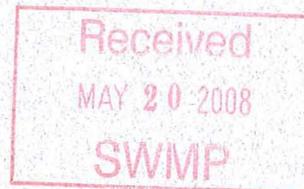


INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

REGION T LAKE OF THE OZARKS
SOLID WASTE MANAGEMENT DISTRICT
CAMDENTON, MISSOURI

FOR THE PERIOD JULY 1, 2005 THROUGH
JUNE 30, 2007



MCBRIDE, LOCK & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
KANSAS CITY, MISSOURI

MCBRIDE, LOCK & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS
KANSAS CITY

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REGION T LAKE OF THE OZARKS
SOLID WASTE MANAGEMENT DISTRICT
CAMDENTON, MISSOURI

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REGION T LAKE OF THE OZARKS SOLID WASTE
MANAGEMENT DISTRICT

History and Organization

Missouri's 20 solid waste management districts were created to foster regional cooperation among cities and counties in addressing solid waste management issues. The main function of a District is to develop a solid waste management plan with an emphasis on diverting waste from landfills and to assist with implementation of the plan. Plans should include provisions for a range of solid waste activities: waste reduction programs; opportunities for material reuse; recycling collection and processing services; compost facilities and other yard waste collection options; education in schools and for the general public; management alternatives for items banned from Missouri landfills and household hazardous waste; and prevention or remediation of illegal dumps. To help achieve their goals, Districts administer grants to public and private entities within their District, made possible with monies from the Solid Waste Management Fund through the Missouri Department of Natural Resources (MDNR).

The Region T Lake of the Ozarks Solid Waste Management District (Region T Lake of the Ozarks SWMD or the District) was formed pursuant to RSMo, 260.305. The District is comprised of the following counties: Camden, Laclede and Miller of Missouri, and comprised of the following cities within those counties: Camdenton, Conway, Eldon, Iberia, Lebanon, Lake Ozark and Osage Beach. 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 is to develop and improve efforts to reduce the amount of solid waste generated and disposed of in a three county region to meet the goals set out in RSMo, Chapter 260. The District will make recommendations and suggestions relating to solid waste collection, storage, transportation, remanufacture and disposal. The District also intends to promote local problem solving and autonomy in solid waste management systems.

The District is operated through an administrative contract with the Lake of the Ozarks Council of Local Governments. Region T's management structure is comprised of a General Council consisting of 14 members and an Executive Board consisting of 7 members. The General Council is comprised of 2 representatives from each county commission of the counties whom are members of the District, 1 representative from each city with a population of over 500 whom are members of the District and one at large member. Council members serve a term of two years. Officers of the Council include the Chairman, Vice Chairman and Secretary. Officers of the Executive Board include the Chairman, Vice Chairman, Secretary and Treasurer. All officers of the Council and the Executive Board are elected annually.

General Council Members:

- Bev Thomas – Camden County Commission
- Vacant – Camden County Commission
- Lowell Morgan – Laclede County Commission
- Joe Pickering – Laclede County Commission
- Tom Wright – Miller County Commission
- Dave Whittle – Miller County Commission
- Nancy Viselli – City of Camdenton
- Lawrence Rifenburg – City of Conway
- Mary Reed – City of Eldon
- Bob Crawford – City of Iberia
- Paul Sale – City of Lake Ozark
- Bill Wheeler – City of Lebanon
- Penny Lyons – City of Osage Beach
- Dave Reinhart – At Large Member

Executive Board Members:

- Joe Pickering – Laclede County Commission
- Tom Wright – Miller County Commission
- Bob Crawford – City of Iberia
- Bill Wheeler – City of Lebanon
- Joyce Thompson – City of Linn Creek
- Penny Lyons – City of Osage Beach
- Bob O’Keefe – Chairman, City of Osage Beach

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

Missouri Department of Natural Resources
and
Region T Lake of the Ozarks Solid Waste Management District
Camdenton, Missouri

We have performed the procedures enumerated below, which were agreed to by the Missouri Department of Natural Resources (MDNR), solely to assist you in evaluating the effectiveness of the Region T Lake of the Ozarks Solid Waste Management District's compliance with state law, regulations, and policies, for the period July 1, 2005 through June 30, 2007. Management is responsible for the District's internal control over compliance with these requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the *American Institute of Certified Public Accountants* and the *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Our procedures, as set forth in the MDNR Solid Waste Management District *Agreed-Upon Procedures Engagement*, and findings are as follows:

1. **History and Organization.** We reviewed the history and organization of the District for compliance with the Revised Statutes of Missouri (RSMo). This included review of the:
 - District organization;
 - Council structure, Executive Board structure, terms and functions, including if the District was organized under an alternative management structure;
 - Policies and procedures for monitoring members of the Executive Board and Council; and
 - District by-laws.

Findings: See Finding No.11.

2. **Minutes of Meetings.** We reviewed all minutes of meetings for the Council and the Executive Board for the engagement period and selected six meetings and completed Attachment 1 *The Missouri Sunshine Law Compliance Checklist* to determine if meetings are documented as required.

Findings: See Finding Nos.1 and 2.

3. **Follow-up to Prior Audit.** We determined what actions the staff has taken to correct the findings, including the status and corrective action.

Findings: See Finding Nos. 3, 8 and 9.

4. **Internal Controls.** We completed Attachment 2 *Internal Control Questionnaire* which identifies strengths and weaknesses of the internal controls.

Findings: None.

5. **Cash.** We obtained a listing of all bank account names and numbers of the District and performed the following:

- Verified the bank reconciliation process;
- Confirmed with MDNR advanced funds for deposit;
- Evaluated control, custody and signing of check stock;
- Analyzed 10 payroll checks;
- Reviewed local funds;
- Reconciled year-end cash balances by type, state, local, etc., to amounts reported to MDNR;
- Verified the allocation and use of interest income; and
- Reviewed the District's cash management practices.

Findings: See Finding No. 3.

6. **General and Special Terms and Conditions.** We documented the District's compliance with general and special terms and conditions of the financial assistance agreement with MDNR for the following requirements:

- Non-Discrimination;
- Environmental Laws and Eligibility;
- Hatch Act and Restrictions of Lobbying;
- Program Income;
- Equipment Management;
- Prior Approval for Publications;
- Audit Requirements;
- Recycled Paper; and
- Contracting with Small and Minority Firms.

Findings: See Finding Nos. 4 and 10.

7. **Planning Organizational Grant.** We reviewed the expenditures of carryover from FY 2004 planning organization grant funds for proper close-out of the grant. (These funds were discontinued in FY 2005.)

Findings: None.

8. **District Grants.** We obtained a schedule of District grants from the MDNR and completed the *Guidance Document for Solid Waste Management District Grants*. This included the review, evaluation and testing for the:

- Proposal Procurement Process;
- Proposal Review and Evaluation; and
- Awarded Projects.
 - Region T Lake of the Ozarks Tire Collection – 2005196
 - Region T Lake of the Ozarks Administration - 2005197
 - Region T Lake of the Ozarks District Tire Collection - T2007-05
 - Region T Lake of the Ozarks District Operations – T2007-06
 - Region T Lake of the Ozarks District-wide Tire Collection – T2007-11
 - Region T Lake of the Ozarks District-wide Operations – T2007-12
 - Laclede Industries, Inc. Cardboard Recycling – T2007-10
 - Laclede Industries, Inc. Cardboard Recycling – 2005191
 - Bio Span Technologies, Inc – 2005189
 - Bio Span Technologies, Inc – T2007-01

Findings: See Finding Nos. 5, 6, 7, and 8.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the District's internal control over compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Department of Natural Resources of the State of Missouri and the Region T Lake of the Ozarks Solid Waste Management District and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



McBride, Lock & Associates
Certified Public Accountants
November 2, 2007

**REGION T LAKE OF THE OZARKS
SOLID WASTE MANAGEMENT DISTRICT
CAMDENTON, MISSOURI**

Schedule of Findings and Questioned Costs
For the Two Fiscal Years Ended June 30, 2007

1. Sunshine Law Compliance

Condition – The following was noted in reviewing Executive Board and Council minutes during the audit period:

- a. Notice of meeting was not given (2 out of 6 occurrences). These meetings were held on 9/15/05 and 4/6/06.
- b. Notice of meeting did not indicate whether meeting was open or closed to the public (5 of 6 occurrences). These meetings were held on 9/15/05, 4/6/06, 2/15/07, 4/12/07 and 7/26/07.
- c. The time of meeting was not included in the minutes (3 out of 6 occurrences). These meetings were held on 9/15/05, 4/6/06, and 2/15/07.
- d. Place of the meeting was not indicated in the minutes (2 out of 6 occurrences). These meetings were held on 9/15/07 and 7/26/07.
- e. Members absent were not listed (2 out of 6 occurrences). These meetings were held on 9/15/05 and 4/6/06.
- f. Votes cast as to yes or nay were not listed by member (5 out of 6 occurrences). These meetings were held on 9/15/05, 4/6/06, 2/15/07, 4/12/07 and 7/26/07.

Criteria – RSMo Chapter 610 (commonly referred to as the Missouri Sunshine Law) requires the above mentioned items be documented in the minutes for each Executive Board or Council meeting.

Effect – The minutes are the official report made of the transactions or proceedings of the Executive Board and Council and are a permanent record; thus, they should be complete and accurate.

Cause – The District was not fully aware of the criteria requirements.

Recommendation – We recommend that the District be required to immediately adopt all required forms of documentation as stipulated by the Missouri Sunshine Law.

District Response – The District stated, “None of the minutes for the last year of the audit (FY07) had any problems noted. All alleged problems were in the previous year.”

2. Frequency of Meetings

Condition – The District Council and Executive Board did not hold meetings in the frequency as prescribed by the District by-laws and state law. Only two Council meetings were held during the audit period and only four Executive Board meetings were held.

Criteria – RSMo. 260.315.4(3) states “The Council shall meet at least twice annually.” District by-laws require the Council to meet four times each year. The by-laws required the Executive Board to meet six times per year until April 2007 when the requirement was reduced to four times per year.

Effect – The District is not in compliance with state statutes and District by-laws regarding the frequency of holding Council and Executive Board meetings.

Cause – The District did not meet the required number of times as set forth in the state statutes and District by-laws.

Recommendation – We recommend that the Council and Executive Board be required to hold meetings as stipulated by state statute and District by-laws.

District Response – The District stated, “Meetings were not held as frequently in 2006 because the District’s activities in monetary disbursements were frozen while relatively minor findings in a State Auditor’s report were resolved to the satisfaction of the Department of Natural Resources.”

3. **Bank Reconciliations**

Condition – Bank statements were reconciled by the accountant who also maintains accounting records. Bank statements and related reconciliations were not independently reviewed to ensure their accuracy and verify their propriety.

Criteria – The General Terms and Conditions for state grants, I.E.3. state, “Effective control and accountability must be maintained for all recipient cash, real and personal property, and other assets. Recipients must adequately safeguard all such property and must assure that it is used solely for authorized purposes.”

Effect – Lack of independent review of bank statements weakened internal controls over cash and increased the risk that an error or omission that might occur would go undetected.

Cause – This was an apparent administrative oversight by the District.

Recommendation – We recommend that the District implement procedures to ensure that bank statements and the related reconciliations to accounting records receive an independent review.

District Response – The District stated, “The independent review of bank statements was instituted before the audit team arrived or prepared this report.”

4. **District Financial Audit Not Completed**

Condition – The District has not arranged for the required financial audit for the current two year period or the prior two year audit period.

Criteria – RSMo Section 260.325.10 and MDNR Special Terms and Conditions state, “The District board shall arrange for independent financial audits of the records and accounts of its operations by a certified public accountant or a firm of certified public accountants. Districts receiving two hundred thousand dollars or more of financial assistance shall have annual independent financial audits and districts receiving less than two hundred thousand dollars of financial assistance shall have independent financial audits at least once every two years.” Because receipts were less than \$200,000, the District is required to have an audit every two years.

Effect – The District was not in compliance with the above requirements. As a result, there is less assurance that financial reports fairly present the financial position and results of operations of the District.

Cause – The District did not fully understand the need for a financial audit.

Recommendation – We recommend that the District arrange for audits as required by state statutes and grant requirements.

District Response – The District stated, “Proposals were solicited from an auditing firm with no result. The District is in the process of arranging for an audit with another firm.”

5. **Incomplete Documentation of Grant Evaluation Process**

Condition – The District has not adopted sufficient written procedures for the grant evaluation process. For the 2007 district grant cycle, due process for determining eligibility and/or completeness was not given to two project proposals. As documented in the minutes of the April 12, 2007 Executive Board meeting, one proposal was eliminated from consideration because other sources for obtaining the equipment could be found. Another proposal was rejected because of the lack of specifications and firm price quotes and District staff was asked to send a letter indicating what information would be necessary to the application to be considered in the next grant round. The letter to the applicant was not signed and dated; and therefore, there is no assurance that the letter was sent.

The Executive Board members completed an evaluation sheet which included 16 evaluation criteria. The form did not include the following evaluation criteria required by state regulations: conformance with the integrated waste management hierarchy, degree to which funding to the project will adversely affect existing private entities in the market segment, and selected financial ratios. In addition, grant evaluation sheets were not signed or dated by the evaluator.

Criteria – “10 CSR 80-9.050(2)(C)1 states “For all proposals received by the deadline as established in their public notices to the media, the board shall determine the eligibility of the applicant, the eligibility of the proposed project, the eligibility of the costs identified in the proposal and the completeness of the proposal.” 10 CSR 80-9.050(2)(C)3 states “The executive board shall evaluate each proposal that is determined to be eligible and complete....The evaluation method will include the following criteria, as appropriate per project category.” Nineteen evaluation criteria are listed in the regulations.

Effect – The Executive Board’s review and evaluation of proposals are not properly documented and applicants are not properly informed if their proposal is deemed ineligible and/or incomplete.

Cause – The District was apparently unaware of the need to sign and date evaluation sheets or to document reasons for declining to review proposals deemed ineligible and/or incomplete.

Recommendation – We recommend the District establish written procedures for the review, ranking and approval of proposals. At a minimum, such procedures should require evaluators to sign and date their evaluations and that the basis for a determination that a proposal is ineligible and/or incomplete be documented. Procedures should also describe the process for applicant notification when a proposal is determined to be ineligible or incomplete.

District Response – The District stated “Although evaluation sheets were completed by each Executive Board member present at the Evaluation Board Meeting, they were not signed or dated. All future evaluation sheets will be signed and dated.”

6. Quarterly Reports Not Accurate or Complete

Condition – Quarterly reports submitted by the District did not include details of progress on projects, problems encountered in project execution, budget adjustments, and other information necessary for proper evaluation of the progress of the project. In addition, quarterly reports were not always signed or dated. Furthermore, a review of project numbers 2005189, 2005191, 2005197, and T2007-06 had been completed without a final report being submitted to MDNR which should be within thirty days of the project completion date.

Criteria- 10 CSR 80-9.050(3)(B)1 states, “The District shall submit to the Department, at the end of each state fiscal year quarter, a report which contains the following for each project in progress: A. The details of progress, including...” . 10 CSR 80-9.050(3)(C) states, “ The District shall submit to the department a final report for each project, within thirty days of the project completion date as stated in the financial assistance agreement...”

Additionally, MDNR Guidance Document for Solid Waste Management District Grants states, “Quarterly status reports shall be submitted to the department’s SWMP for activities that occur during each calendar year quarter thirty days following the reporting period.”

Effect – Compliance with required reporting requirements is questionable and progress on projects was not properly disclosed.

Cause – The District’s failure to properly complete quarterly and final reports was apparently the result of inadequate administrative oversight.

Recommendation – We recommend that the District implement procedures to ensure that quarterly reports include sufficient documentation on project progress and that the thirty day deadline for submitting quarterly and final reports to MDNR is achieved and properly documented.

District Response – The District stated “All quarterly reports submitted in 2007 have been timely and have been dated. The reports are currently filed electronically and not signed even though the preparer’s name is listed. Greater detail will be added to the progress section.”

7. **Project Administration**

Questioned Costs - \$1,756

Condition – Quarterly reports prepared for projects during the audit period showed project periods of two years whereas the project financial assistance agreement showed project periods of one year. Of eleven active projects reported at June 30, 2007, seven had been expired over a year from the expiration date per the project financial assistance agreement. Expenditures of \$1,756 were made for two of these projects after the projects had expired. These projects include 2004-185 for \$1,536 and 2005-196 for \$220. Costs of \$1,756 are therefore questioned as to their allowability.

Criteria - 10 CSR 80-9.050(1) (E)3 states “The following costs are considered ineligible for district grant funding: ... B. Costs incurred before the project start date or after the project end date.” 10 CSR 80-9.050(4)(B) states “Accounting records must be supported by source documentation such as cancelled checks, paid bills, payrolls, time and attendance records, contract, and agreement award documents.”

Effect – The District is at risk for \$1,756 for expenses deemed unallowable due to project expiration.

Cause – The District was apparently unaware that the projects had expired at the time expenditures were made.

Recommendation - We recommend that the District establish procedures to ensure that quarterly reports accurately present project periods and are timely submitted. We also recommend the District resolve questioned costs of \$1,756 with MDNR. Additionally, a current financial assistance agreement should be maintained for open grants.

District Response – The District stated “All 2007 projects were listed in quarterly reports as one year projects. The \$1,756 disbursed in 2007 was for District projects relating to open dumps and tire collection projects. Those projects were extended in July, 2007, long before the auditors arrived. The District will provide extensions, in the future, in all cases before the end of the project when the project has not been completed but is moving forward.”

8. **Administrative Cost Allocations**

Questioned Costs - \$38,722

Condition – Administrative costs for salaries and related fringe benefits were allocated based on estimates of time spent by staff. These estimates were not supported by time sheets or other documented analysis of time spent. Salaries and fringe benefits were also used for local match and were likewise based on estimates. Projects involved were T2005197 Region T Administration and T2007-6 Region T District Operations.

Criteria - MDNR General Terms and Conditions (1.A) states, "...The subgrantee will be reimbursed by the MDNR for all allowable expenses incurred in performing the scope of services." The General Terms and Conditions also (I.P.) state, "Allowability of costs shall be determined in accordance with cost principles contained in OMB Circular No. A-87 for state and local governments..." OMB Circular No. A-87 also states, "...Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation..."

Effect – Administrative expenses of \$19,410 and \$19,312 for salaries and fringe benefits charged in FY 2006 and FY 2007, respectively, were not properly supported. Likewise, local match of \$6,985 and \$6,673 charged for FY 2006 and FY 2007, respectively, were not properly supported. The MDNR no longer requires local match for the administrative grant, however, some districts still provide matching funds.

Cause – The District was apparently unaware that their methodology for allocating administrative costs was not in compliance with the grant terms and conditions.

Recommendation – We recommend the District implement procedures to ensure that administrative expenses claimed are properly supported in accordance with requirements as stated in OMB Circular No. A-87. Such procedures should include a time accounting system to support salaries charged to the grant. We also recommend that the District resolve the questioned cost with the MDNR.

District Response – The District stated "... administrative time allocations were based on estimates on time spent in previous years and staff made sure to meet the allocations each pay period. However, the system was changed beginning July 1, 2007 and invoices are now provided showing the date the work was performed, how many hours were spent doing the work, who performed the work and a description of the work done."

9. **Surety Bonding**

Condition – Employees and Executive Board members (some of these individuals can sign checks) involved with the receipt or disbursement of district funds were not covered by a surety bond during this audit period and the prior audit period.

Criteria – MDNR General Terms and Conditions for grants I.E.3. states, "Effective control and accountability must be maintained for all subgrantee cash, real and personal property, and other assets. Subgrantees must adequately safeguard all such property..."

Effect – The District is not adequately safeguarding assets as required by not obtaining surety bonds.

Cause – The lack of surety bonding appears to be the result of inadequate administrative oversight.

Recommendation – We recommend the District obtain surety bond coverage for all employees and Executive Board members involved with the receipt and disbursement of District funds.

District Response – The District stated, “The surety bonds are now in place.”

10. **Fixed Assets Inventory**

Condition – The District did not maintain an inventory of equipment purchased with subgrantee funds.

Criteria – The MDNR General Terms and Conditions which are incorporated into District subgrants (1.H.2.a) states, “Subgrantee must maintain property records that include a description of the equipment, a serial number or other identification number...”. The terms and conditions also state, “A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.”

Effect – The District was not in compliance with equipment management requirements. However, the District did complete an inventory of fixed assets several months after the end of the audit period.

Cause – This condition apparently resulted from inadequate administrative oversight on the part of the District.

Recommendation – We recommend the District maintain property inventory records of all subgrantee equipment as described in the General Terms and Conditions and that a physical inventory be completed at least once every two years.

District Response – The District stated, “As stated above, the inventory has been completed and was completed prior to the time the audit team arrived.”

11. **District Organization**

Condition – The following documentation to support the proper formation of the District was not available for review.

- a. County ordinances or orders adopted by the governing body of each of the three member counties to join the solid waste management district.
- b. Written notice to the MDNR to form the District.
- c. Notification of Formation issued by the MDNR.

Criteria – RSMo 260.305.3 states, “A county or two or more counties within a region may form or join a district as provided herein. The governing body of any county, by adoption of an ordinance or order, may join an existing district or form a district if the county is located in a region which does not have an existing district. The governing

body of two or more counties within the same region may join together to form a district by adoption of an ordinance or order.”

Effect – Proper organization of the District could not be verified.

Cause – Documents supporting the formation of the District, which occurred during 1992, had apparently been misplaced.

Recommendation – We recommend the District locate or obtain documentation from the MDNR to support the propriety of the District organization.

District Response – The District stated “The county resolutions are being placed in the District files where they can be easily located.”

SCHEDULE II

**REGION T LAKE OF THE OZARKS
SOLID WASTE MANAGEMENT DISTRICT
CAMDENTON, MISSOURI**

Schedule of Prior Audit Findings
For the Fiscal Years 1993, 1994 and 1995

The prior audit was conducted by an audit firm contracted by the MDNR for the fiscal years 1993, 1994 and 1995. Of the 10 audit findings, 6 were implemented by the District and 4 were not implemented or partially implemented.

1. **FINDING – No Separate Bank Account for SWMD Funds**

Condition – The District does not maintain a bank account for SWMD funds separate from the Council of Local Government's bank account.

Current Status – The District now maintains a separate bank account for SWMD funds. Consider the finding resolved.

2. **FINDING – District Does Not Maintain Monthly Bank Reconciliations**

Condition – The District performs reconciliation from the bank statement to the general ledger using a computer software package, but no evidence of the reconciliation is maintained by the District.

Current Status – The District is now maintaining documentation of bank reconciliations. However the bank reconciliations are not reviewed by a member of the District's board as recommended. See Finding No. 3.

3. **FINDING – Improper Allocation of District Funds**

Condition – Neither the District nor the Council maintains separate accounts for the SWMD revenues and expenses.

Current Status – The District maintains a separate accounting record of the SWMD revenues and expenses; however, salaries and fringe benefits were allocated to the administrative grants based on time estimates. See finding No. 8. Additionally, see current finding No. 3, on bank reconciliations related to accounting records for an independent review.

4. **FINDING – Failure to Provide Surety Bonds**

Condition – None of the District employees who are involved with the receipt or disbursement of funds are covered by a surety bond.

Current Status – The District has started the process of acquiring a surety bond but the process had not been completed. See Finding No. 9.

5. **FINDING – Improper Support for Cash Disbursements-Administrative Grants**

Condition – Five disbursements reviewed had no supporting documentation present nor could invoices be located for the items.

Current Status – The current audit disclosed no instances where supporting documentation could not be located. Consider the finding resolved.

6. **FINDING – Disbursement Checks Did Not Have Dual Signatures**

Condition – A check was disbursed without the required dual signatures of the District Director and Board President.

Current Status – The current audit disclosed no instances of checks issued without a dual signature. Consider the finding resolved.

7. **FINDING – No Support for In-Kind Match**

Condition – District accounting records are not in sufficient detail to determine the amount and extent of In-Kind match attributable to the SWMD.

Current Status – In-Kind match for the administrative expenditures lacked adequate supporting documentation. See Finding No. 8.

8. **FINDING – Lack of Segregation of Duties**

Condition – The District accounts payable procedures call for the Director to open the mail, approve transactions, sign disbursement checks and maintain custody of the checks until they are taken to the other authorized signer. Checks received via mail pass through the Director, secretary and fiscal officer, and then back to the secretary who takes the deposit to the bank.

Current Status – Procedures were implemented to provide for a better separation of duties. The accountant now opens the mail, maintains check stock and prepares checks. Consider this finding resolved.

9. **FINDING – Interest Income Not Reported**

Condition – The District did not report interest income earned on the checking account and was not identifiable to the District because of conditions noted in findings 1, 2 and 3.

Current Status – Interest income was properly accounted for and reported during the audit period. Consider the finding resolved.

10. **FINDING – Employment Status of District Director**

Condition – The Director is contracted by the Council to be the Director of the Council and all agency programs. The Director is considered a consultant and should provide surety bond coverage as he is an authorized signer for District funds, but none is provided. Since the Director has over 12 years of service to the Council, it appears highly irregular that he be considered a consultant who is not entitled to the regular benefits of the other employees.

Current Status – The Director is now an employee of the Council. Consider this finding resolved.

**REGION T LAKE OF THE OZARKS
SOLID WASTE MANAGEMENT DISTRICT
CAMDENTON, MISSOURI**

Schedule of Prior SAO Audit Findings
For the Fiscal Years Ending June 30, 2005, 2004 and 2003

1. FINDING – District Fund Balances

Condition – Region T Lake of the Ozarks has funds encumbered for grants awarded as far back as 1996. This district has also approved new grants for educational and dump clean-up programs, while grant monies awarded in previous years for the same purposes have not yet been spent.

Current Status – The District had funds encumbered as far back as 2004. All 2004 and 2005 grants were closed out, terminated or extended in July 2007. Consider the finding resolved.

2. FINDING – District Subgrantee Procedures

Condition – The District did not always comply with state regulations that require the executive board to retain 15% of funds from the recipient until the board gives approval to the recipient's final report. The district reimbursed 4 of the 5 subgrantees reviewed for grant expenses even though quarterly reports were not filed on a timely basis.

Current Status – Compliance with timelines of filing quarterly reports could not always be determined because the reports were not always signed and dated. See finding No. 6.

3. FINDING – District Subgrantee Procedures

Condition – Grant reimbursements were made for expenses that were not related to the purpose of grants. The district awarded \$18,000 each year for the three years ended June 30, 2005, for the purpose of locating and cleaning up illegal dumping sites. Over these three years, only \$4,641 was spent of the \$54,000 made available, and this entire amount was paid to a district board member for mileage reimbursement and wages.

Current Status – DNR performed a follow-up review and determined that costs of \$4,458 were not related to the project and therefore unallowable. These unallowable costs were withheld from the District's allocation of funds on February 20, 2007. The current audit disclosed expenditures of \$1,536 were made for the project 2004-185 after the projects had expired. See current finding No. 7.

4. **FINDING – Capital Assets**

Condition – The District did not maintain a listing of capital assets purchased with grant monies and physical inventories of capital assets were not performed.

Current Status – The District did not maintain a listing of capital assets during the audit period. See finding No. 10.

Region T Lake of the Ozarks
Solid Waste Management District
Status of Subgrantee Awards
June 30, 2007

SCHEDULE IV

Subgrant No.	Purpose	Awards		Unspent Funds
		Obligated	Unobligated	
2003138	Independent Stave	\$ 20,000.00	\$ --	\$ 20,000.00
2004181	City of Linn Creek	13,125.00	--	13,125.00
2004184	Stoutland Education Project	3,550.00	--	1,885.00
2004185	Region T Open Dump Clean-up	18,000.00	--	16,464.29
2005190	Camdenton Recycling	7,000.00	--	1,050.00
2005191	Laclede Industries - Cardboard Recycling	13,500.00	--	2,484.00
2005192	City of Lebanon Composting	16,200.00	--	2,430.00
2005193	Miller County Shingle Dump Clean-up	8,460.00	--	2,456.39
2005194	Town of Iberia Recycling	3,886.00	--	587.25
2005195	Village of Tuscumbia Recycling Awareness	4,870.00	--	4,870.00
2005196	Region T Tire Collection	18,268.53	--	18,048.40
	Unobligated Interest	--	1,274.45	1,274.45
	Unspent Local Funds			43.80
District Fund Balance, per the Quarterly Project Financial Summary Report.				\$ 84,718.58

Region T Lake of the Ozarks
Solid Waste Management
District
Cash Balance
June 30, 2007

SCHEDULE V

Cash (Checking)	\$28,081.93
Cash (N.O.W. Account)	<u>56,636.65</u>
Total Account Balances	<u><u>\$84,718.58</u></u>

Region T Lake of the Ozarks
Solid Waste Management District
Schedule of State Funding
Years Ended June 30, 2006 and June 30, 2007

SCHEDULE VI

<u>Received</u>	<u>Total Amount</u>	<u>Type</u>
<u>Year Ended June 30, 2006</u>		
October 7, 2005	<u>\$75,000.00</u>	District Grant
Total From MDNR in FY 2006	<u><u>\$75,000.00</u></u>	
 <u>Year Ended June 30, 2007</u>		
March 15, 2007	<u>\$20,000.00</u>	District Grant
Total From MDNR in FY 2007	<u><u>\$20,000.00</u></u>	