

**REGION M SOLID WASTE
MANAGEMENT DISTRICT
CARL JUNCTION, MISSOURI**

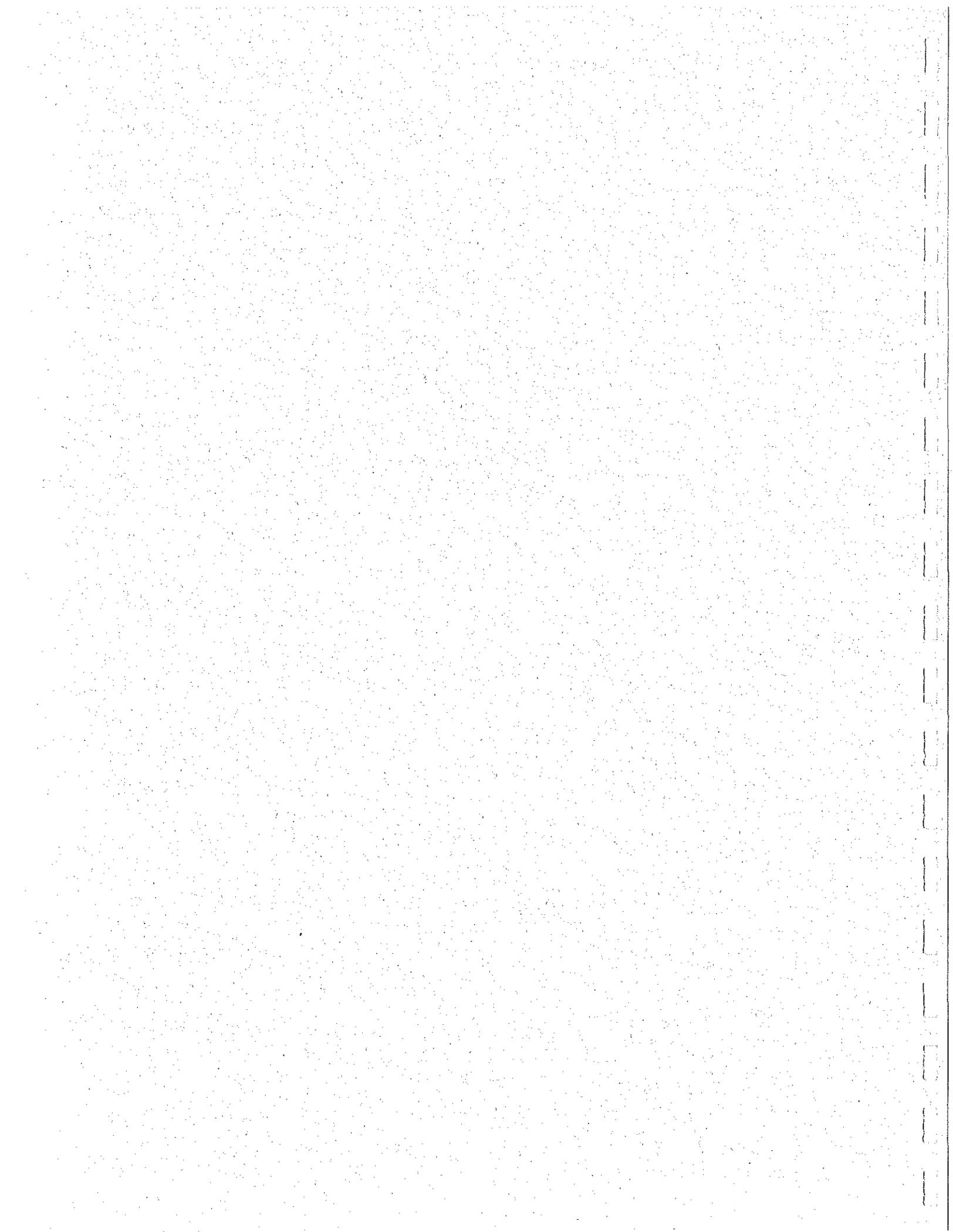
**FINANCIAL STATEMENTS
(With Independent Auditors'
Reports Thereon)**

JUNE 30, 2010

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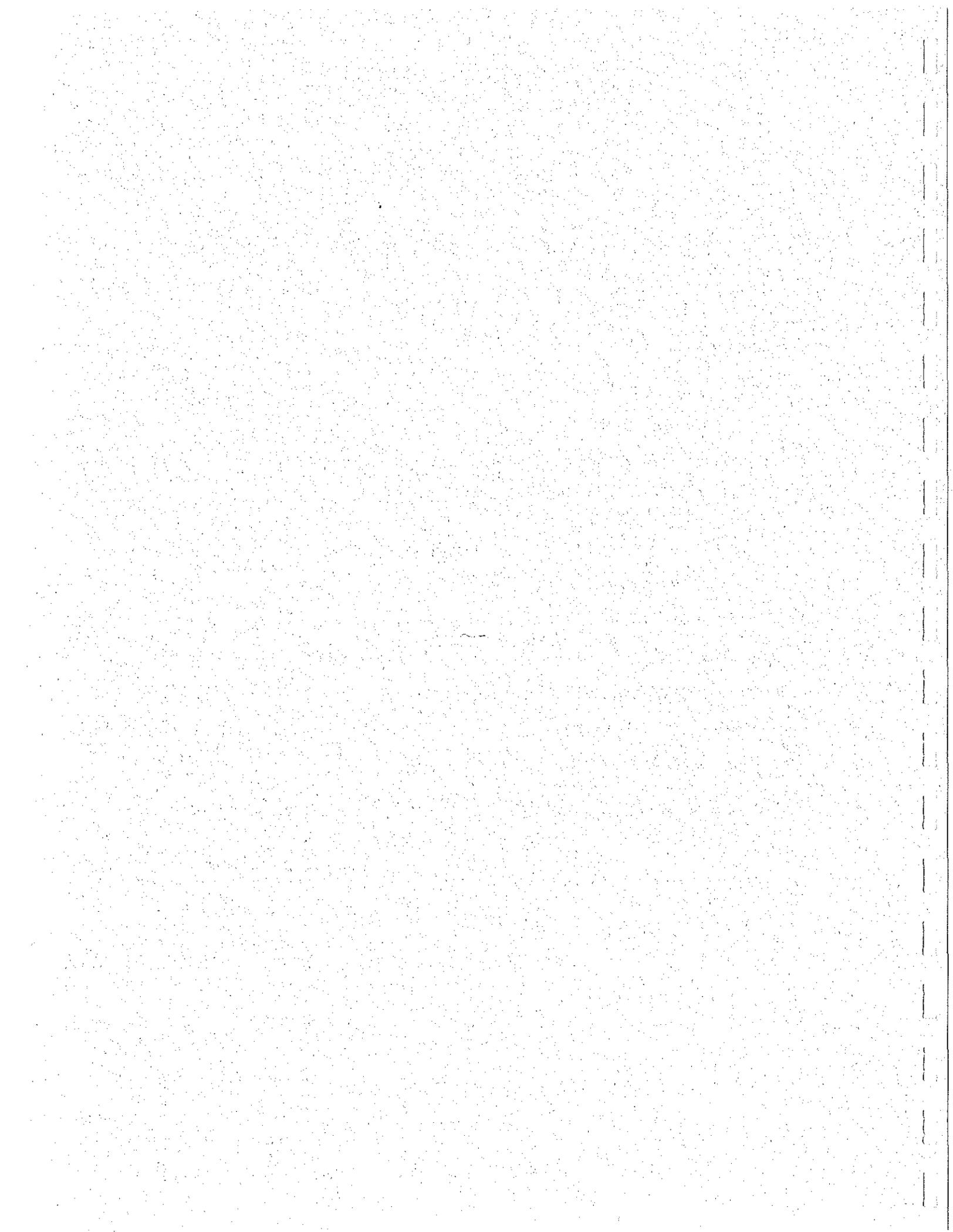
SWMP OPERATIONS



**REGION M SOLID WASTE MANAGEMENT DISTRICT
CARL JUNCTION, MISSOURI**

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SECTION I
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

November 19, 2010

Executive Board
Region M Solid Waste
Management District
Carl Junction, Missouri

We have audited the accompanying financial statements of the governmental activities and each major fund of the Region M Solid Waste Management District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Region M Solid Waste Management 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 that 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 each major fund of the Region M Solid Waste Management District as of June 30, 2010, the respective changes in financial position, and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

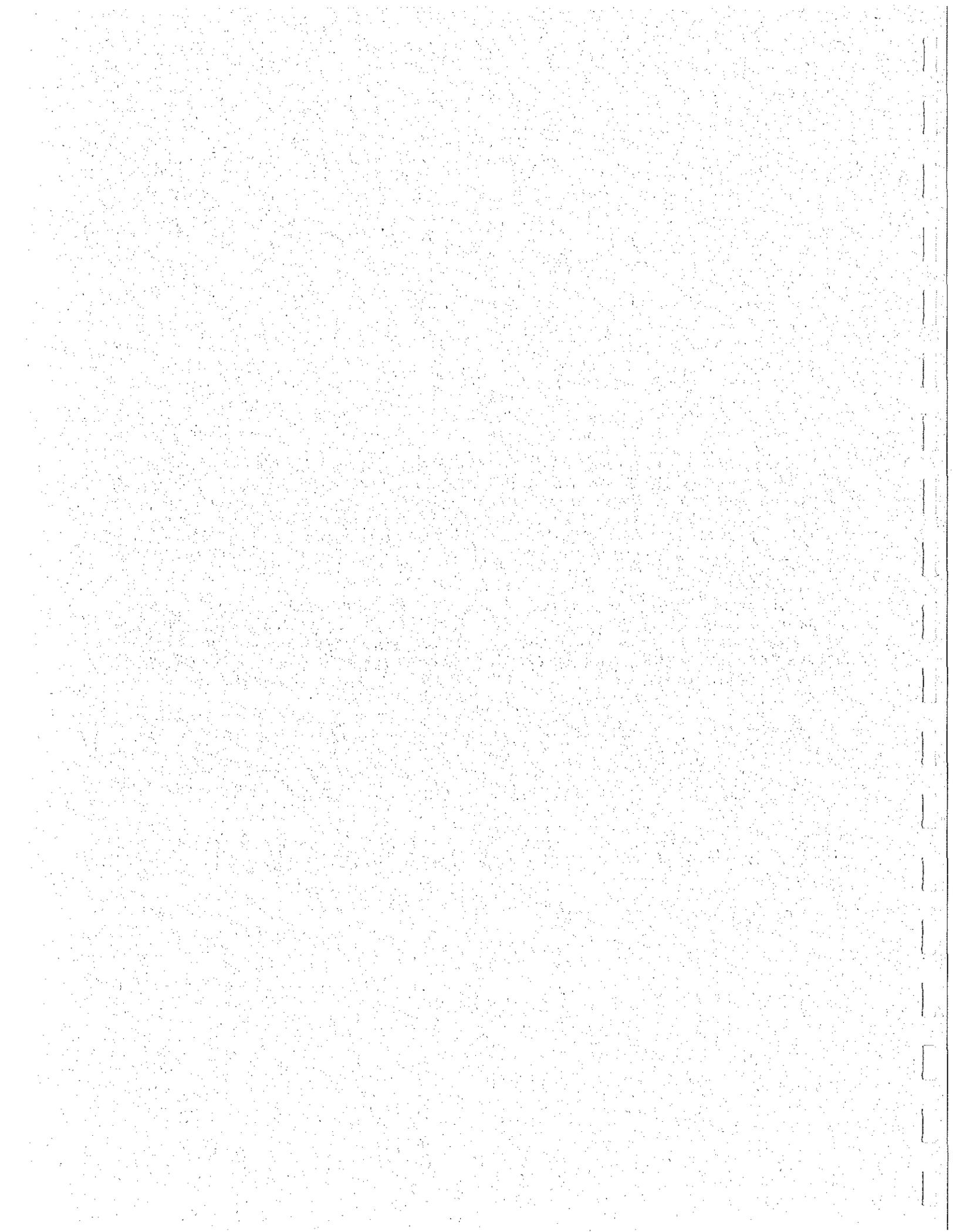
In accordance with Government Auditing Standards, we have also issued a report dated November 19, 2010, on our consideration of the Region M Solid Waste Management District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. 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 important for assessing the results of our audit.

The management's discussion and analysis on pages 2 through 6 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 Region M Solid Waste Management District's basic financial statements. The supplemental information on pages 17 through 21 is presented for the purpose 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.

Arthur White & Associates, L.L.C.

ARTHUR WHITE & ASSOCIATES, L.L.C.



**REGION M SOLID WASTE MANAGEMENT DISTRICT
WEBB CITY, MISSOURI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Background:

The Region M Solid Waste Management District (District) was formed in 1991 as a result of a change in the Missouri Solid Waste Law. Vernon, Barton, and Jasper Counties joined together to form the initial district. Newton and McDonald Counties joined the District in 1996.

All cities with populations of 500 or more, which are located in the above-mentioned counties, are members of the District along with the above-mentioned counties.

Organization:

Each qualified city has a representative on the District's Management Council. The counties each have two representatives of the county commission on the District's Management Council. At this time, there are 36 representatives on the Region M Solid Waste District Management Council.

The Executive Board is elected from representatives of the District's Management Council and consists of a commissioner from each county and a representative from the cities in each county, plus, Joplin, Missouri, as the largest city in the District, has a representative. The Executive Board consists of 11 representatives.

Missouri Solid Waste Resources:

The resources used by the Missouri Department of Natural Resources (MDNR) for the purposes of solid waste management generally are the "Solid Waste Fund". There is created in the Solid Waste Law a tipping fee that is generated from each ton of material that goes into a Missouri landfill. These resources are distributed for many purposes including the operation of the Solid Waste Districts and District Grants. During FY 2010 the tipping fee was \$2.11 per ton. This is the only major revenue received by the vast majority of solid waste districts. Some interest is earned during times when obligated funds are waiting to be expended.

Financial Practices:

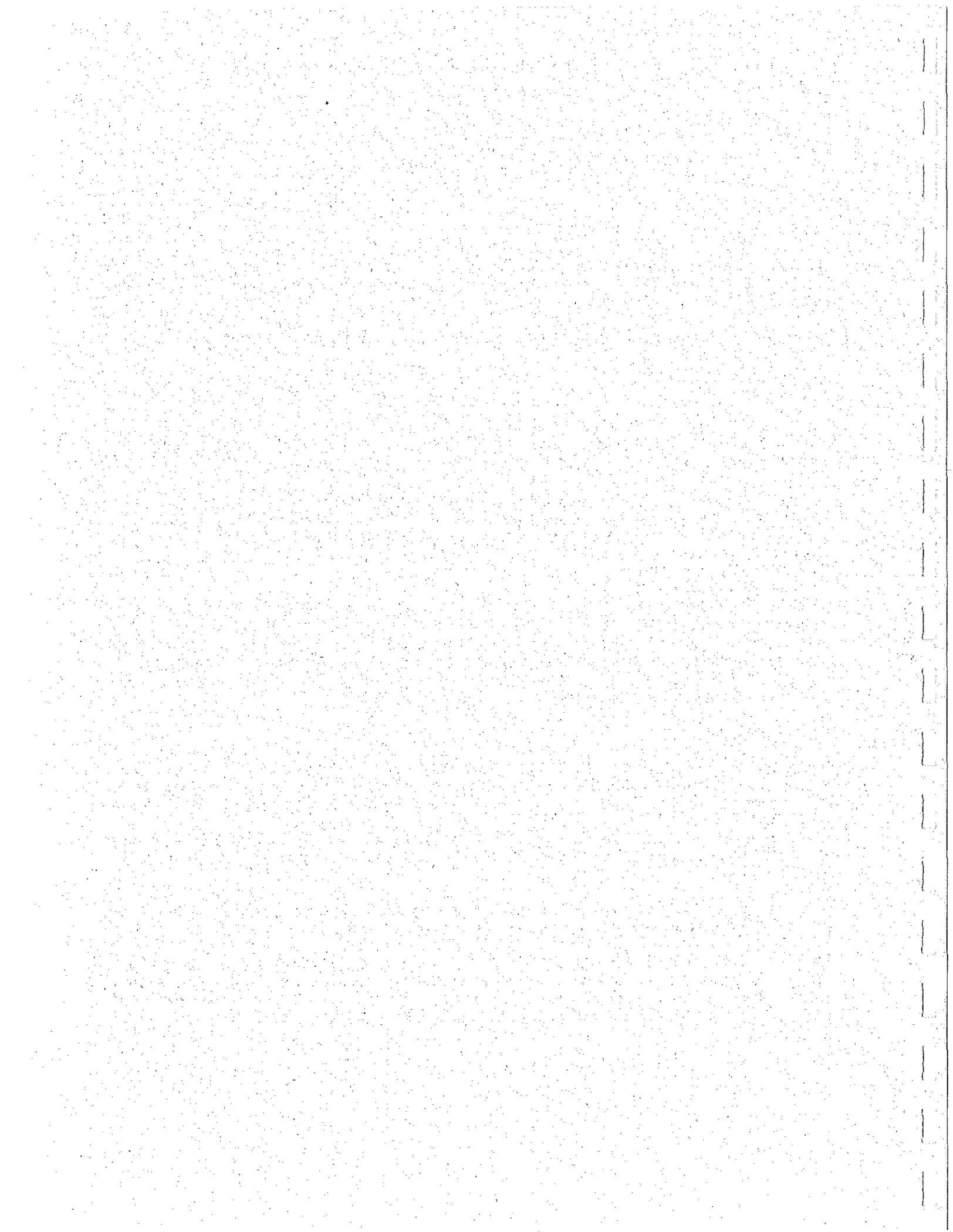
The Harry S Truman Coordinating Council provides accounting and management services for the District. Guidance for accounting comes from the accounting firm of Schmidt and Associates, Carthage, Missouri, and the contract for auditing services is currently being performed by Arthur White and Associates, L.L.C.

The Solid Waste Program of the Department of Natural Resources has created rules and regulations that include financial reporting and review. These rules also include tracking of grants and reporting of recovered tonnage that is recycled.

In FY 2007 the District was required to identify activity as it related to the resources available. Resources were identified as "Grant Implementation Funds", "District Operation Funds" and "District Grant Funds".

Until August 2005 the formula for the District was, sixty percent of the total dollars available were designated as "District Grant Funds," and forty percent of the total dollars available were designated as "Grant Implementation Funds." Starting in FY 2007 the distribution would be no less than fifty percent (50%) of the District Resources used for District Grants and the maximum of fifty percent (50%), used for District Operations and Plan Implementation.

FY 2010 was budgeted and accounted for under the 50 percent Grant and 50 percent Grant Implementation and District Operations rules.



**REGION M SOLID WASTE MANAGEMENT DISTRICT
WEBB CITY, MISSOURI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Financial Practices, Continued:

All grant activities are reported to the Missouri Department of Natural Resources Solid Waste Program (MDNR/SWP) on a quarterly basis. Every grant that is recommended by the District Executive Board during the local grant application process is reviewed and approved by the MDNR/SWP. This review also includes grant implementation and district operation resources. No resources are distributed by the District to any operation or grant that are not first approved by the Missouri Department of Natural Resources Solid Waste Program.

Grants that are active are of a reimbursement nature. Expenditures and quarterly reports must be submitted for reimbursement with full documentation and reference to the grant budget. There may be exceptions to this policy, but Executive Board action would be required, along with approval from the MDNR/SWP.

For all intents and purposes the District has only one major source of revenue from the Missouri Solid Waste Fund. Other revenue is usually interest on funds or deobligated grant resources.

Liabilities, or fund distributions, are recorded as such upon the distribution of the resources. Revenue is recognized in the system when it is available and appropriate.

The District has two governmental funds, the General Fund and the Special Revenue Fund.

The District has no debt or capital assets.

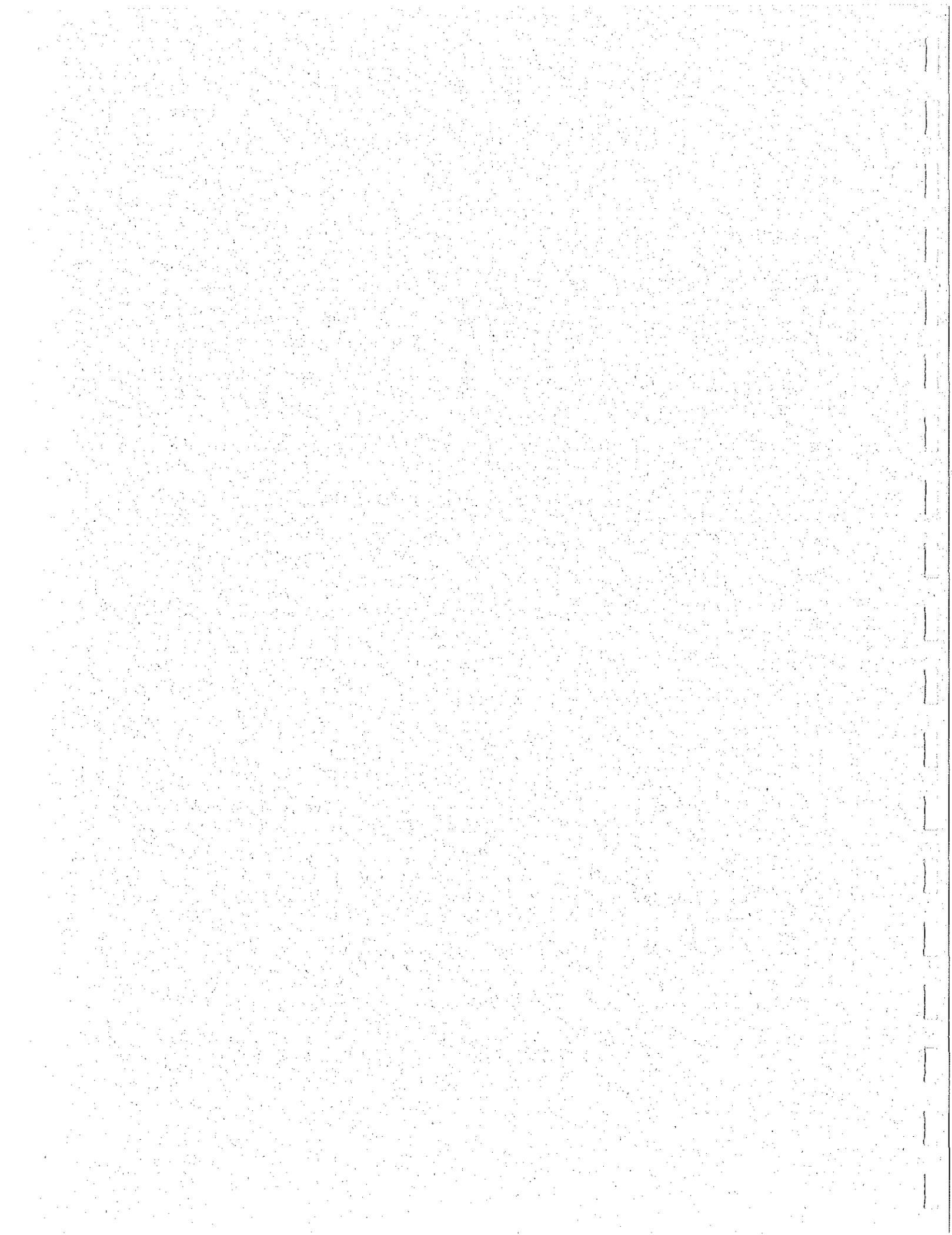
Overview of Financial Statements:

This financial section of the annual report consists of three parts:

- Management's discussion and analysis (this section),
- Financial statements including notes to the financial statements, and
- Supplemental information.

This annual report consists of a series of financial statements that provide an array of data to assist in evaluating the Solid Waste Management District's financial performance. Two types of financial statements used to assess fiscal accountability of the District are as follows:

1. Government-wide financial statements assist the financial statement user in assessing the medium and long-term operational accountability of the District. They are prepared using the accrual basis of accounting. Government-wide financial statements include the following:
 - a) Statement of Net Assets reports information on the District's assets and liabilities, with the difference between the two reported as net assets. Assets and liabilities are presented in their order of liquidity. Namely, assets are presented in the order to their nearness to producing cash, and liabilities are presented in their nearness to consuming cash.
 - b) Statement of Activities presents information on the District's revenue and expenses, with the variance between the two reported as a change in net assets. Revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the period incurred.



**REGION M SOLID WASTE MANAGEMENT DISTRICT
WEBB CITY, MISSOURI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Overview of Financial Statements, Continued:

2. Fund Financial Statements assist the financial statement user in assessing short-term fiscal accountability of the District. They are prepared on a modified accrual basis of accounting. Fund financial statements include the following:

- a) The Governmental Funds Balance Sheet consists of a listing of assets, liabilities and fund balance and indicates the financial position of the District at a particular date.
- b) The Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balance demonstrates how the District's fund balance changed during the year.

The Notes to the Financial Statements provide additional information essential to fully understand the data provided in the District's financial statements. The notes to the financial statements follow the order of the basic financial statements.

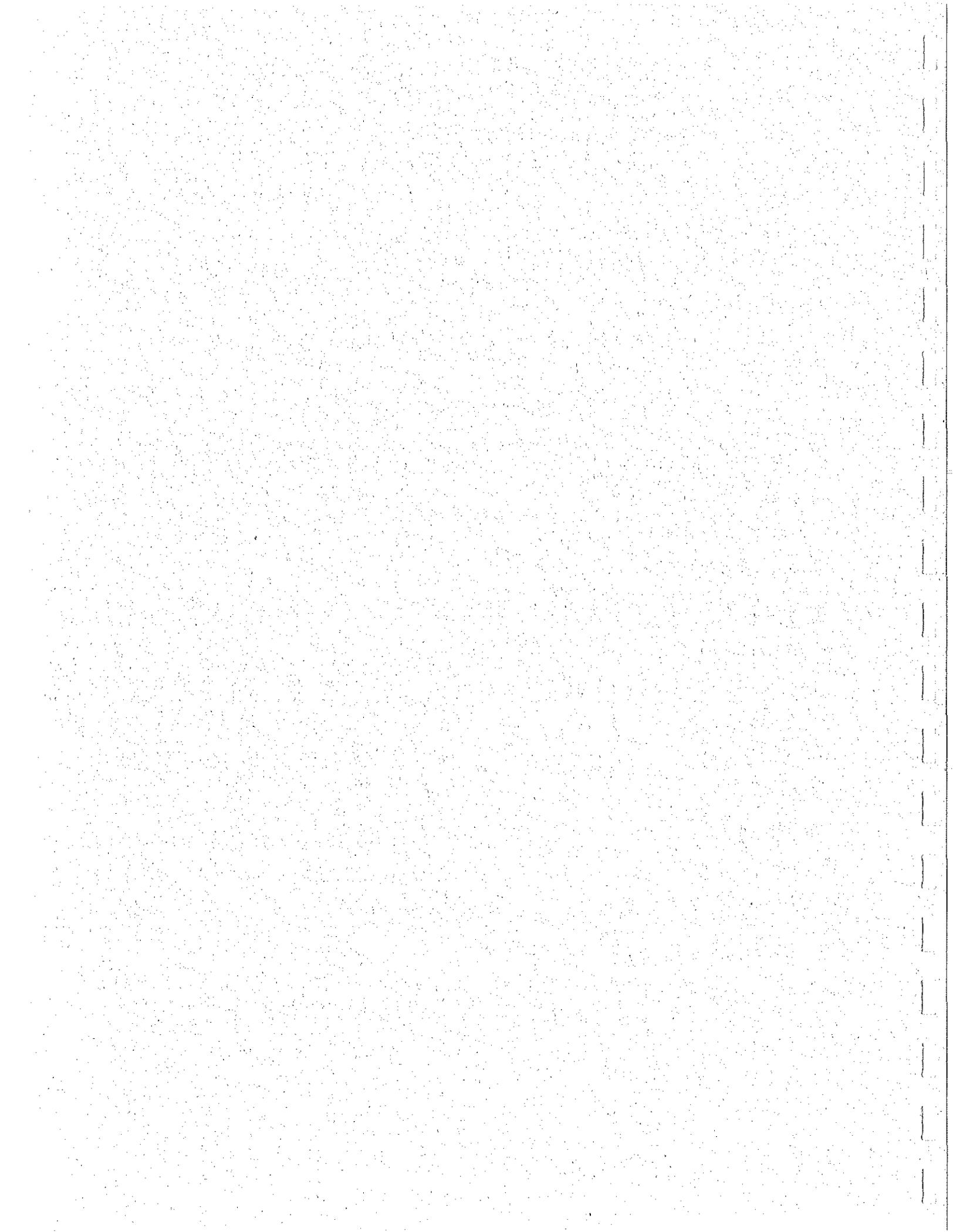
The statements & notes are followed by a section of supplementary information and schedules that further explain and support the financial statements.

Statement of Net Assets Analysis:

The following table displays condensed financial information derived from the government-wide statement of net assets.

	June 30, <u>2010</u>	June 30, <u>2009</u>	Dollar <u>Change</u>	Percent <u>Change</u>
Current assets	\$ 462,392	\$ 909,920	\$ (447,528)	-49.18%
Total assets	462,392	909,920	(447,528)	-49.18%
Current liabilities	428,866	870,823	(441,957)	-50.75%
Total liabilities	428,866	870,823	(441,957)	-50.75%
Unrestricted net assets	33,526	39,097	(5,571)	-14.25%
Total Net Assets	\$ 33,526	\$ 39,097	\$ (5,571)	-14.25%

Comparison to the previous year may require some explanation. The distribution of resources to the various grants and contracts does not occur during the same period of time each year. Communications with the MDNR/SWP can be tedious and time consuming. Grantees may delay their reporting and this too can cause activity to be delayed.



**REGION M SOLID WASTE MANAGEMENT DISTRICT
WEBB CITY, MISSOURI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Statement of Net Assets Analysis, Continued:

Each funding cycle tends to be unique in terms of the amount of time that is required to initiate the grant and begin to reimburse funds. This may result in yearly comparisons that can vary widely.

Total available funds generally increase each year because of increased dollars paid to the Solid Waste Fund. Distributions are also subject to local landfill usage and the formula for distribution as prescribed by the Missouri Solid Waste Law.

As noted later in this document, changes in the economy and distribution of the solid waste to landfills is changing the formula distribution to Region M Solid Waste Management District.

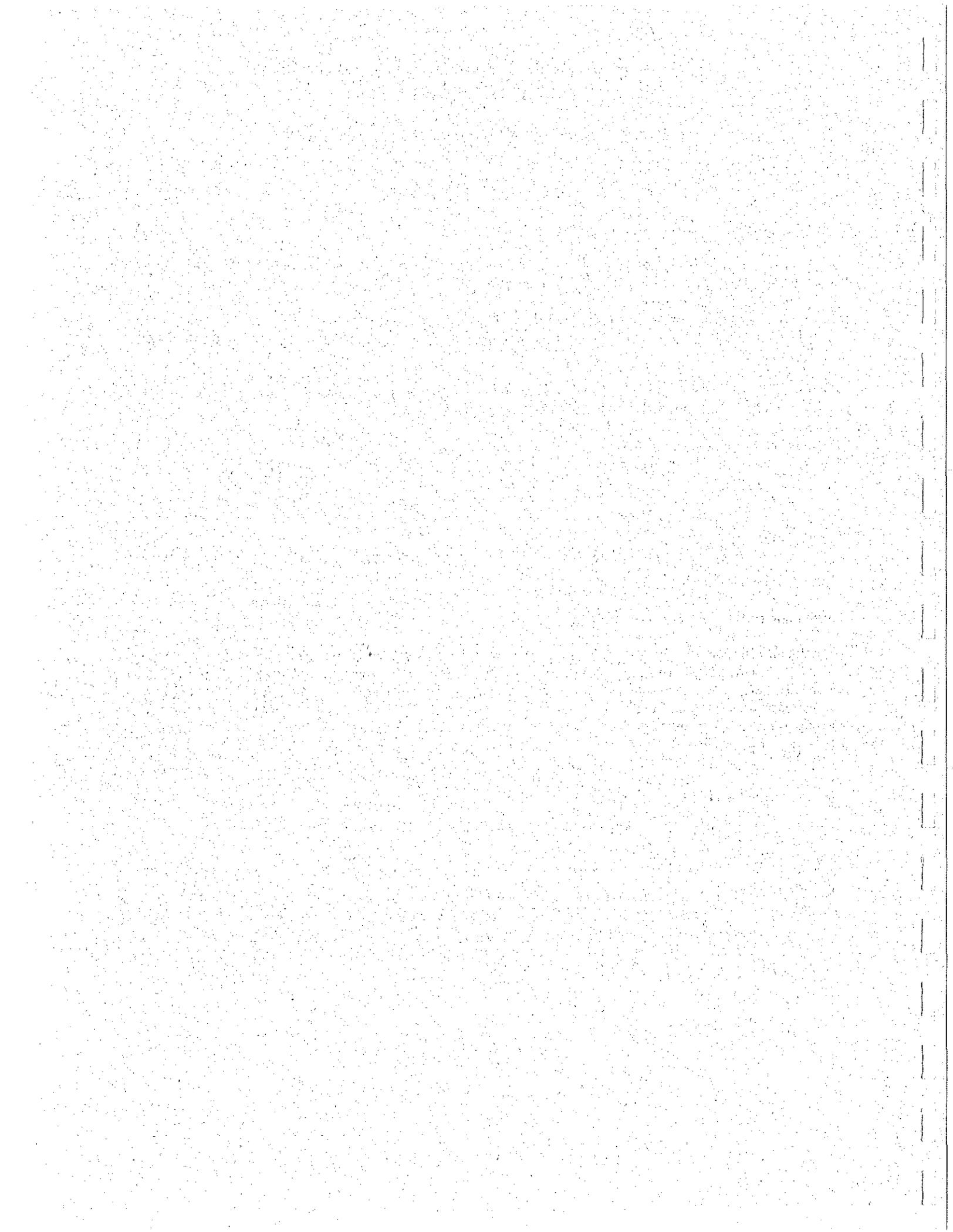
Statement of Activities Analysis:

	Year ended June 30, 2010	Year ended June 30, 2009	Dollar Change	Percent Change
Program Revenue:				
Operating grants and contributions	\$ 745,842	\$ 756,019	\$ (10,177)	-1%
General Revenues:				
Unrestricted investment earnings	4,027	10,662	(6,635)	-62%
Total Revenues	<u>749,869</u>	<u>766,681</u>	<u>(16,812)</u>	<u>-2%</u>
Program Expenses:				
General government	755,440	764,982	(9,542)	-1%
Total Expenses	<u>755,440</u>	<u>764,982</u>	<u>(9,542)</u>	<u>-1%</u>
Change in net assets	(5,571)	1,699	(7,270)	-428%
Beginning net assets	39,097	37,398	1,699	5%
Ending net assets	<u>\$ 33,526</u>	<u>\$ 39,097</u>	<u>\$ (5,571)</u>	<u>-14%</u>

The decrease in unrestricted investment earnings was due to lower interest rates received in FY2010.

Budget Analysis:

The following table displays the overall budget for the District for fiscal year 2010. Each year, the District requests the amount of resources that District Operations, District Collections/Recycling, and Subgrant projects will need to function efficiently. However, there are some projects that do not expend all the resources that were allocated to the project. When this happens, MDNR allows the District to carryover the remaining amount of resources into another eligible project.



**REGION M SOLID WASTE MANAGEMENT DISTRICT
WEBB CITY, MISSOURI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Budget Analysis, Continued:

	Governmental Funds		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Grant revenue	\$ 712,000	\$ 745,842	\$ 33,842
Interest income		4,027	4,027
Total	<u>712,000</u>	<u>749,869</u>	<u>37,869</u>
EXPENDITURES:			
District operations	146,422	144,642	1,780
Subgrants	<u>602,608</u>	<u>610,798</u>	<u>(8,190)</u>
Total	<u>749,030</u>	<u>755,440</u>	<u>(6,410)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES			
	<u>\$ (37,030)</u>	<u>\$ (5,571)</u>	<u>\$ 31,459</u>

More reimbursements were paid than expected.

Economic Factors:

The financial mechanism of the District exists only as a pass through for grant resources from the Department of Natural Resources to grantees. All administrative expenditures are a function of the Harry S Truman Coordinating Council, who receives the "District Operations Funds" through a yearly contract with the District. Other operational expenses are presented in the funding requests for approval by MDNR. Such items are the audit expenses, required public notices, and special services. Economic factors are political in nature and dependent upon a formula based upon a "tipping fee" charged at the landfill and any transfer stations in the Region M Solid Waste Management District area. During FY-2009 and FY-2010 the amount of resources available from the Solid Waste Fund has decreased. Some of the decrease is attributable to the economic downturn, and some of the decrease is due to a shift in the distribution of solid waste to landfills outside of Region M Solid Waste Management District.

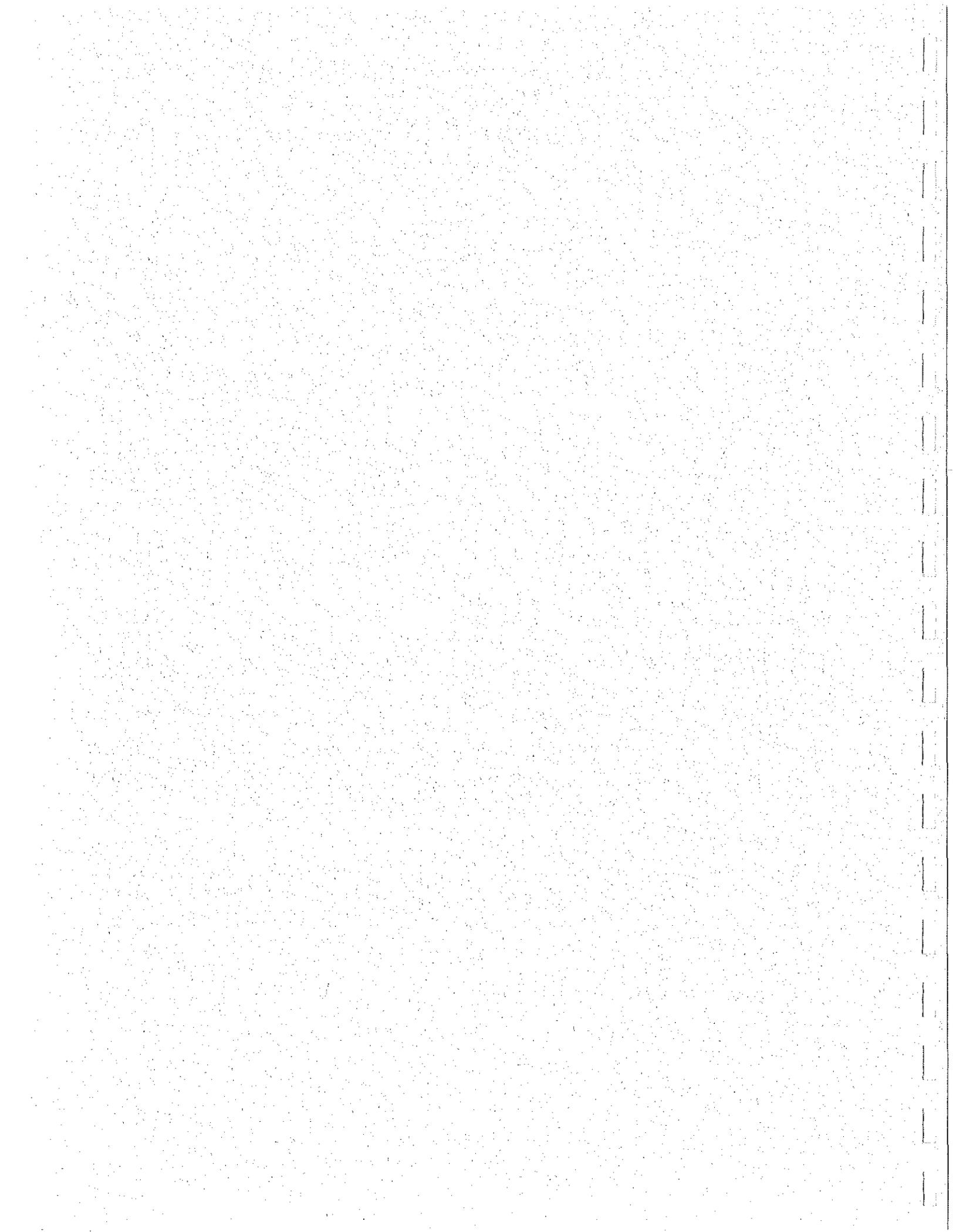
Additional Financial Information:

This financial report is designed to provide the District's Board of Directors, members, and other interested parties with an overview of the District's financial operations, and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact:

Region M Solid Waste Management District
P.O. Box 388
800 E. Pennell
Carl Junction, Missouri 64834

Sincerely,

Harry Rogers, Director
Harry S Truman Coordinating Council

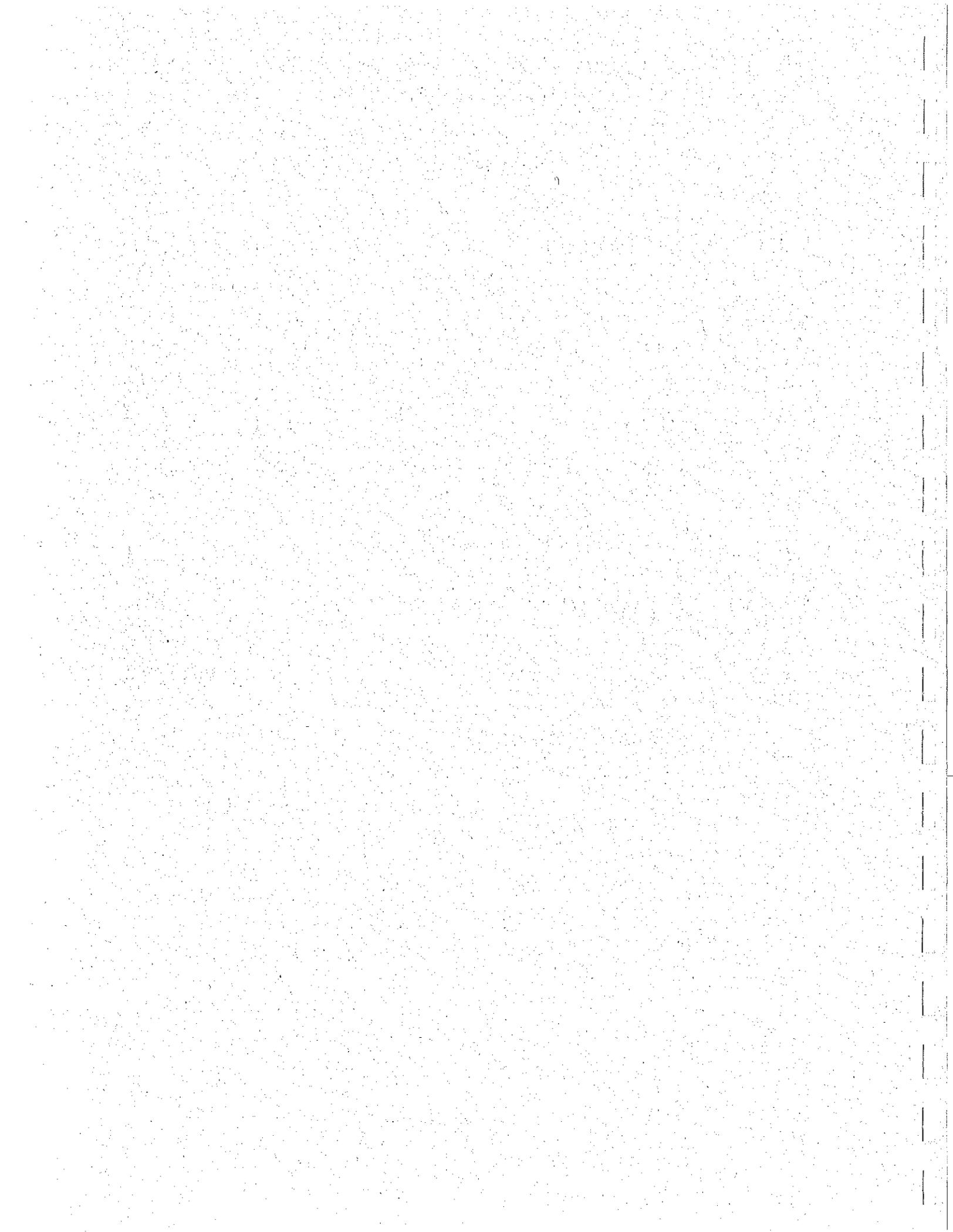


REGION M SOLID WASTE MANAGEMENT DISTRICT
CARL JUNCTION, MISSOURI

STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Governmental Activities</u>
<u>ASSETS</u>	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 33,526
Restricted cash	396,366
Prepaid expenses	<u>32,500</u>
Total current assets	<u>462,392</u>
TOTAL ASSETS	<u>\$ 462,392</u>
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:	
Deferred revenue - unobligated grant carryover	\$ 21,520
Deferred revenue - obligated for grants	<u>407,346</u>
Total current liabilities	<u>428,866</u>
NET ASSETS - Unrestricted	<u>33,526</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 462,392</u>

See Notes to Financial Statements.

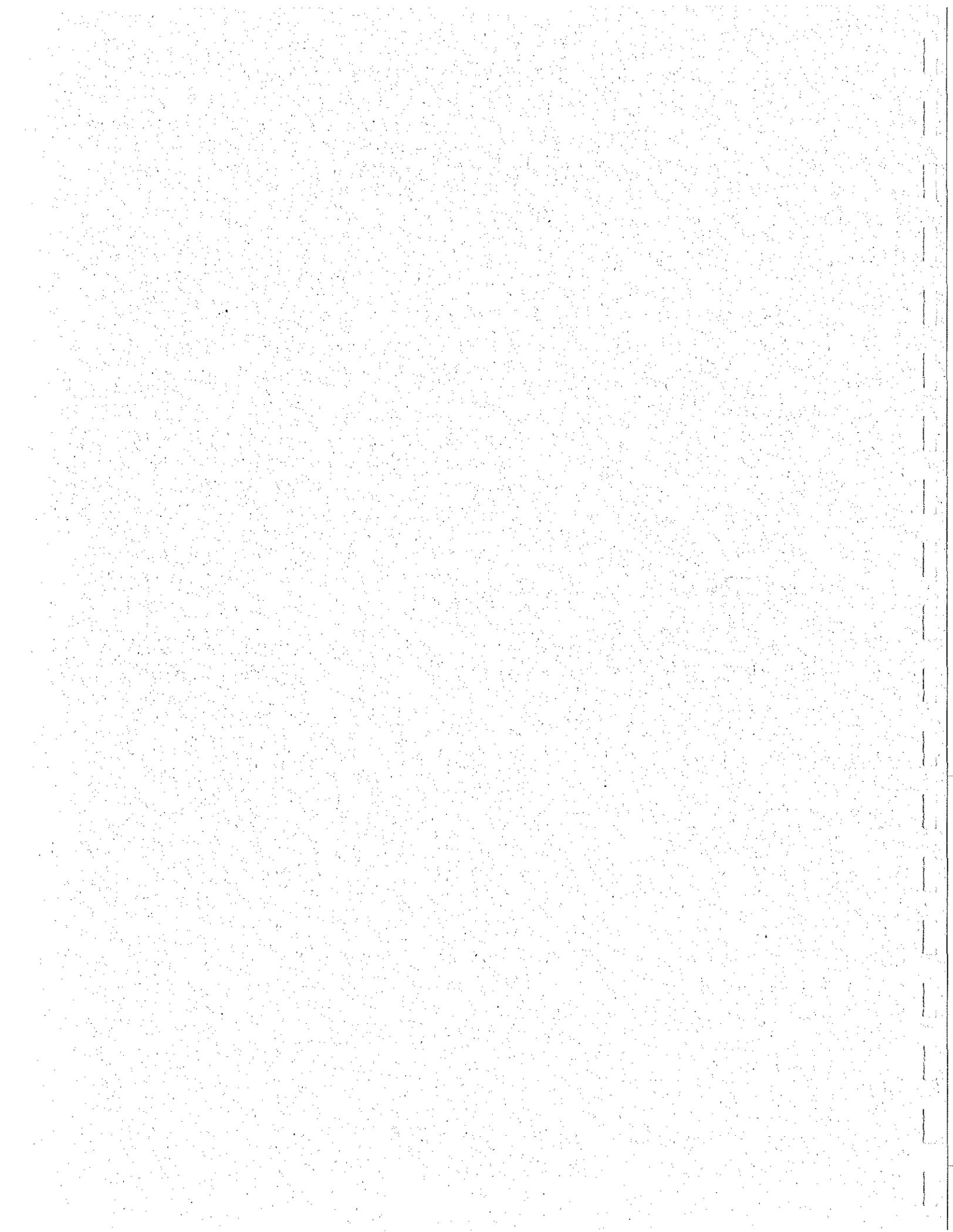


**REGION M SOLID WASTE MANAGEMENT DISTRICT
CARL JUNCTION, MISSOURI**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Net Revenue and Change in Net Assets</u>
		<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Functions and Programs			
Primary Government:			
Governmental Activities:			
General Government	<u>\$ 755,440</u>	<u>\$ 745,842</u>	<u>\$ (9,598)</u>
General Revenues:			
Unrestricted investment earnings			<u>4,027</u>
Total general revenues			<u>4,027</u>
Change in net assets			(5,571)
Net Assets - Beginning of year			<u>39,097</u>
Net Assets - End of year			<u>\$ 33,526</u>

See Notes to Financial Statements.

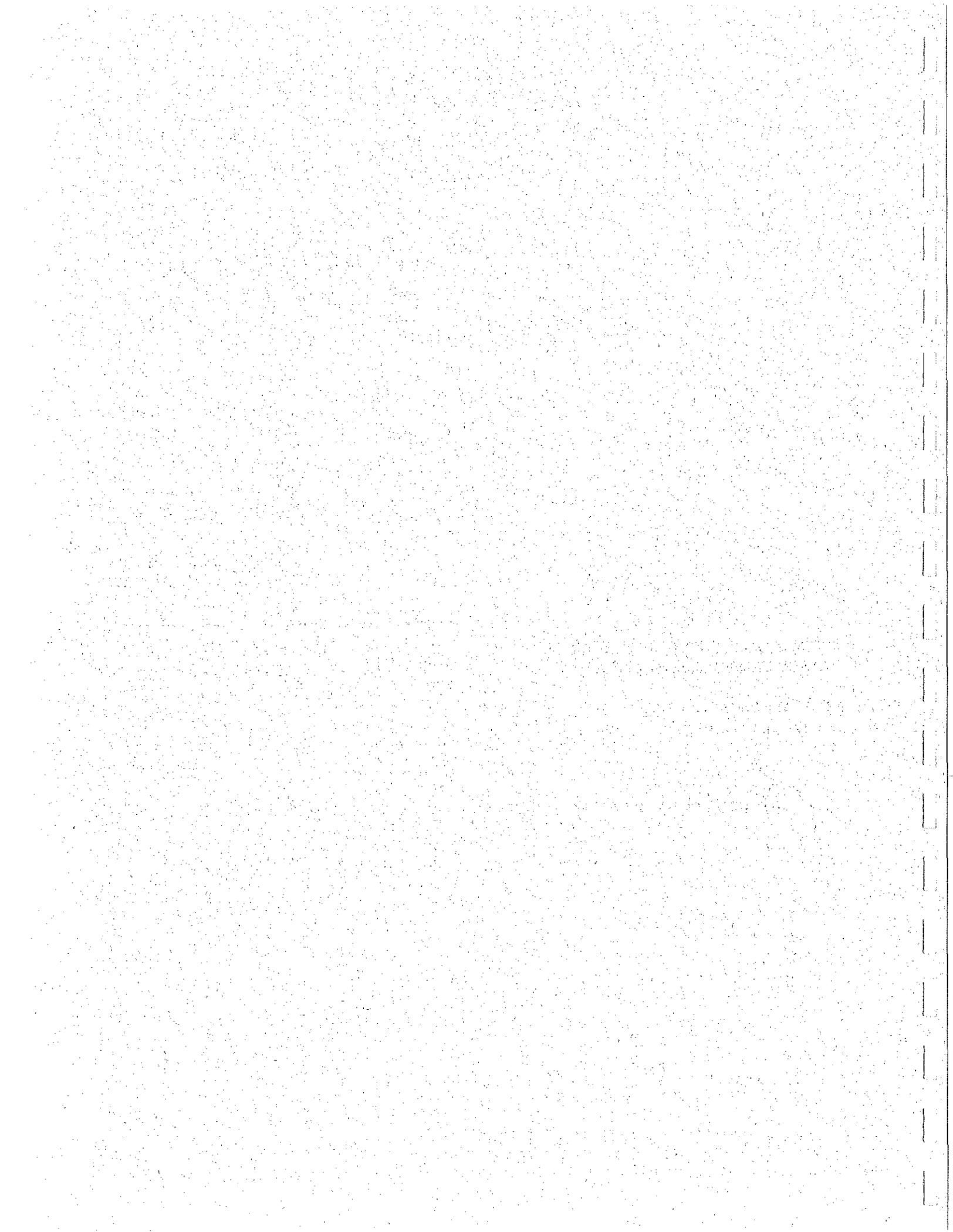


**REGION M SOLID WASTE MANAGEMENT DISTRICT
CARL JUNCTION, MISSOURI**

**GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2010**

	Governmental Funds		
	General	Special Revenue	Total
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 33,526		\$ 33,526
Restricted cash		\$ 396,366	396,366
Prepaid expenses		32,500	32,500
Total current assets	33,526	428,866	462,392
TOTAL ASSETS	\$ 33,526	\$ 428,866	\$ 462,392
 <u>LIABILITIES AND FUND BALANCE</u>			
CURRENT LIABILITIES:			
Deferred revenue - unobligated grant carryover		\$ 21,520	\$ 21,520
Deferred revenue - obligated for grants		407,346	407,346
Total current liabilities		428,866	428,866
FUND BALANCE - Unreserved	\$ 33,526		33,526
TOTAL LIABILITIES AND FUND BALANCE	\$ 33,526	\$ 428,866	\$ 462,392

See Notes to Financial Statements.

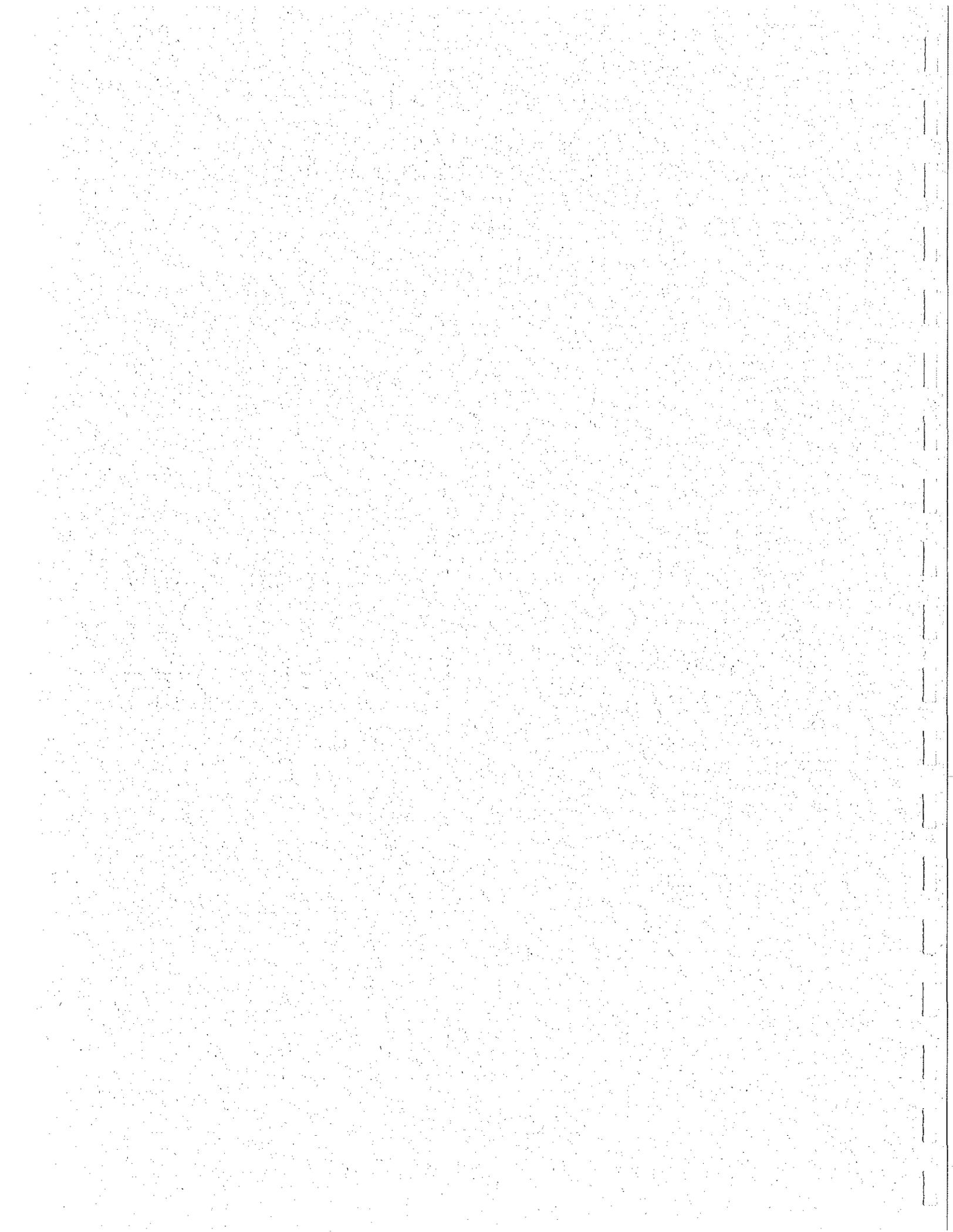


**REGION M SOLID WASTE MANAGEMENT DISTRICT
CARL JUNCTION, MISSOURI**

**GOVERNMENTAL FUNDS STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010**

	Governmental Funds		
	General	Special Revenue	Total
REVENUE:			
Grant revenue		\$ 745,842	\$ 745,842
Interest income	\$ 4,027		4,027
Total	<u>4,027</u>	<u>745,842</u>	<u>749,869</u>
EXPENDITURES:			
Current:			
District operations		144,642	144,642
Subgrants:			
Equipment		306,195	306,195
Collections and recycling		288,245	288,245
Education		16,358	16,358
Total Subgrant Expenditures		<u>610,798</u>	<u>610,798</u>
Total	<u>-</u>	<u>755,440</u>	<u>755,440</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	4,027	(9,598)	(5,571)
OTHER FINANCING SOURCES (USES):			
Transfers in (out)	<u>(9,598)</u>	<u>9,598</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(5,571)	-	(5,571)
FUND BALANCE - Beginning of year	<u>39,097</u>	<u>-</u>	<u>39,097</u>
FUND BALANCE - End of year	<u>\$ 33,526</u>	<u>\$ -</u>	<u>\$ 33,526</u>

See Notes to Financial Statements.

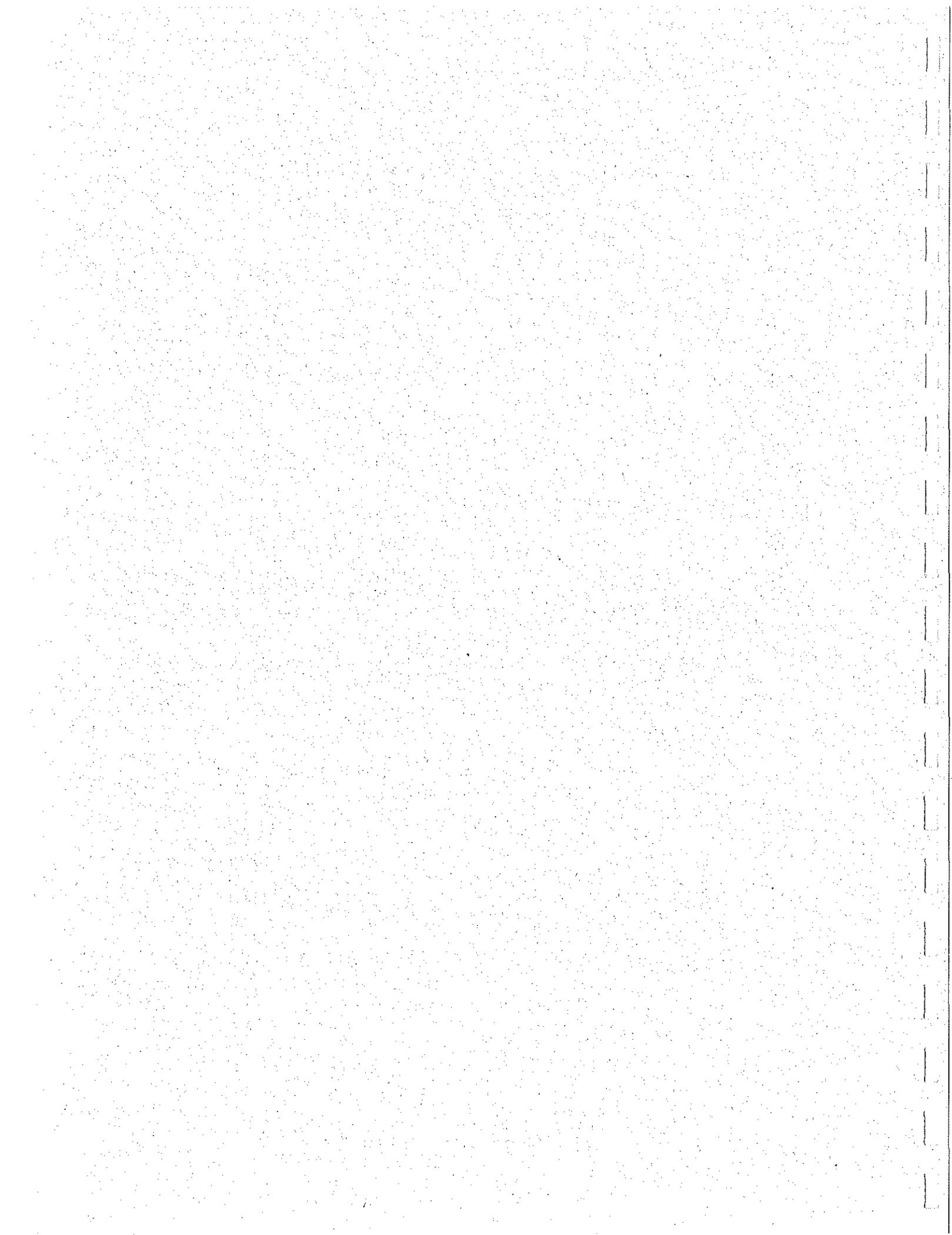


**REGION M SOLID WASTE MANAGEMENT DISTRICT
CARL JUNCTION, MISSOURI**

**GOVERNMENTAL FUND STATEMENT OF REVENUE,
EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	Governmental Funds		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:			
Grant revenue	\$ 712,000	\$ 745,842	\$ 33,842
Interest income		4,027	4,027
Total	<u>712,000</u>	<u>749,869</u>	<u>37,869</u>
EXPENDITURES:			
District operations	146,422	144,642	1,780
Subgrants	602,608	610,798	(8,190)
Total	<u>749,030</u>	<u>755,440</u>	<u>(6,410)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(37,030)	(5,571)	31,459
FUND BALANCE - Beginning of year	<u>39,097</u>	<u>39,097</u>	<u>-</u>
FUND BALANCE - End of year	<u>\$ 2,067</u>	<u>\$ 33,526</u>	<u>\$ 31,459</u>

See Notes to Financial Statements.



**REGION M SOLID WASTE MANAGEMENT DISTRICT
CARL JUNCTION, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Region M Solid Waste Management District (the District) was formed pursuant to RSMo., Section 260.305, and was officially recognized by the Missouri Department of Natural Resources in 1991. The District includes the counties of Vernon, Barton, Jasper, Newton and McDonald of the State of Missouri, and their participating cities with a population of 500 or more. Participation in the District is voluntary and is formally established through a resolution of adoption filed with the District office by the member governments. The purpose of the District is to promote cooperation in solving solid waste management problems and to promote resource recovery and recycling. The District's responsibilities include planning requirements as established by the Solid Waste Management Program, and the administration of grant funds made available to the District from the Solid Waste Management Fund, in accordance with RSMo. Section 260.335.2.

The District's management structure is comprised of the Management Council, consisting of a representative from each city over 500 population, and two County Commissioners from each County (five counties). The Executive Board is elected at the Annual Meeting and is comprised of a County Commissioner from each County (5); one representative from the cities in each County that is elected in a County Caucus of the Cities (5); and a representative from the largest city in the Region (1). The total Executive Committee is eleven (11) persons.

Members of the Executive Board and Management Council serve one year terms. The governing body of the District is the Executive Board, which is elected by the Management Council. The District's functions are accomplished by an administrative agreement with the Harry S. Truman Coordinating Council (HSTCC), Carl Junction, Missouri.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America, as applicable to governments. The following is a summary of the more significant policies:

A. Principles Determining Scope of Reporting Entity:

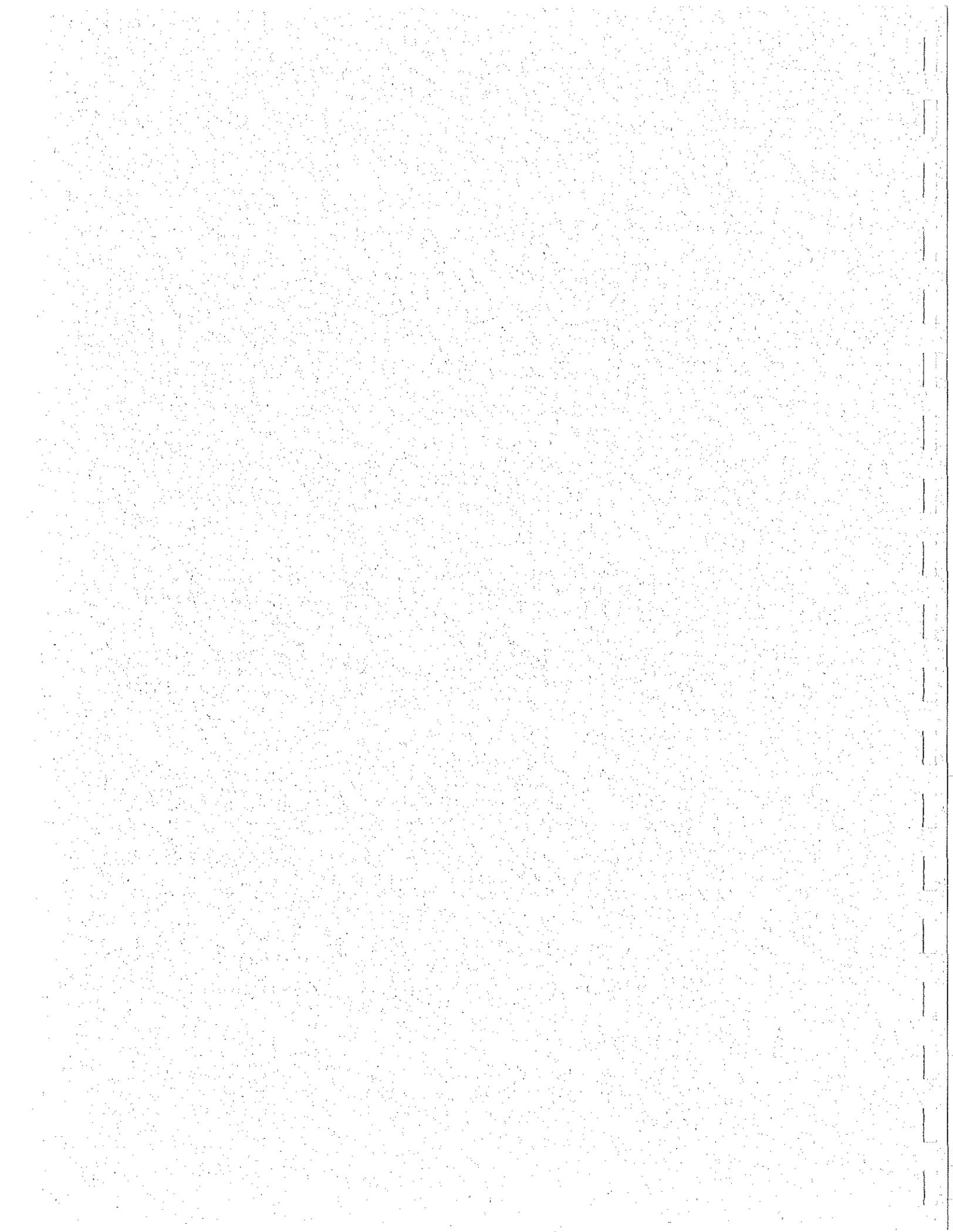
The District's reporting entity includes the District's governing board and all related organizations for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District would include in its financial reporting entity an organization where the District appoints a voting majority of the organization's governing body and it is either able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component in the District's financial statements. In addition, the District is not aware of any entity which would exercise such oversight resulting in the District being considered a component unit of another entity.

B. Accounting Estimates:

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



**REGION M SOLID WASTE MANAGEMENT DISTRICT
CARL JUNCTION, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Government-Wide Financial Statements:

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities. Governmental activities include programs supported primarily by state grants, local sources, and other intergovernmental revenues. The District has no business-type activities that rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of direct costs. The "capital grants and contributions" column includes amounts paid by organizations outside the District that are to be used to purchase, construct, or renovate capital assets associated with a specific program. The "operating grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational requirements of a given function. If revenue is not program revenue, it is general revenue used to support all of the District's functions.

D. Fund Financial Statements:

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped as follows:

Governmental Funds:

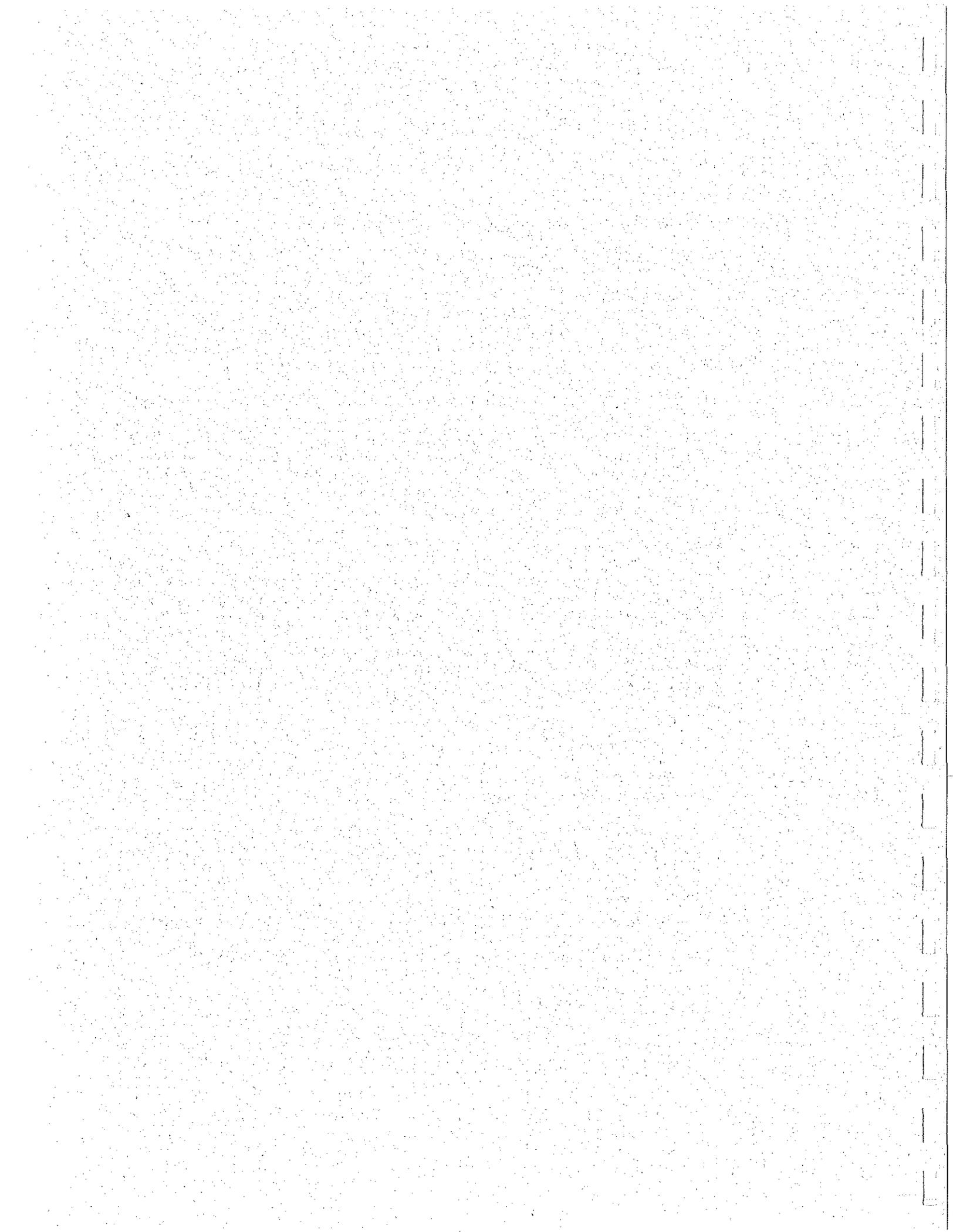
General Fund - The General Fund is the main operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - The Special Revenue Fund is used to account for revenues derived from earmarked revenue sources that are restricted to expenditures for specified purposes.

E. Basis of Accounting:

The government-wide financial statements use an economic resources measurement focus and are accounted for using the accrual basis of accounting. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred.

The governmental funds use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable.



**REGION M SOLID WASTE MANAGEMENT DISTRICT
CARL JUNCTION, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. Basis of Accounting, Continued:

The major source of revenue is state grants, as discussed below:

Grant Revenue - Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

Deferred revenue arises when grant amounts exceed allowable expenditures as of the end of the fiscal year. In subsequent periods, as allowable expenditures are made, the liability for deferred revenue is decreased as revenue is recognized.

F. Capital Assets:

The District purchases equipment, vehicles and other capital assets for member communities and organizations with the proceeds from various grants, as part of its mission to encourage proper solid waste management. These capital assets are not reported as assets in the financial statements of the District. Once the capital assets are transferred to the recipient they remain the property of the recipient, with the District having only a security interest in the capital assets that cost more than \$5,000. The security interest is decreased at a rate of 25% per year. The District is obligated, under state statutes, to keep and update an inventory listing of all equipment in which the District has a security interest. The District is also obligated to conduct a physical inventory at least every two years to verify grant recipients have maintained the equipment according to the grant agreements. If at any time the recipient of the assets should dispose of or otherwise forfeit the capital assets donated by the District, then the District will resume ownership.

A summary of the value of the District's security interest in capital assets is as follows:

Vehicles and equipment	\$626,904
------------------------	-----------

G. Budgets and Budgetary Accounting:

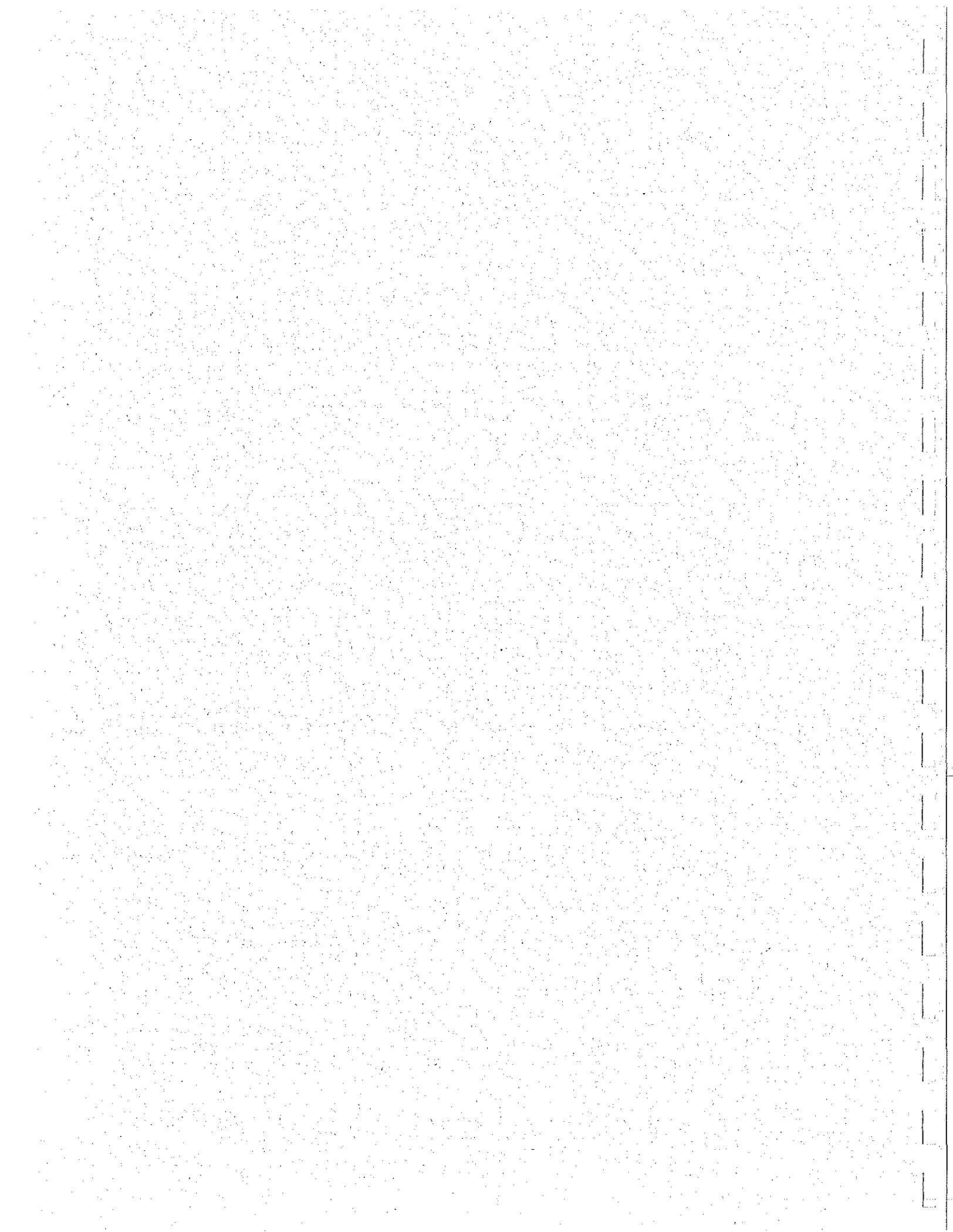
In accordance with Section 67.010 RSMo., the governing body of the District is responsible for preparing and adopting an annual budget. The operating budget should cover all funds and include proposed revenue and expenditures for the upcoming cycle.

The District's primary funding source is state grants which have grant periods and cycles that may or may not coincide with the District's fiscal year. These grants normally are for a twelve-month period; however, they can be awarded for periods shorter or longer than twelve months.

Because of the District's dependency on federal, state and local budgetary decisions, revenue estimates should be based upon the best available information as to potential sources of funding.

The resultant annual budget would then be subject to constant change within the fiscal year due to: increases or decreases in actual grant awards from those estimated, changes in grant periods, unanticipated grant awards not included in the budget, and expected grant awards which fail to materialize.

The District had expenditures in excess of budgeted amounts for the general and special revenue funds for the year ended June 30, 2010.



**REGION M SOLID WASTE MANAGEMENT DISTRICT
CARL JUNCTION, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

H. Restricted Resources:

It is the District's policy to use restricted resources first, then unrestricted resources as needed, when both restricted and unrestricted resources are available.

I. Fair Value:

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably approximates fair value.

2. CASH AND INVESTMENTS

The District complies with various restrictions on deposits and investments which are imposed by state statute as follows:

A. Cash:

The components of cash at June 30, 2010, are as follows:

Cash and cash equivalents	\$ 33,526
Restricted cash	<u>396,366</u>
Total	<u>\$429,892</u>

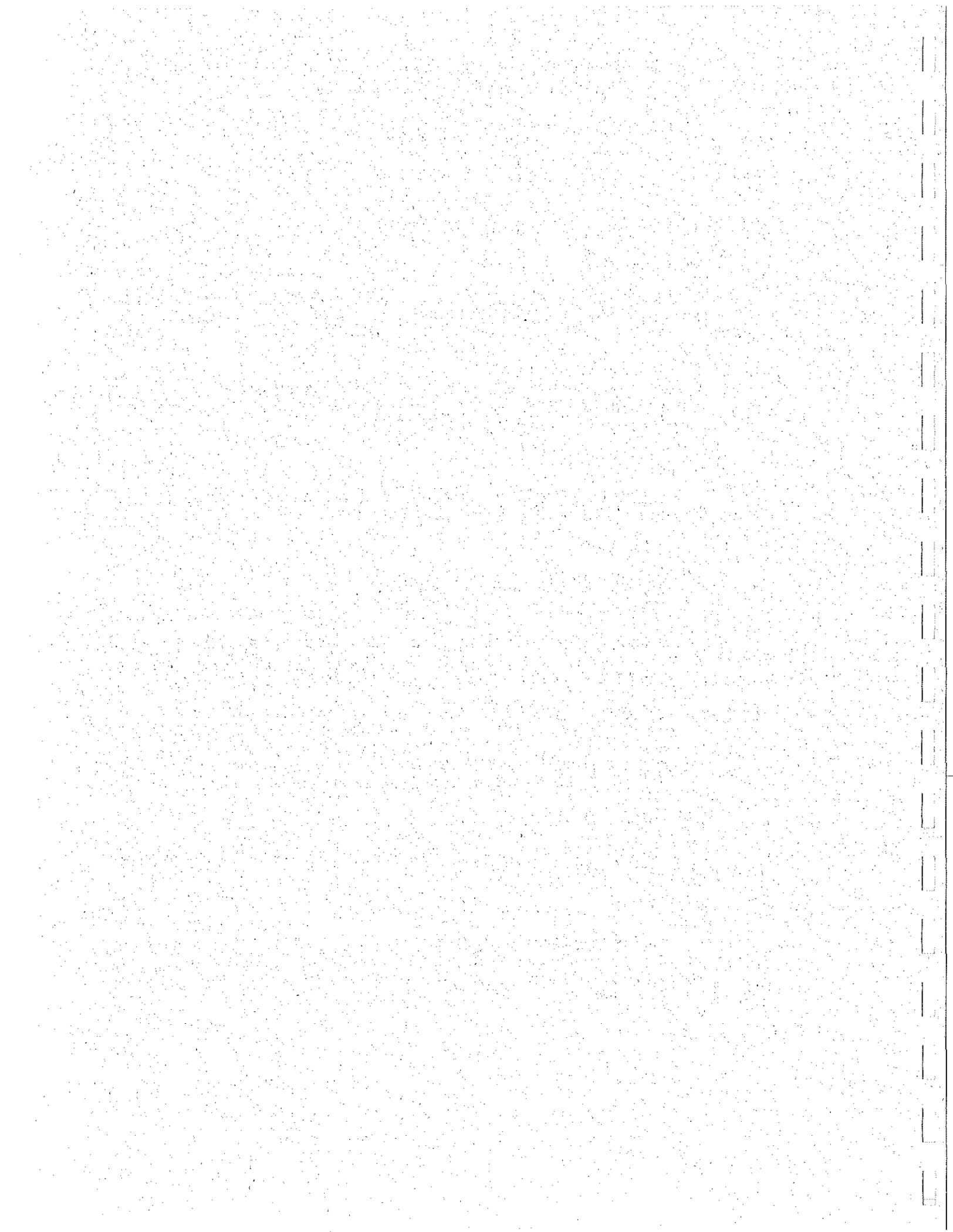
Deposits – Missouri statutes require that all deposits with financial institutions must be collateralized in an amount at least equal to uninsured deposits. The District does not have a formally adopted deposit policy, but follows the requirements set forth in the state statutes. At June 30, 2010, the District's deposits in excess of the FDIC limits were covered by collateral pledged to the District on the records where the security was held, and thus no custodial credit risk exists.

B. Restricted Cash:

Restricted cash is restricted to be used only for purposes as set forth in grant agreements with the Department of Natural Resources.

C. Investments:

The District may invest in certificates of deposits, bonds of the State of Missouri or any wholly-owned corporation of the United States, or in other short-term obligations of the United States. The District does not have a formally adopted investment policy, but follows the requirements set forth in the state statutes.



**REGION M SOLID WASTE MANAGEMENT DISTRICT
CARL JUNCTION, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

3. DEFERRED REVENUE

As described in Note 1E, it is the District's policy to record revenue in the period earned. Under grant regulations, grant resources are earned, and recognized, in the period in which grant funds are expended. If a grant's program year extends beyond the District's fiscal year end, the amount of unexpended grant funds as of the District's fiscal year end is recorded as deferred revenue. Consequently, as grant funds are expended during the District's subsequent fiscal year, the deferred revenue as of the prior fiscal year end is recognized as revenue. The amount of deferred revenue as of June 30, 2010, is \$428,866.

4. INTERFUND TRANSFERS

The following is a summary of transfers in and out for all funds for the year ending June 30, 2009:

<u>Fund</u>	<u>Transfer Into</u>	<u>Transfer From</u>
General Fund		\$ 9,598
Special Revenue Fund	\$ 9,598	
Totals	\$ 9,598	\$ 9,598

The transfers are made to make certain revenues available for other purposes.

5. RELATED PARTY TRANSACTION

The District is related to the Harry S. Truman Coordinating Council (Council) by sharing office space. The District has entered into a contract with the Council for administrative and accounting services. The amount paid to the Council for program administration was \$130,000 for the year ended June 30, 2010.

6. ECONOMIC DEPENDENCY

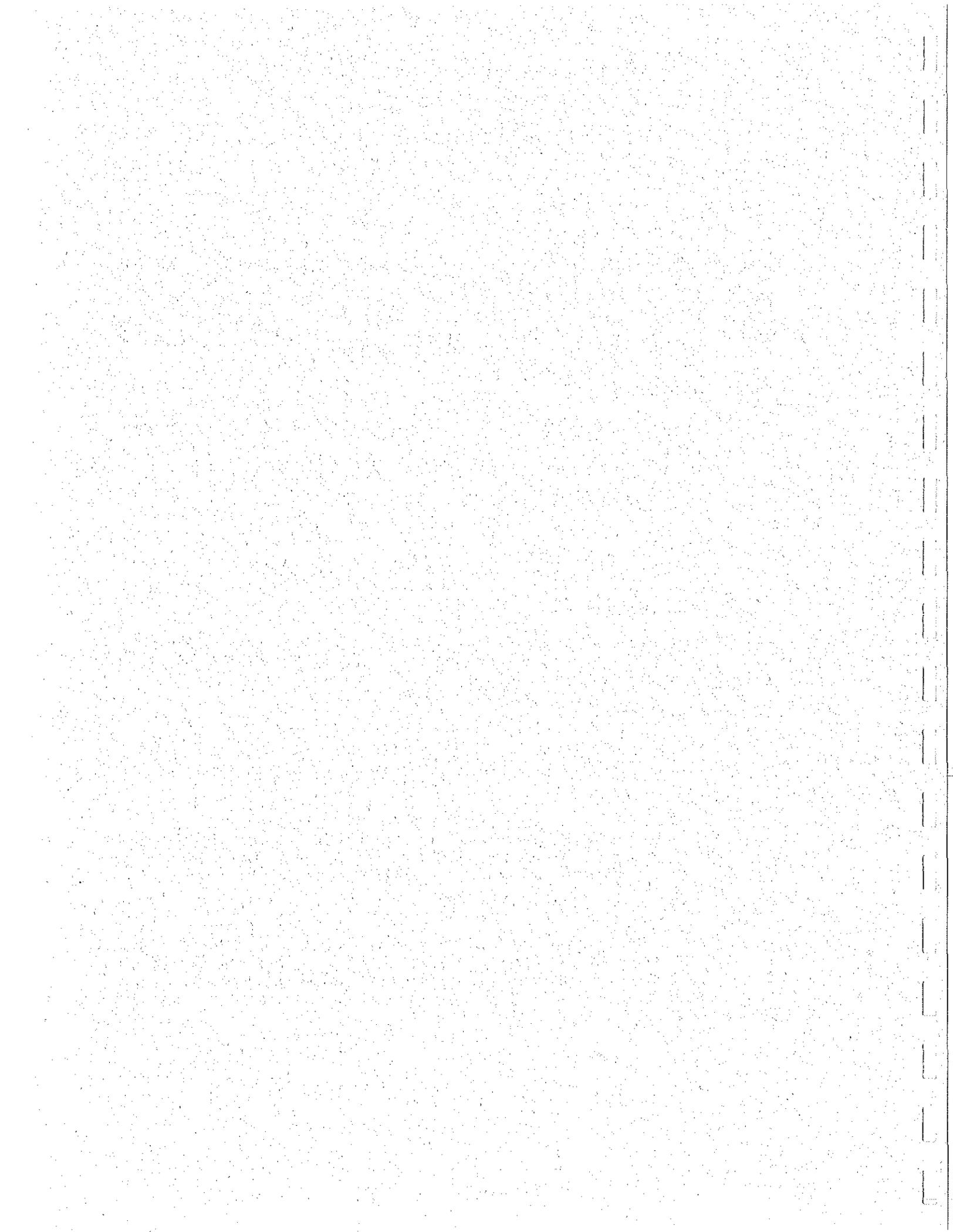
The District receives a substantial amount of its support from the state government. If a significant reduction in this level of government support were to occur, it may have an effect on the District's programs.

7. CONTINGENCY

The District receives state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or withholding of future funding for expenditures disallowed under, or other noncompliance with, the terms of the grants and funding.

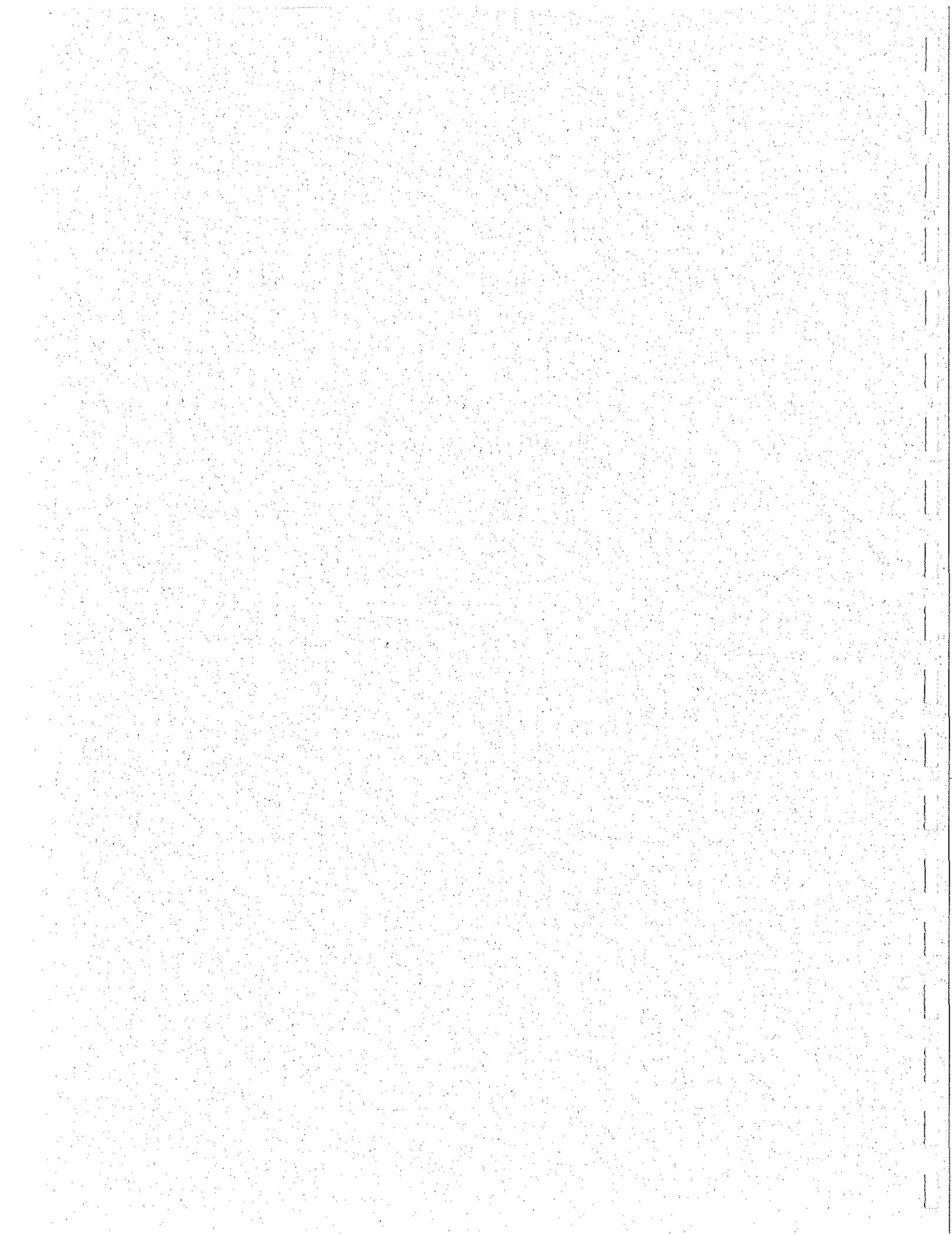
8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by the purchase of commercial insurance by subgrantees for property and equipment purchased and transferred by the District to subgrantees. Public officials' errors and omissions insurance is obtained through Missouri Public Entity Risk Management and is paid by Harry S. Truman Coordinating Council.



SECTION II

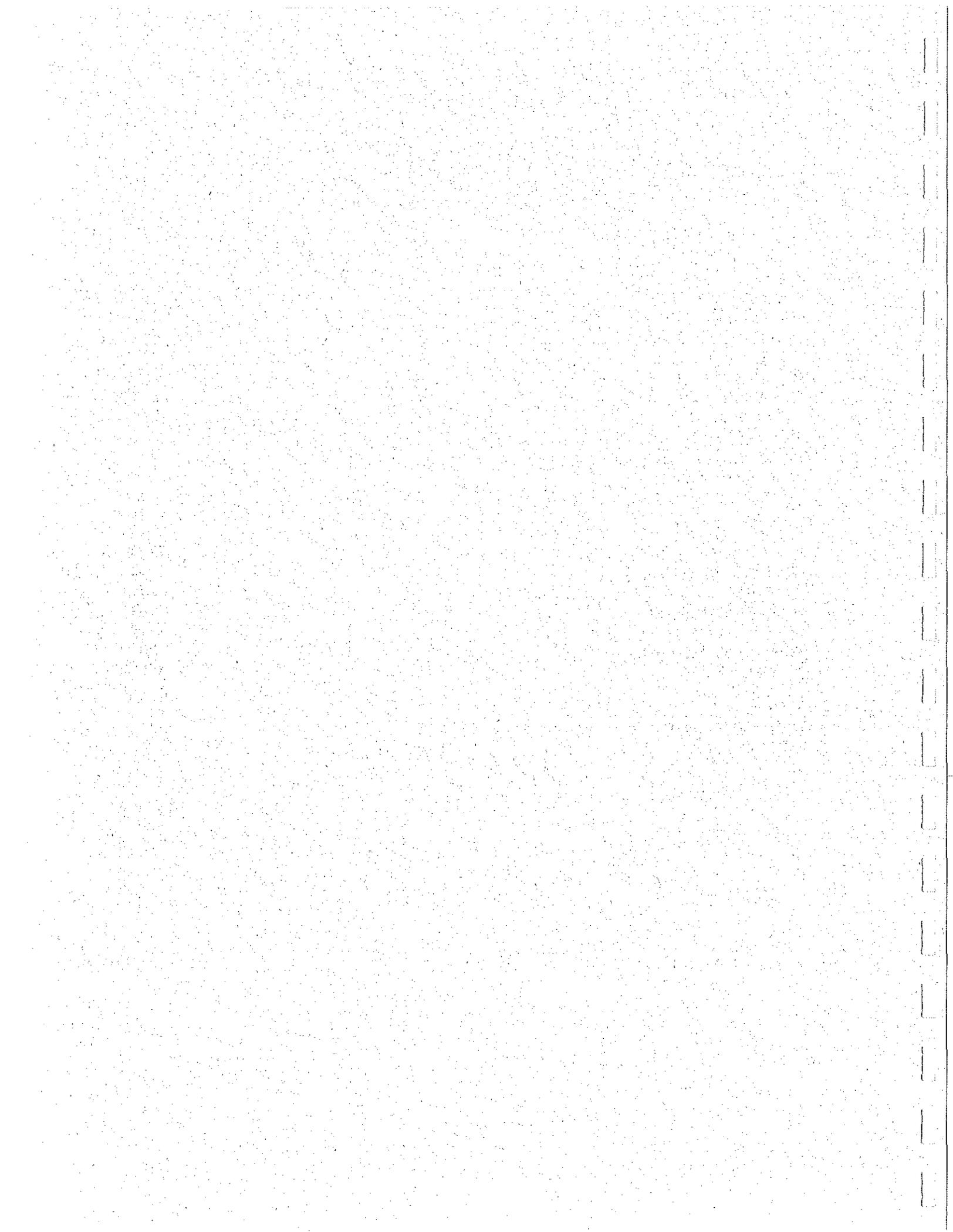
SUPPLEMENTAL SCHEDULES



**REGION M SOLID WASTE MANAGEMENT DISTRICT
CARL JUNCTION, MISSOURI**

**SUPPLEMENTAL SCHEDULE OF SUBGRANT
EXPENDITURES - EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 2010**

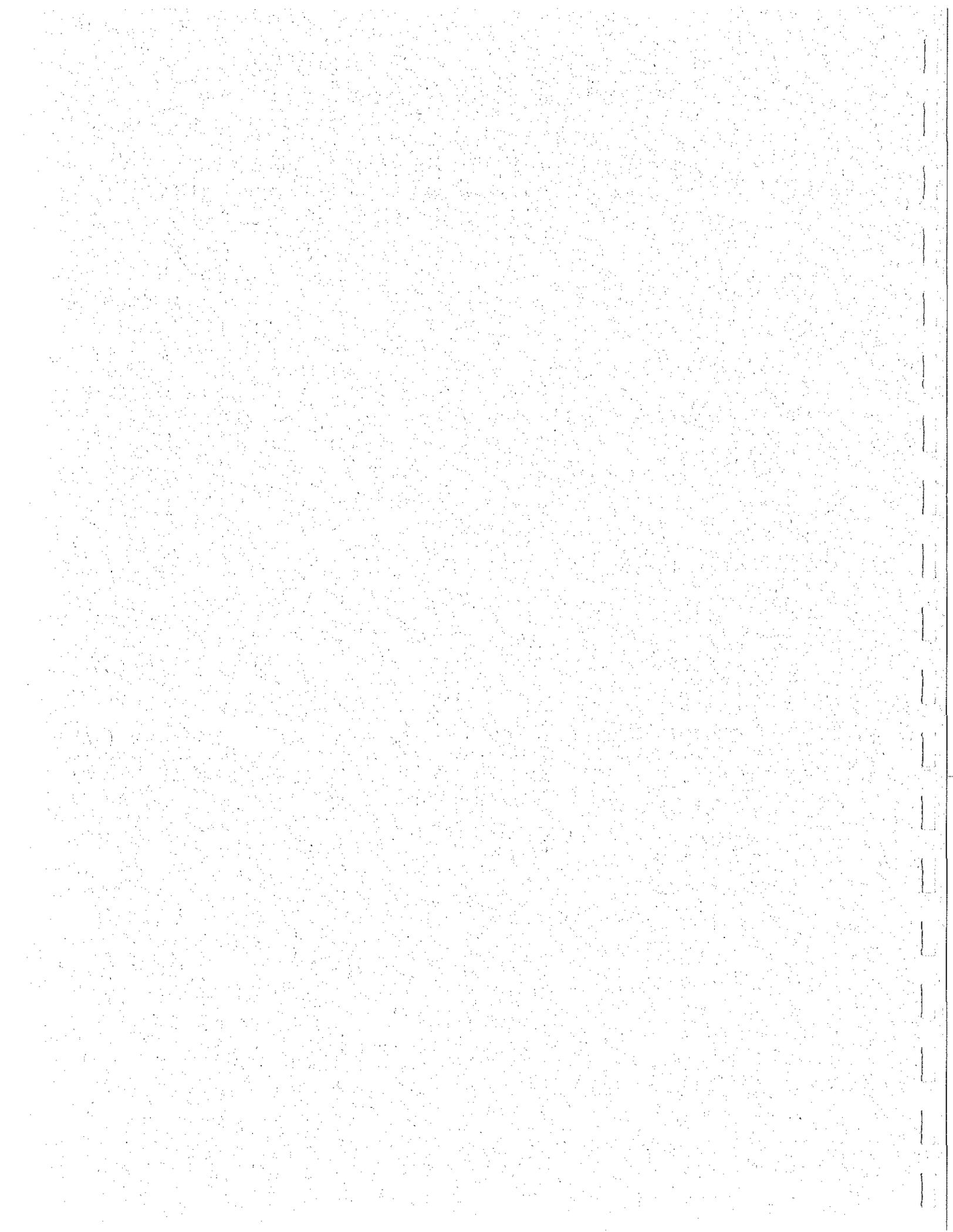
2008 Funding:	
City of Neosho	\$ 7,535
City of Granby	7,036
McDonald County High School	4,192
City of Neck City	21,814
Joplin Waste Paper	4,856
City of Joplin collection bins	203
City of Seneca	10,500
KB Recycling	7,000
Wildcat Glades Conservation & Audubon Center	19,000
Lamar Enterprises	14,610
Kaysinger Basin Recycling and Disposal	6,034
Lamar Enterprises	814
Region N Solid Waste Management District	8,500
2009 Funding:	
City of Carthage	12,750
Henkel's Ace Hardware	3,856
Lamar Enterprises	41,192
Missouri Southern State University	3,403
Service Recycling	12,750
Service Recycling	15,000
2010 Funding:	
Lamar Enterprises	56,884
Newton County	5,050
Joplin Area Restore	19,500
Joplin Waste Paper	17,000
Seneca Recycling Center	6,716
	\$ 306,195



**REGION M SOLID WASTE MANAGEMENT DISTRICT
CARL JUNCTION, MISSOURI**

**SUPPLEMENTAL SCHEDULE OF SUBGRANT
EXPENDITURES - COLLECTIONS AND RECYCLING
FOR THE YEAR ENDED JUNE 30, 2010**

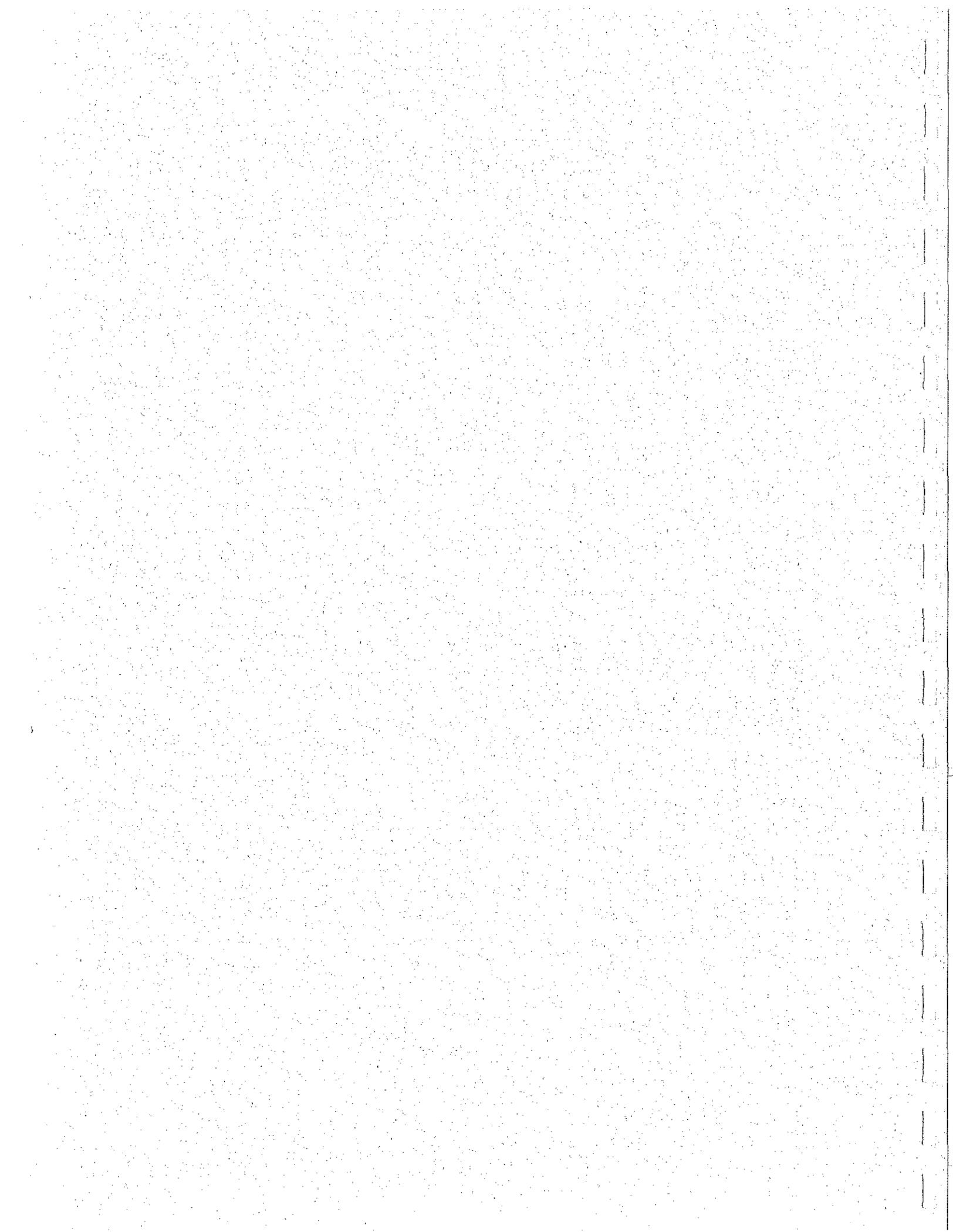
2007 Funding:	
Newton/McDonald County Landfill Board	\$ 9,369
2008 Funding:	
District clean up	25,082
Newton County	1,099
Jasper County	19,500
City of Joplin household hazardous waste	750
City of Nevada	23,671
City of Carl Junction	3,216
City of Neosho Regional Recycling Center	68,000
2009 Funding:	
City of Granby	10,710
Newton County	30,800
City of Joplin Recycling Center	13,802
City of Nevada	9,472
Jasper County and City of Carthage	7,301
Vernon County Recycling Center	21,809
District illegal dump clean-up	19,412
E-Waste collections	8,768
2010 Funding:	
City of Joplin household hazardous waste / E-waste	1,946
McDonald County	4,762
City of Webb City	8,776
	<u>\$ 288,245</u>



**REGION M SOLID WASTE MANAGEMENT DISTRICT
CARL JUNCTION, MISSOURI**

**SUPPLEMENTAL SCHEDULE OF SUBGRANT
EXPENDITURES - EDUCATION
FOR THE YEAR ENDED JUNE 30, 2010**

2009 Funding:	
The Audubon Center	\$ 1,750
Public education	9,499
2010 Funding:	
Public education	<u>5,109</u>
	<u>\$ 16,358</u>

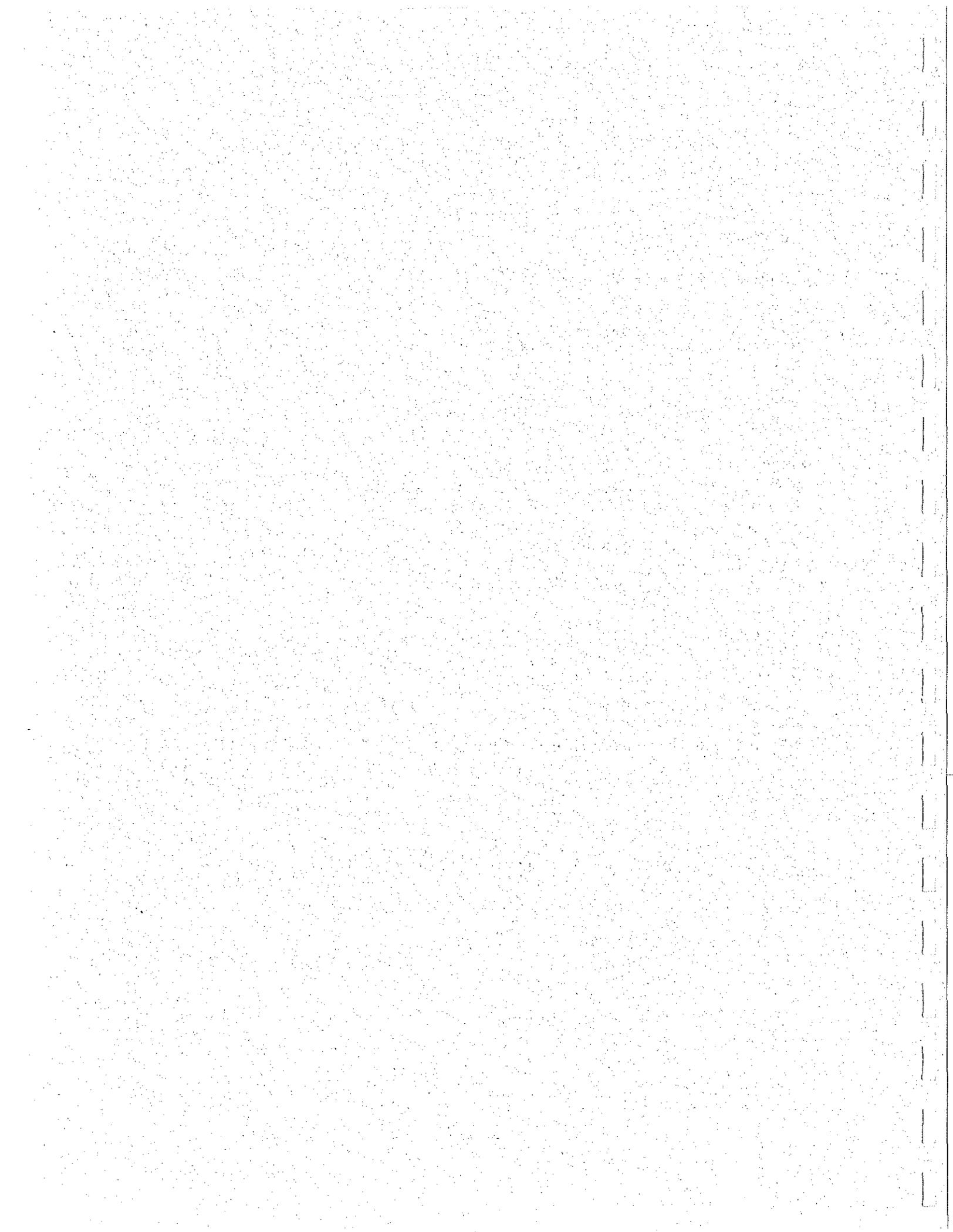


**REGION M SOLID WASTE MANAGEMENT DISTRICT
CARL JUNCTION, MISSOURI**

**SUPPLEMENTAL SCHEDULE OF DEFERRED REVENUE
JUNE 30, 2010**

<u>Project Number</u>	<u>Project Name</u>	<u>Deferred Revenue</u>
2008-13	City of Neck City	\$ 3,942
2008-16	District clean up	12,084
2008-35	Kaysinger Recycling & Disposal, Inc.	25,682
2008-38	Joplin Waste Paper	4,500
2008-39	Region N Solid Waste Management District	1,500
2009-01	White Rock Elementary School	1,466
2009-02	City of Carthage Center expansion	2,250
2009-03	City of Granby	1,890
2009-04	City of Neosho Recycling expansion	20,146
2009-06	Henkel's Ace Hardware	194
2009-07	City of Joplin Recycling Center	5,198
2009-08	City of Nevada	3,028
2009-09	Carthage and county drop-off	12,699
2009-10	Vernon County Recycling Center	4,668
2009-11	Joplin Area Restore	1,950
2009-12	Roll Off Services	6,535
2009-14	Salvation Army	10,017
2009-16	District illegal dump clean up	9,863
2009-17	District public education	10,981
2009-18	District e-waste collections	8,912
2009-19	Lamar Enterprises Phase II	3
2009-20	Missouri Southern State University Phase I recycling	6,597
2009-21	Service Recycling	2,250
2010-01	Lamar Enterprises Phase III	508
2010-02	Newton County	1,950
2010-03	City of Granby	1,200
2010-05	Joplin Area Restore	14,054
2010-06	City of Joplin Recycling Center	3,800
2010-07	Joplin Waste Paper	3,000
2010-08	McDonald County	15,238

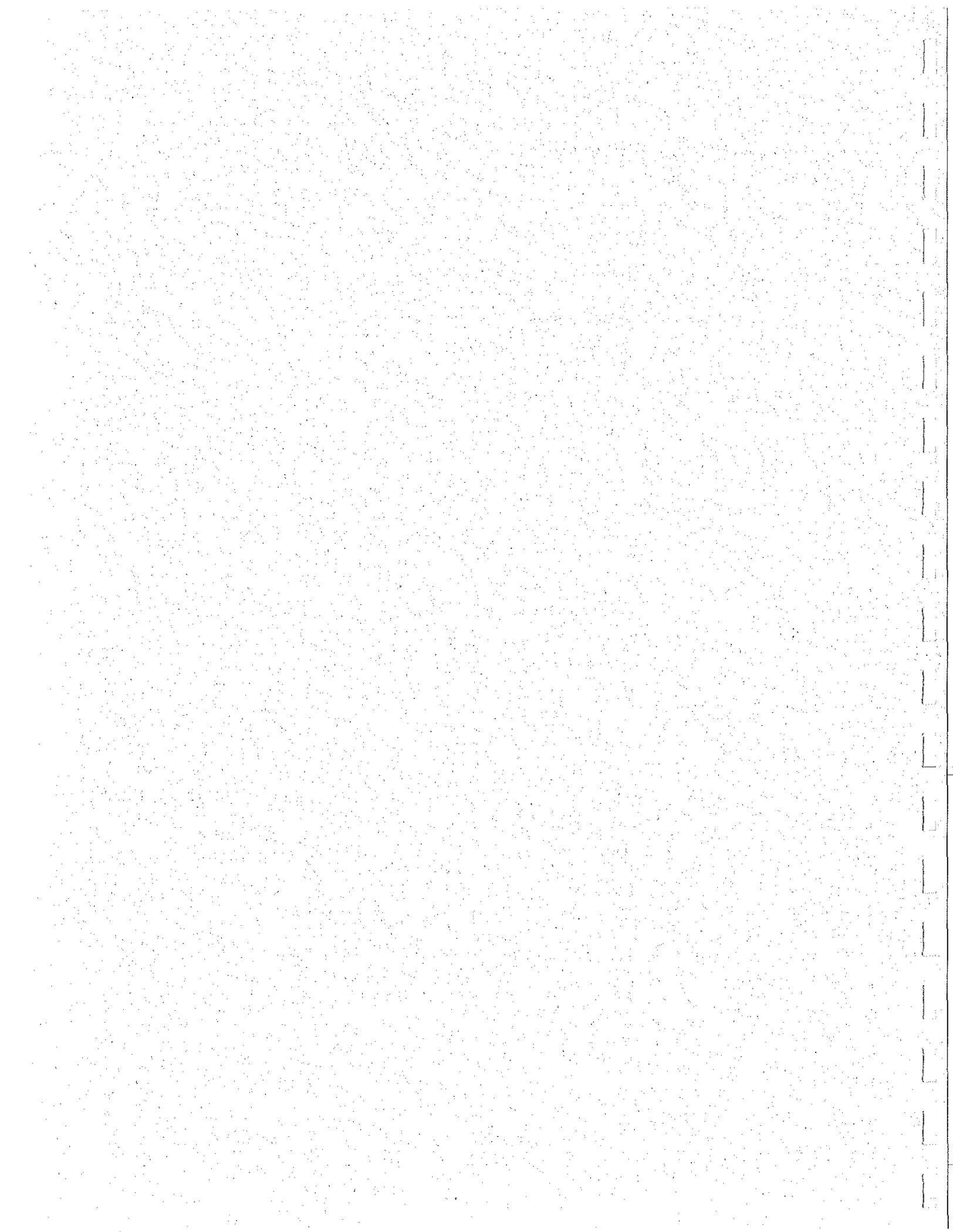
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**REGION M SOLID WASTE MANAGEMENT DISTRICT
CARL JUNCTION, MISSOURI**

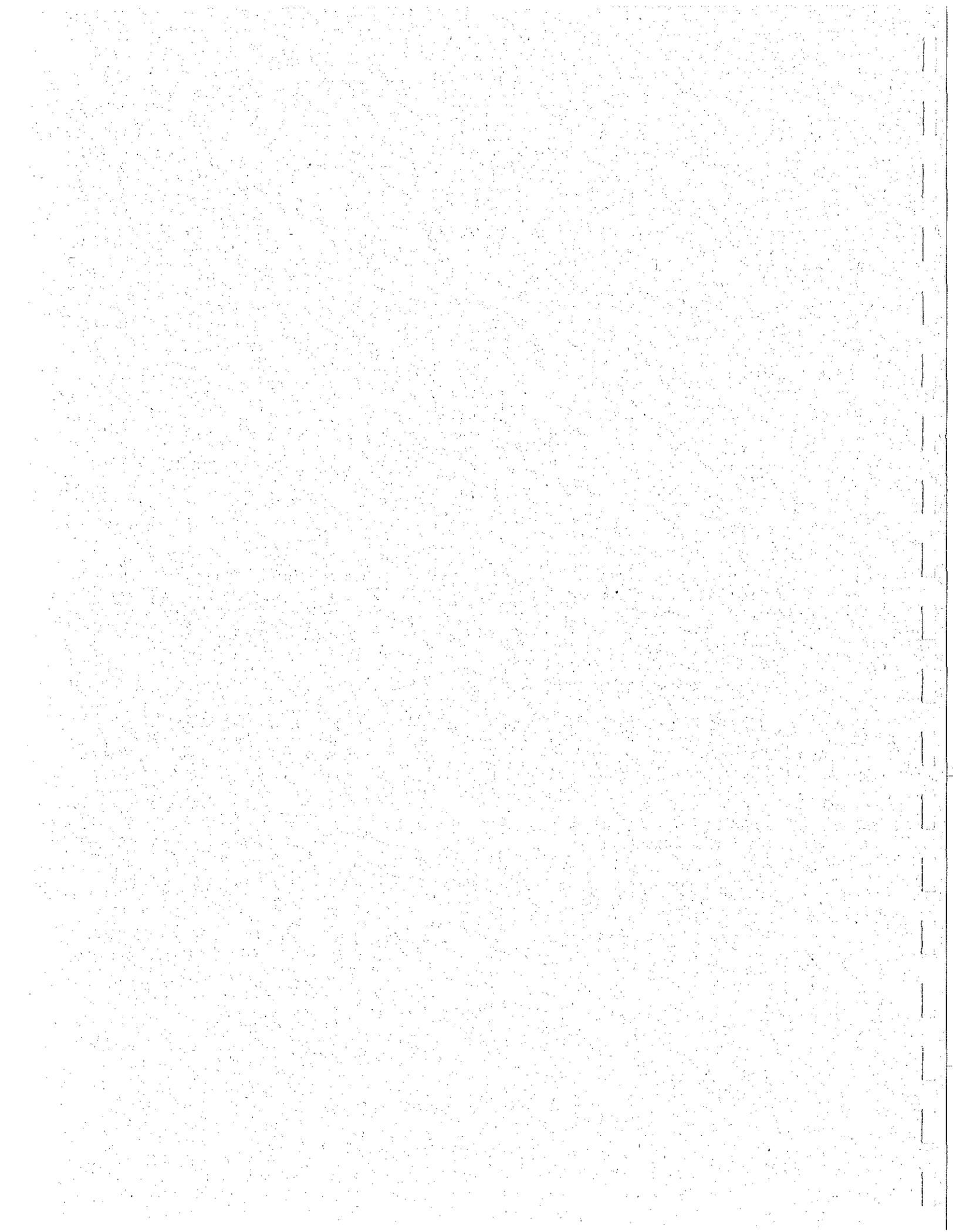
**SUPPLEMENTAL SCHEDULE OF DEFERRED REVENUE (CONTINUED)
JUNE 30, 2010**

<u>Project Number</u>	<u>Project Name</u>	<u>Deferred Revenue</u>
2010-09	Seneca Recycling Center	1,284
2010-10	City of Webb City	225
2010-11	District operations	143,641
2010-12	District scrap tire collections	62,800
2010-13	Public education	3,291
Total		<u>\$ 407,346</u>



SECTION III

**INTERNAL CONTROL
AND COMPLIANCE**



ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street
Tarkio, Missouri 64491
Telephone (660) 736-5811
Fax (660) 736-4364

2400 Frederick, Suite 500
St. Joseph, Missouri 64506
Telephone (816) 233-2855
Fax (816) 233-8238

**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**

November 19, 2010

Executive Board
Region M Solid Waste
Management District
Carl Junction, Missouri

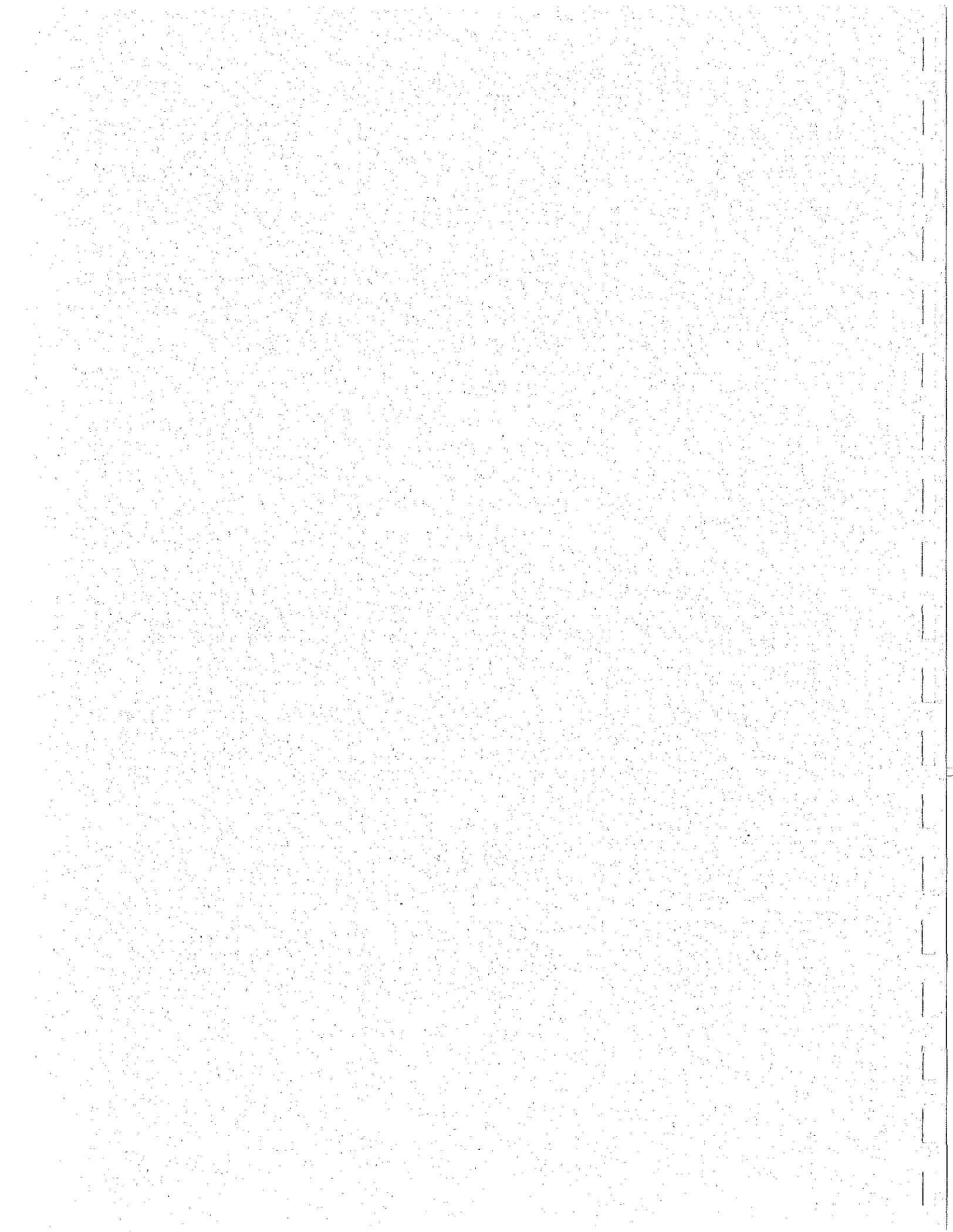
We have audited the financial statements of the governmental activities and each major fund of Region M Solid Waste Management District as of and for the year ended June 30, 2010, and have issued our report thereon dated November 19, 2010. We conducted our audit in accordance with auditing standards 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 of Region M Solid Waste Management 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 Region M Solid Waste Management 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described below.

10-1 UCC FINANCING STATEMENT NOT FILED

Condition: The District has not filed a UCC financing statement for projects 2006-07 and 2006-28.

Criteria: The Missouri Department of Natural Resources' Special Terms and Conditions state, "The district subgrantee hereby grants to the district, its successors and assigns a security interest in all equipment purchased by the district subgrantee for \$5,000 or more, in whole or in part, with Solid Waste Management Fund monies."

Effect: The District is not in compliance with MDNR's Special Terms and Conditions.

Cause: The District did not have procedures in place to ensure timely filing of UCC financing statements.

Recommendation: We recommend the District implement procedures that will ensure a timely filing of UCC financing statements.

District Response: The District has implemented procedures to insure a timely filling of UCC statements. The projects focused on were projects that were entered into prior to the implemented checklist.

10-2 BUDGETARY PRACTICES

Condition: As noted in note 1G in the notes to the financial statements, expenditures were in excess of the approved budget for the year ended June 30, 2010.

Criteria: Section 67.080, RSMo, prohibits expenditures in excess of the approved budget.

Effect: The District is not in compliance with Section 67.080, RSMo.

Cause: Board oversight.

Recommendation: We recommend the District amend the budget as necessary, so expenditures will not be in excess of budgeted amounts.

District Response: The Board will do as recommended and amend yearly budget as needed to stay in compliance with 67.080, RSMo.

This report is intended solely for the information and use of the management council, executive board, management, others within the entity, and the state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Arthur White & Associates, L.L.C.

ARTHUR WHITE & ASSOCIATES, L.L.C.

