grant revenue	\$ —	709,040	709,040
Household Hazardous Waste program fees	—	237,947	237,947
MARC matching funds	—	14,392	14,392
Contributed services	—	120,890	120,890
Charges for services	—	125	125
Investment income	7,584	—	7,584
	<u>7,584</u>	<u>1,082,394</u>	<u>1,089,978</u>
<b>Expenditures:</b>			
Contractual services - subrecipients	—	1,082,394	1,082,394
	<u>7,584</u>	<u>—</u>	<u>7,584</u>
Excess of revenues over expenditures			
Fund balance, beginning of year	<u>136,322</u>	<u>—</u>	<u>136,322</u>
Fund balance, end of year	<u>\$ 143,906</u>	<u>—</u>	<u>143,906</u>

The notes to the basic financial statements are an integral part of this statement.

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Notes to Basic Financial Statements

December 31, 2010

**(1) Reporting Entity and Significant Accounting Policies**

**A. The Reporting Entity**

The Mid-America Regional Council Solid Waste Management District (the District) was formed in 1991 by Cass, Clay, Jackson, Platte and Ray counties in Missouri. Authority for forming the District was based on Senate Bill 530 passed in 1990. SB 530 established a procedure allowing counties to form regional solid waste management districts to promote waste reduction and recycling. SB 530 set a goal of reducing the amount of solid waste generated statewide for disposal by 40 percent. The District serves as a resource to assist the public, private and not-for-profit sectors in establishing and expanding waste reduction, recycling and composting efforts in the Kansas City metropolitan area.

The District's activities and programs are managed by the Mid-America Regional Council (MARC), a regional council of governments that also serves the five counties that formed the District. The District's financial statements include only the accounts of District functions and activities.

The District defines its reporting entity in accordance with the provisions of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The requirements for inclusion of component units are based primarily upon whether the District's governing body is considered financially accountable for potential component units. The District is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that component unit, or there is a potential for the potential component unit to provide specific benefits to, or to impose specific burdens on, the District.

Based on these criteria, the District's financial statements include the accounts of all District functions and activities. There are no component units that are required to be included in the District's financial statements.

**B. Significant Accounting Policies**

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental entities.

**Government-wide and Fund Financial Statements**

**Government-wide Financial Statements**

The government-wide financial statements (i.e. the *Statement of Net Assets* and the *Statement of Activities*) report information on all of the governmental activities (funds) of the District. The effect of interfund activity has been removed from these statements.

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Notes to Basic Financial Statements

December 31, 2010

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

**Fund Financial Statements**

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The District's funds are grouped into the governmental fund category for financial statement presentation purposes. Governmental funds include the general and special revenue funds.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *special revenue fund* is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District receives a variety of grants from the state of Missouri.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Interest income associated with the current fiscal period is considered susceptible to accrual and so has been recognized as revenue of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when the District receives cash.

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Notes to Basic Financial Statements

December 31, 2010

**Assets, Liabilities and Net Assets or Equity**

**Accounts Receivable and Deferred Revenue – Granting Agencies** – The District’s programs and activities are funded by grants from the state of Missouri. Grant revenue is earned as expenditures are incurred and all eligibility requirements imposed by the provider have been met. The cash inflow from the granting agencies varies from the expenditures resulting in receivable or deferred revenue balances, which are calculated on a grant-by-grant basis.

**Equity Classifications** – In the government-wide financial statements, equity is classified as net assets and is displayed as:

Unrestricted assets – All net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.” Restricted net assets consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District does not have any restricted assets as of December 31, 2010.

**Significant Accounting Pronouncements** - GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” was issued in February 2009 and is effective for financial statements for periods beginning after June 15, 2010. This Statement addresses fund balance classifications and disclosure of the policies in the notes to the financial statements, provides guidance on stabilization funds and clarifies definitions of governmental fund types.

GASB Statement No. 61, The Financial Reporting Entity: Omnibus, was issued in November 2010. This statement modifies certain requirements for inclusion of component units in MARC’s financial statements when the component unit was included based on the fiscal dependency requirement. The new statement clarifies the manner in which a government’s management determines a component unit should be included, even if the financial accountability criterion is not met. This statement also amends the criteria for reporting component units as if they were a part of the primary government (that is, blending) when the component unit is blended based on the “substantively in the same governing body” criterion. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The provisions of this statement are effective for financial statements for MARC’s fiscal year ending December 31, 2013.

**(2) Stewardship, Compliance and Accountability**

**A. Budgetary Control**

The District was not legally required to prepare or adopt a budget and, therefore, a budgetary comparison is not presented.

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Notes to Basic Financial Statements

December 31, 2010

**(3) Detailed Notes on All Funds**

**A. Grants Receivable and Deferred Revenue**

Grants receivable and deferred revenue are calculated on a grant-by-grant basis and are summarized by grant below:

	<b>Grants Receivable</b>	<b>Deferred Revenue</b>
Special Revenue Fund:		
FY 2008	\$ —	20,321
FY 2009	—	104,495
FY 2010	—	275,292
Household Hazardous Waste Program	—	200,460
Total	\$ —	600,568

**(4) Other Information**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District has entered into a financial arrangement with MARC to provide staff, office and financial accounting support services. MARC is a member of Midwest Public Risk of Missouri (MPR), a not-for-profit corporation consisting of local governments and political subdivisions. MPR was formed as a public entity risk retention pool operating as a common risk management and insurance program to cover health and dental, workers compensation, and property and casualty claims for its members. MPR has been established as an assessable pool and accounting records are maintained for each line of coverage on a policy year (July to June) basis. MARC pays annual premiums to MPR for all coverages. The agreement with MPR provides that MPR will be self-sustaining through member premiums. MPR has the authority to assess members for any deficiencies of revenues under expenses for any single plan year. Likewise, MPR has the authority to declare refunds to members for the excess of revenues over expenses relating to any single plan year. Losses have not been in excess of premiums in any of the past three fiscal years.

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Notes to Basic Financial Statements

December 31, 2010

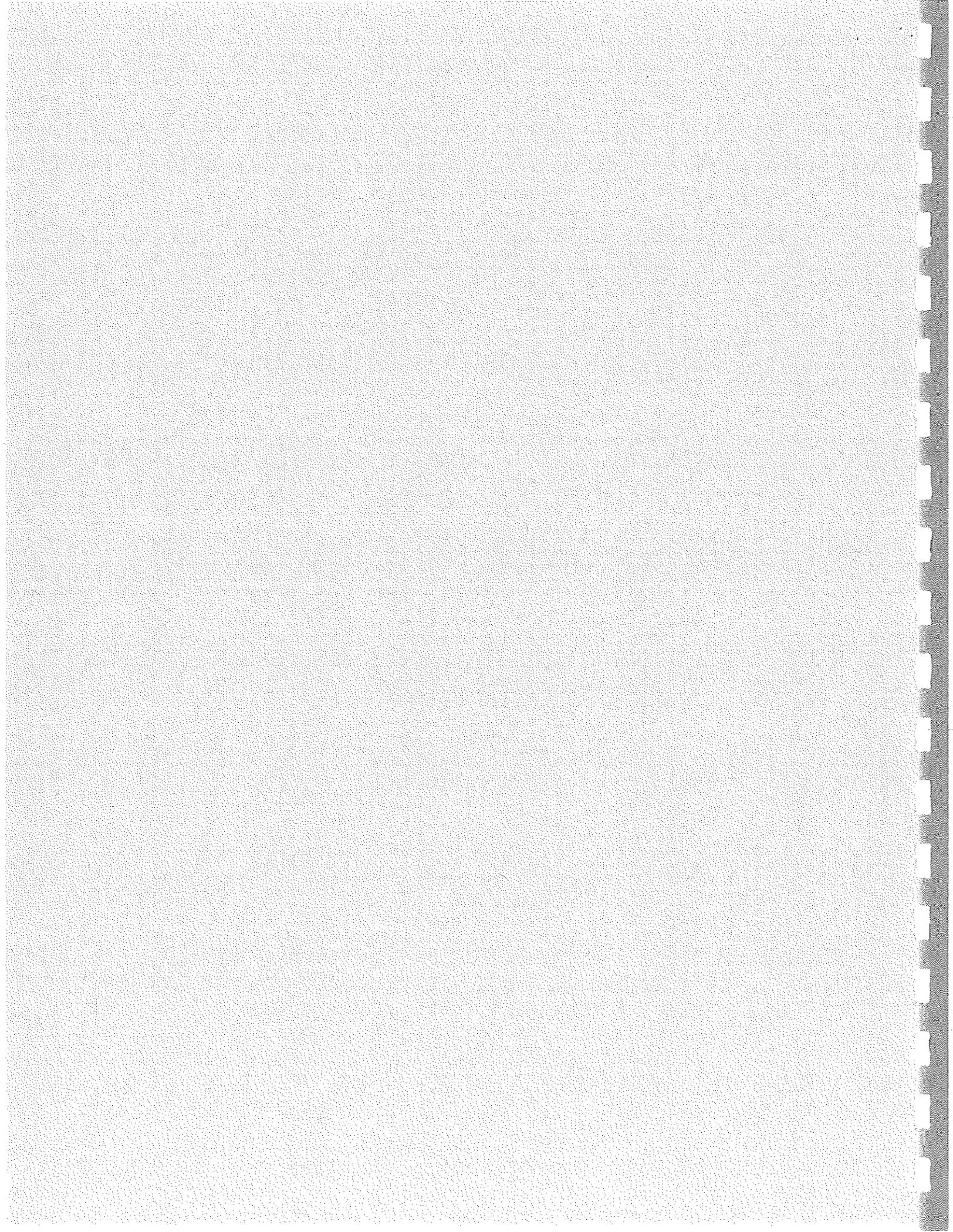
MARC has the following types of insurance coverages and deductibles through MPR for the period July 1, 2010 through June 30, 2011:

Coverage:	<u>Deductible</u>
General liability	\$ 10,000
Public officials liability	10,000
Crime and fidelity	10,000
Workers compensation	Not applicable
Auto physical damage	5,000
Property	5,000

**C. Contingent Liabilities**

Use of federal, state, and local grant funds is subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grant. To the extent such disallowances involve expenditures under the subcontracted arrangements, the District generally has the right of recovery from such third parties. Based on prior experience, management believes the District will not incur significant losses on possible grant disallowances.

**SUPPLEMENTAL INFORMATION**



**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Special Revenue Fund - By Grant

Year Ended December 31, 2010

	Grant from FY 2006 #33400	Grant from FY 2007 #33500	Grant from FY 2008 #33600	Grant from FY 2009 #33610	Grant from FY 2010 #33620	Household Hazardous Waste (HHW) Program	Total
<b>Revenues:</b>							
Grant revenue	\$ 236	6,061	66,200	37,907	598,636	—	709,040
Household Hazardous Waste program fees	—	—	—	—	—	237,947	237,947
MARC matching funds	—	—	—	—	14,392	—	14,392
Contributed services	—	—	—	6,530	114,360	—	120,890
Charges for services	—	—	—	—	125	—	125
<b>Total revenues</b>	<b>236</b>	<b>6,061</b>	<b>66,200</b>	<b>44,437</b>	<b>727,513</b>	<b>237,947</b>	<b>1,082,394</b>
<b>Expenditures:</b>							
Contractual services - subrecipient's expenditures:							
Advertising	—	—	—	1,859	5,923	—	7,782
Contractual services	236	6,061	59,781	23,536	241,406	237,947	568,967
Contributed services	—	—	—	6,530	114,360	—	120,890
Indirect costs	—	—	—	—	84,421	—	84,421
Meetings/travel/registration fees	—	—	1,965	1,262	11,709	—	14,936
Memberships/periodicals	—	—	—	—	255	—	255
Other	—	—	—	6,500	14,360	—	20,860
Postage	—	—	—	257	1,326	—	1,583
Printing/reproduction	—	—	329	196	3,291	—	3,816
Rent/utilities/maintenance	—	—	—	—	13,506	—	13,506
Salaries and fringe benefits	—	—	—	—	233,206	—	233,206
Supplies/promotional materials	—	—	4,125	4,297	3,750	—	12,172
<b>Total expenditures</b>	<b>236</b>	<b>6,061</b>	<b>66,200</b>	<b>44,437</b>	<b>727,513</b>	<b>237,947</b>	<b>1,082,394</b>
<b>Excess of revenues over expenditures</b>	<b>\$ —</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Schedule of Subgrant Expenditures - Special Revenue Fund

Year Ended December 31, 2010

	Year Ended December 31, 2010	Prior Year(s)	Cumulative Earned to Date	State Grant Received to Date	State Grant Balance	Grant Status
<b>FY 2010 #33620</b>						
<b>#E2010-01 Green Works - Shake Up Recycling Educ.</b>						
State Revenue	6,514	—	6,514	7,500	986	Open
Contributed Services	—	—	—			
	<u>6,514</u>	<u>—</u>	<u>6,514</u>			
<b>#E2010-02 ReUse People of America - Green Bldg. Trng</b>						
State Revenue	13,817	—	13,817	81,947	68,030	Open
Contributed Services	2,020	—	2,020			
	<u>15,837</u>	<u>—</u>	<u>15,837</u>			
<b>#E2010-03 Windswept Worm Farm</b>						
State Revenue	—	—	—	30,000	30,000	Closed
Contributed Services	—	—	—			
	<u>—</u>	<u>—</u>	<u>—</u>			
<b>E2010-04 UMKC - Recycling on the Go</b>						
State Revenue	15,100	—	15,100	15,100	—	Open
Contributed Services	13,059	—	13,059			
	<u>28,159</u>	<u>—</u>	<u>28,159</u>			
<b>E2010-05 City of Blue Springs - Recycling Center</b>						
State Revenue	98,856	—	98,856	103,689	4,833	Open
Contributed Services	78,057	—	78,057			
	<u>176,913</u>	<u>—</u>	<u>176,913</u>			
<b>E2010-06 IBS Industries - Eco Care Community Recy.</b>						
State Revenue	6,150	—	6,150	26,000	19,850	Open
Contributed Services	—	—	—			
	<u>6,150</u>	<u>—</u>	<u>6,150</u>			
<b>E2010-07 City of Kansas City - Deramus Recycling Ctr.</b>						
State Revenue	—	—	—	49,679	49,679	Open
Contributed Services	—	—	—			
	<u>—</u>	<u>—</u>	<u>—</u>			
<b>E2010-08 Exchange Works/Earth Works - Recy. Pgrm.</b>						
State Revenue	—	—	—	4,800	4,800	Closed
Contributed Services	—	—	—			
	<u>—</u>	<u>—</u>	<u>—</u>			
<b>E2010-09 City of Raymore - Recycling Education</b>						
State Revenue	7,632	—	7,632	10,000	2,368	Closed
Contributed Services	1,909	—	1,909			
	<u>9,541</u>	<u>—</u>	<u>9,541</u>			
<b>E2010-10 Clay County - Recycling Improvements</b>						
State Revenue	14,453	—	14,453	14,453	—	Open
Contributed Services	—	—	—			
	<u>14,453</u>	<u>—</u>	<u>14,453</u>			
<b>E2010-11 MARC SWMD PI - District Operations</b>						
State Revenue	344,630	—	344,630	350,500	5,870	Open
MARC Matching Funds	14,392	—	14,392			
	<u>359,021</u>	<u>—</u>	<u>359,021</u>			

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Schedule of Subgrant Expenditures - Special Revenue Fund

Year Ended December 31, 2010

	Year Ended December 31, 2010	Prior Year(s)	Cumulative Earned to Date	State Grant Received to Date	State Grant Balance	Grant Status
<b>E2010-12 MARC SWMD PI - Outreach</b>						
State Revenue	18,939	—	18,939	75,000	56,061	Open
Other Grant Revenue	125	—	125			
	<u>19,064</u>	<u>—</u>	<u>19,064</u>			
<b>E2010-13 MARC SWMD PI - Planning</b>						
State Revenue	—	—	—	25,000	25,000	Open
	<u>—</u>	<u>—</u>	<u>—</u>			
<b>E2010-14 MARC SWMD PI - HHW</b>						
State Revenue	53,994	—	53,994	53,994	—	Closed
	<u>53,994</u>	<u>—</u>	<u>53,994</u>			
<b>E2010-15 City of Blue Springs - Parks &amp; Special Events</b>						
State Revenue	2,935	—	2,935	3,453	518	Open
Contributed Services	3,699	—	3,699			
	<u>6,634</u>	<u>—</u>	<u>6,634</u>			
<b>E2010-16 City of Lee's Summit - Parks &amp; Special Events</b>						
State Revenue	1,745	—	1,745	2,427	682	Open
Contributed Services	1,744	—	1,744			
	<u>3,489</u>	<u>—</u>	<u>3,489</u>			
<b>E2010-17 Clay County - Parks &amp; Special Events</b>						
State Revenue	—	—	—	1,880	1,880	Closed
Contributed Services	—	—	—			
	<u>—</u>	<u>—</u>	<u>—</u>			
<b>E2010-18 City of Gladstone - Parks Recycling</b>						
State Revenue	1,556	—	1,556	1,556	—	Open
Contributed Services	1,556	—	1,556			
	<u>3,112</u>	<u>—</u>	<u>3,112</u>			
<b>E2010-19 Platte County - Parks Recycling</b>						
State Revenue	10,401	—	10,401	12,363	1,962	Open
Contributed Services	10,401	—	10,401			
	<u>20,802</u>	<u>—</u>	<u>20,802</u>			
<b>E2010-20 City of Belton - Parks &amp; Special Event</b>						
State Revenue	1,000	—	1,000	2,439	1,439	Open
Contributed Services	1,000	—	1,000			
	<u>2,000</u>	<u>—</u>	<u>2,000</u>			
<b>E2010-21 City of Excelsior Springs - Special Event Recy.</b>						
State Revenue	915	—	915	1,128	213	Open
Contributed Services	915	—	915			
	<u>1,830</u>	<u>—</u>	<u>1,830</u>			
<b>E2010-22 MARC SWMD - Parks Supplemental Funds</b>						
State Revenue	—	—	—	3,000	3,000	Open
Contributed Services	—	—	—			
	<u>—</u>	<u>—</u>	<u>—</u>			
<b>Total FY 2010</b>	<u>\$ 727,513</u>	<u>—</u>	<u>727,513</u>			
<b>Recap - State Revenue</b>	\$ 598,636	—	598,636	<u>875,808</u>	<u>277,172</u>	
Recap - Contributed Services	114,360	—	114,360			
Recap - MARC Matching Funds	14,392	—	14,392			
Recap - Other Grant Revenue	125	—	125			
Recap - Total	<u>\$ 727,513</u>	<u>—</u>	<u>727,513</u>			

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Schedule of Subgrant Expenditures - Special Revenue Fund

Year Ended December 31, 2010

	Year Ended December 31, 2010	Prior Year(s)	Cumulative Earned to Date	State Grant Received to Date	State Grant Balance	Grant Status
<b>Grand Total - All State Funded Programs</b>						
Recap - State Revenue	\$ 704,310	2,879,501	3,583,811			
Recap - Contributed Services	120,890	1,034,084	1,154,974			
Recap - MARC Matching Funds	14,392	73,534	87,925			
Recap - Other Grant Revenue	4,855	926	5,781			
Recap - Total	<u>\$ 844,447</u>	<u>3,988,045</u>	<u>4,832,492</u>			
<b>Total - State Funded Programs, All Years</b>	<u>\$ 844,447</u>	<u>3,988,045</u>	<u>4,832,492</u>			
<b>Household Hazardous Waste Program</b>	<u>\$ 237,947</u>	<u>46,491</u>	<u>284,438</u>			
<b>Grand Total</b>	<u>\$ 1,082,394</u>	<u>4,034,536</u>	<u>5,116,930</u>			

**MID-AMERICA REGIONAL COUNCIL  
SOLID WASTE MANAGEMENT DISTRICT**

Statement of Grants Receivable and Deferred Revenue - Special Revenue Fund

Year Ended December 31, 2010

	Cumulative Earned	Cumulative Received	Receivable or (Deferred Revenue)
FY 2006 - Grant Number 33400	\$ 405,362	405,362	—
FY 2007 - Grant Number 33500	898,181	898,181	—
FY 2008 - Grant Number 33600	850,528	870,849	(20,321)
FY 2009 - Grant Number 33610	831,104	935,599	(104,495)
FY 2010 - Grant Number 33620	598,636	873,928	(275,292)
Total - State of Missouri Funds	3,583,811	3,983,919	(400,108)
Household Hazardous Waste Program	284,438	484,898	(200,460)
Grand Total	\$ 3,868,249	4,468,817	(600,568)

## MID-AMERICA REGIONAL COUNCIL

Schedule of Revenues and Expenditures  
 Missouri Department of Natural Resources  
 Mid-America Regional Council Solid Waste Management District –  
 2006 Grant Program  
 MARC Grant No. 33400

Grant Period From October 1, 2005 to Completion

	<u>Budget</u>	<u>Year Ended December 31, 2010</u>	<u>Prior Year(s)</u>	<u>Cumulative to Date</u>
Revenues:				
State grant	\$ 405,362	236	405,126	405,362
MARC matching funds	16,382	—	16,382	16,382
Contributed services	111,490	—	92,478	92,478
	<u>533,234</u>	<u>236</u>	<u>513,986</u>	<u>514,222</u>
Total revenues				
Expenditures:				
Solid waste management district grants	533,234	236	513,986	514,222
	<u>533,234</u>	<u>236</u>	<u>513,986</u>	<u>514,222</u>
Revenues over expenditures	\$ <u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

## MID-AMERICA REGIONAL COUNCIL

Schedule of Revenues and Expenditures  
 Missouri Department of Natural Resources  
 Mid-America Regional Council Solid Waste Management District –  
 2007 Grant Program  
 MARC Grant No. 33500

Grant Period From January 1, 2007 to Completion

	<u>Budget</u>	<u>Year Ended December 31, 2010</u>	<u>Prior Year(s)</u>	<u>Cumulative to Date</u>
Revenues:				
State grant	\$ 898,181	6,061	892,120	898,181
Local grants	50	—	50	50
MARC matching funds	23,749	—	23,749	23,749
Contributed services	314,584	—	314,584	314,584
Total revenues	<u>1,236,564</u>	<u>6,061</u>	<u>1,230,503</u>	<u>1,236,564</u>
Expenditures:				
Solid waste management district grants	<u>1,236,564</u>	<u>6,061</u>	<u>1,230,503</u>	<u>1,236,564</u>
Revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

## MID-AMERICA REGIONAL COUNCIL

Schedule of Revenues and Expenditures  
 Missouri Department of Natural Resources  
 Mid-America Regional Council Solid Waste Management District –  
 2008 Grant Program  
 MARC Grant No. 33600

Grant Period From January 1, 2008 to Completion

	<u>Budget</u>	<u>Year Ended December 31, 2010</u>	<u>Prior Year(s)</u>	<u>Cumulative to Date</u>
Revenues:				
State grant	\$ 870,849	66,200	784,328	850,528
MARC matching funds	23,979	—	23,979	23,979
Contributed services	521,280	—	521,280	521,280
	<u>1,416,108</u>	<u>66,200</u>	<u>1,329,587</u>	<u>1,395,787</u>
Total revenues				
Expenditures:				
Solid waste management district grants	<u>1,416,108</u>	<u>66,200</u>	<u>1,329,587</u>	<u>1,395,787</u>
Revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

## MID-AMERICA REGIONAL COUNCIL

Schedule of Revenues and Expenditures  
 Missouri Department of Natural Resources  
 Mid-America Regional Council Solid Waste Management District –  
 2009 Grant Program  
 MARC Grant No. 33610

Grant Period From January 1, 2009 to Completion

	<u>Budget</u>	<u>Year Ended December 31, 2010</u>	<u>Prior Year(s)</u>	<u>Cumulative to Date</u>
Revenues:				
State grant	\$ 935,599	33,177	797,927	831,104
Local grants	5,275	4,730	275	5,005
MARC matching funds	16,991	—	9,424	9,424
Contributed services	125,818	6,530	105,742	112,272
Charges for services	566	—	601	601
	<u>1,084,249</u>	<u>44,437</u>	<u>913,969</u>	<u>958,406</u>
Expenditures:				
Solid waste management district grants	<u>1,084,249</u>	<u>44,437</u>	<u>913,969</u>	<u>958,406</u>
Revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

## MID-AMERICA REGIONAL COUNCIL

Schedule of Revenues and Expenditures  
 Missouri Department of Natural Resources  
 Mid-America Regional Council Solid Waste Management District –  
 2010 Grant Program  
 MARC Grant No. 33620

Grant Period From January 1, 2010 to Completion

	<u>Budget</u>	<u>Year Ended December 31, 2010</u>	<u>Prior Year(s)</u>	<u>Cumulative to Date</u>
<b>Revenues:</b>				
State grant	\$ 875,808	598,636	—	598,636
MARC matching funds	29,090	14,392	—	14,392
Contributed services	365,973	114,360	—	114,360
Charges for services	—	125	—	125
	<u>1,270,871</u>	<u>727,513</u>	<u>—</u>	<u>727,513</u>
<b>Total revenues</b>				
<b>Expenditures:</b>				
Solid waste management district grants	<u>1,270,871</u>	<u>727,513</u>	<u>—</u>	<u>727,513</u>
Revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

## MID-AMERICA REGIONAL COUNCIL

Schedule of Revenues and Expenditures  
 Mid-America Regional Council Solid Waste Management District –  
 Household Hazardous Waste Program  
 MARC Grant No. 31994, 2010 Program  
 MARC Grant No. 31810, Contingency Fund

Grant Period: Open

	<u>Budget</u>	<u>Year Ended December 31, 2010</u>	<u>Prior Year(s)</u>	<u>Cumulative to Date</u>
Revenues:				
Local government grants	\$ 370,606	237,947	46,491	284,438
Expenditures:				
Household hazardous waste program	370,606	237,947	46,491	284,438
Revenues over expenditures	\$ <u>      —</u>	<u>      —</u>	<u>      —</u>	<u>      —</u>

## LIST OF OFFICERS AND EXECUTIVE BOARD MEMBERS

December 31, 2010

### OFFICERS

Michael Shaw Chair	Chris Bussen Vice Chair	Lisa Danbury Secretary/Treasurer
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### EXECUTIVE BOARD

<i>Appointed Member</i>	<i>Representative</i>	<i>Alternate Representative</i>
Cass County, Missouri	Lee Morris County Planner	Vacant
Clay County, Missouri	Katee Porter Eastern Commissioner	Donna Koontz Director of Facilities Management
Jackson County, Missouri	Earl Newill Chief Engineer	Sandy Mayer Special Projects Coordinator
Platte County, Missouri	Daniel Erickson Planning Director	Greg Sager Public Works Director
Ray County, Missouri	Rodger Fitzwater Presiding Commissioner	Mike Twyman Western Commissioner
Kansas City, Missouri	Michael Shaw Solid Waste Manager/Assistant to the Public Works Director	Dennis Murphey Chief Environmental Officer
<i>Elected Member</i>	<i>Representative</i>	<i>Alternative Representative</i>
Belton, Missouri	Brad Foster Assistant City Administrator	Vacant
Excelsior Springs, Missouri	Devery Hunt Administrative Assistant	Vacant
Independence, Missouri	Don Reimal Mayor	Dan McGraw Assistant to Public Works Director
Lake Waukomis, Missouri	Ann Dwyer Sanders Citizen	Tom Rezentes Mayor
Lee's Summit, Missouri	Chris Bussen Solid Waste Superintendent	Kara Taylor Environmental Coordinator
North Kansas City, Missouri	Pat Hawver Public Works Director	Chris Cooper Public Works
Riverside, Missouri	Kathy Rose Mayor	Vacant
Sugar Creek, Missouri	Stan Salva Mayor	Sue Mikula Public Works
<i>Ex Officio</i>		
District Planner	Lisa Danbury	



Allen, Gibbs & Houlik, L.C.  
CPAs & Advisors

INDEPENDENT AUDITORS' 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*

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Board of Directors  
**Mid-America Regional Council**  
**Solid Waste Management District**

We have audited the financial statements of the governmental activities and major funds of the Mid-America Regional Council Solid Waste Management District (District), as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

*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.

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*.

This report is intended solely for the information and use of management, the Board of Directors, and others within this entity and is not intended to be and should not be used by anyone other than these specified parties.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

June 23, 2011  
Wichita, Kansas



