

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

AND

INDEPENDENT AUDITORS' REPORT



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

**Annual Financial Report
For the Year Ended December 31, 2008**

**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
Virginia Johnson, Grant Manager

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MID-AMERICA REGIONAL COUNCIL SOLID WASTE MANAGEMENT DISTRICT

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT



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, 2008, 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, 2008, 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 5, 2009 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 5, 2009



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

Management's Discussion and Analysis

December 31, 2008

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, 2008. Please read it in conjunction with the District's basic financial statements.

Financial Highlights

- The total assets for the District were \$298,597. The liabilities of the District were \$175,816, 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 \$298,597 from the Mid-America Regional Council, fiscal agent for the District. MARC has \$298,597 in cash and investments to be allocated to District's programs and projects in future years.

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.

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.

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

Management's Discussion and Analysis

December 31, 2008

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 16 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 \$122,781 at December 31, 2008. The unrestricted net assets (\$122,781) 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, 2008

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>2008</u>	<u>2007</u>
Assets		
Accounts receivable:		
Due from Mid-America Regional Council	\$ <u>298,597</u>	<u>435,650</u>
Total assets	\$ <u><u>298,597</u></u>	<u><u>435,650</u></u>
Liabilities		
Deferred revenue - state of Missouri	\$ 99,699	282,930
Deferred revenue - Household Hazardous Waste program	<u>76,117</u>	<u>48,750</u>
Total liabilities	\$ <u><u>175,816</u></u>	<u><u>331,680</u></u>
Net assets		
Unrestricted	\$ <u>122,781</u>	<u>103,970</u>
Total net assets	\$ <u><u>122,781</u></u>	<u><u>103,970</u></u>

As of December 31, 2007 there was \$331,680 in deferred revenue. Due to increased grant activity in fiscal year 2008 deferred revenue decreased by \$155,864 to \$175,816 as of December 31, 2008. As a result, the amount due from Mid-America Regional Council decreased as well.

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

Management's Discussion and Analysis

December 31, 2008

The following table reflects the condensed Statement of Activities for the years ended December 31, 2008 and 2007.

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

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Program revenues:		
Charges for services	\$ 257,074	292,790
Operating grants & contributions	1,660,670	1,146,398
General revenues:		
Investment earnings	<u>18,811</u>	<u>26,425</u>
Total revenues	<u>1,936,555</u>	<u>1,465,613</u>
Expenses:		
Program and subgrant expenditures	<u>1,917,744</u>	<u>1,439,188</u>
Total expenses	<u>1,917,744</u>	<u>1,439,188</u>
Change in net assets	18,811	26,425
Net Assets - beginning	<u>103,970</u>	<u>77,545</u>
Net Assets - ending	<u>\$ 122,781</u>	<u>103,970</u>

The net assets of the governmental activities increased in 2008 by \$18,811 as compared to an increase of \$26,425 in 2007. Much of the change from 2007 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, 2008

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 2008 and 2007 follows:

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

	2008	2007	Increase (Decrease) From Fiscal Year 2007	Percent Increase (Decrease)
Investment earnings	\$ 18,811	26,425	(7,614)	(29) %
Fund balance - beginning	<u>103,970</u>	<u>77,545</u>	<u>26,425</u>	34
Fund balance - ending	<u>\$ 122,781</u>	<u>103,970</u>	<u>18,811</u>	18 %

Investment earnings were less in 2008 than in 2007 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 2008 and 2007 follows:

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

Management's Discussion and Analysis

December 31, 2008

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

	2008	2007	Increase (Decrease) From Fiscal Year 2007	Percent Increase (Decrease)
Revenues:	\$			
Grant revenues	1,054,079	804,074	250,005	31 %
Household Hazardous Waste program fees	257,074	292,319	(35,245)	(12)
Other grant revenue	—	50	(50)	(100)
MARC matching funds	23,979	23,749	230	1
Proceeds from disposal of equipment	—	17	(17)	(100)
Charges for services	—	471	(471)	(100)
Contributed services	582,612	318,508	264,104	83
Total revenues	1,917,744	1,439,188	478,556	33
Expenditures				
Contractual services - subrecipients	1,917,744	1,439,188	478,556	33
Excess of revenues over expenditures	—	—	—	—
Fund balance - beginning	—	—	—	—
Fund balance - ending	\$ —	—	—	— %

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, 2008 (open or closed) for each subgrant.

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.

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

Management's Discussion and Analysis

December 31, 2008

Economic Condition and Next Year's Programs

Missouri state funds available to the District continue to be stable compared to fiscal year 2008. State revenues accrue to the District 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. Approximately \$544,054 was approved for subgrants for fiscal year 2009. The District also prepares its annual work plan and budget at the same time. Fiscal year 2009 revenues will be approximately \$470,482 for the District's operations, outreach and planning projects. Prior year revenues in the amount of \$11,128 will be allocated for 2009 household hazardous waste disposal costs. 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, 2008

	<u>Governmental Activities</u>
Assets	
Accounts receivable:	
Due from Mid-America Regional Council	\$ <u>298,597</u>
Total assets	\$ <u><u>298,597</u></u>
Liabilities	
Deferred revenue - state of Missouri	\$ 99,699
Deferred revenue - Household Hazardous Waste Program	<u>76,117</u>
Total liabilities	\$ <u><u>175,816</u></u>
Net Assets	
Unrestricted	\$ <u>122,781</u>
Total net assets	\$ <u><u>122,781</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, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Program and subgrant expenditures	\$ 1,917,744	257,074	1,660,670	—
	Investment earnings			18,811
	Change in net assets			18,811
	Total net assets, beginning of year			103,970
	Total net assets, end of year			\$ 122,781

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, 2008

Assets	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Due from Mid-America Regional Council	\$ <u>122,781</u>	<u>175,816</u>	<u>298,597</u>
 Liabilities and Fund Balances			
Liabilities:			
Deferred revenue - state of Missouri	—	99,699	99,699
Deferred revenue - Household Hazardous Waste Program	<u>—</u>	<u>76,117</u>	<u>76,117</u>
Total liabilities	—	175,816	175,816
Fund balances	<u>122,781</u>	<u>—</u>	<u>122,781</u>
Total liabilities and fund balances	\$ <u>122,781</u>	<u>175,816</u>	

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

None	—
Net assets of governmental funds	\$ <u>122,781</u>

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, 2008

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Revenues:			
Grant revenue	\$ —	1,054,079	1,054,079
Household Hazardous Waste program fees	—	257,074	257,074
MARC matching funds	—	23,979	23,979
Contributed services	—	582,612	582,612
Investment income	18,811	—	18,811
	<u>18,811</u>	<u>—</u>	<u>18,811</u>
Total revenues	<u>18,811</u>	<u>1,917,744</u>	<u>1,936,555</u>
Expenditures:			
Contractual services - subrecipients	—	1,917,744	1,917,744
	<u>—</u>	<u>1,917,744</u>	<u>1,917,744</u>
Excess of revenues over expenditures	<u>18,811</u>	<u>—</u>	<u>18,811</u>
Fund balance, beginning of year	<u>103,970</u>	<u>—</u>	<u>103,970</u>
Fund balance, end of year	<u>\$ 122,781</u>	<u>—</u>	<u>122,781</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, 2008

(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.

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

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

Notes to Basic Financial Statements

December 31, 2008

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.

Grant revenue and interest income associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

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

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

Notes to Basic Financial Statements

December 31, 2008

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 to December 31, 2008.

Estimates – Preparation of financial statements in conformity with GAAP requires making estimates and assumptions that affect (a) the reported amounts of assets and liabilities, (2) disclosures such as contingencies, and (3) the reported amounts of revenues and expenditures or expenses included in the financial statements. Actual results could differ from those estimates.

(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.

(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:

	Grants Receivable	Deferred Revenue
Special Revenue Fund:		
FY 2003	\$ —	1,634
FY 2006	—	236
FY 2007	—	26,213
FY 2008	—	71,616
Household Hazardous Waste Program	—	76,117
Total	\$ —	175,816

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

Notes to Basic Financial Statements

December 31, 2008

(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 MARCIT, a not-for-profit corporation consisting of local governments and political subdivisions. MARCIT 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. MARCIT 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 MARCIT for all coverages. The agreement with MARCIT provides that MARCIT will be self-sustaining through member premiums. MARCIT has the authority to assess members for any deficiencies of revenues under expenses for any single plan year. Likewise, MARCIT 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.

MARC has the following types of insurance coverages and deductibles through MARCIT for the period July 1, 2008 through June 30, 2009:

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, 2008

	Grant from FY 2003 #33100	Grant from FY 2005 #33300	Grant from FY 2006 #33400	Grant from FY 2007 #33500	Grant from FY 2008 #33600	Household Hazardous Waste (HHW) Program	Total
Revenues:							
Grant revenue	\$ 12,065	79,411	26,667	186,703	749,233	—	1,054,079
Household Hazardous Waste program fees	—	—	—	—	—	257,074	257,074
MARC matching funds	—	—	—	—	23,979	—	23,979
Contributed services	3,425	12,265	12,538	28,458	525,926	—	582,612
Total revenues	<u>15,490</u>	<u>91,676</u>	<u>39,205</u>	<u>215,161</u>	<u>1,299,138</u>	<u>257,074</u>	<u>1,917,744</u>
Expenditures:							
Contractual services - subrecipient's expenditures:							
Advertising	—	—	—	—	14,620	—	14,620
Contractual services	12,065	79,411	26,667	186,703	428,263	257,074	990,183
Contributed services	3,425	12,265	12,538	28,458	525,926	—	582,612
Indirect costs	—	—	—	—	79,802	—	79,802
Meetings/travel/registration fees	—	—	—	—	12,376	—	12,376
Memberships/periodicals	—	—	—	—	386	—	386
Other	—	—	—	—	3,461	—	3,461
Postage	—	—	—	—	1,019	—	1,019
Printing/reproduction	—	—	—	—	9,484	—	9,484
Rent/utilities/maintenance	—	—	—	—	13,020	—	13,020
Salaries and fringe benefits	—	—	—	—	207,276	—	207,276
Supplies/promotional materials	—	—	—	—	3,505	—	3,505
Total expenditures	<u>15,490</u>	<u>91,676</u>	<u>39,205</u>	<u>215,161</u>	<u>1,299,138</u>	<u>257,074</u>	<u>1,917,744</u>
Excess of revenues over expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

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

Schedule of Revenues and Expenditures
Missouri Department of Natural Resources
2003 Grant Program
Grant No. 33100

Grant Period From July 1, 2003 to Open

	<u>Budget</u>	<u>Year Ended December 31, 2008</u>	<u>Prior Year(s)</u>	<u>Cumulative to Date</u>
Revenues:				
State grant	\$ 688,497	12,065	674,798	686,863
Contributed services	<u>191,124</u>	<u>3,425</u>	<u>180,350</u>	<u>183,775</u>
Total revenues	<u>879,621</u>	<u>15,490</u>	<u>855,148</u>	<u>870,638</u>
Expenditures:				
Solid waste management district grants	<u>879,621</u>	<u>15,490</u>	<u>855,148</u>	<u>870,638</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 –
 2005 Grant Program
 MARC Grant No. 33300

Grant Period From July 1, 2005 to Completion

	<u>Budget</u>	<u>Year Ended December 31, 2008</u>	<u>Prior Year(s)</u>	<u>Cumulative to Date</u>
Revenues:				
State grant	\$ 354,125	79,411	274,714	354,125
Contributed services	53,727	12,265	41,102	53,367
Charges for services/events	—	—	150	150
Interest income	13,685	—	13,685	13,685
	<u>421,537</u>	<u>91,676</u>	<u>329,651</u>	<u>421,327</u>
Total revenues				
Expenditures:				
Solid waste management district grants	<u>421,537</u>	<u>91,676</u>	<u>329,651</u>	<u>421,327</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 –
 2006 Grant Program
 MARC Grant No. 33400

Grant Period From October 1, 2005 to Completion

	<u>Budget</u>	<u>Year Ended December 31, 2008</u>	<u>Prior Year(s)</u>	<u>Cumulative to Date</u>
Revenues:				
State grant	\$ 405,362	26,667	378,459	405,126
MARC matching funds	16,382	—	16,382	16,382
Contributed services	111,490	12,538	79,940	92,478
Total revenues	<u>533,234</u>	<u>39,205</u>	<u>474,781</u>	<u>513,986</u>
Expenditures:				
Solid waste management district grants	<u>533,234</u>	<u>39,205</u>	<u>474,781</u>	<u>513,986</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, 2008</u>	<u>Prior Year(s)</u>	<u>Cumulative to Date</u>
Revenues:				
State grant	\$ 898,181	186,703	685,265	871,968
Local grants	—	—	50	50
MARC matching funds	23,749	—	23,749	23,749
Contributed services	191,559	28,458	283,538	311,996
Total revenues	<u>1,113,489</u>	<u>215,161</u>	<u>992,602</u>	<u>1,207,763</u>
Expenditures:				
Solid waste management district grants	<u>1,113,489</u>	<u>215,161</u>	<u>992,602</u>	<u>1,207,763</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. 33600

Grant Period From January 1, 2008 to Completion

	<u>Budget</u>	<u>Year Ended December 31, 2008</u>	<u>Prior Year(s)</u>	<u>Cumulative to Date</u>
Revenues:				
State grant	\$ 870,849	749,233	—	749,233
Local grants	—	—	—	—
MARC matching funds	29,081	23,979	—	23,979
Contributed services	521,013	525,926	—	525,926
Total revenues	<u>1,420,943</u>	<u>1,299,138</u>	<u>—</u>	<u>1,299,138</u>
Expenditures:				
Solid waste management district grants	<u>1,420,943</u>	<u>1,299,138</u>	<u>—</u>	<u>1,299,138</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. 31992, 2008 Program
 MARC Grant No. 31993, 2009 Program
 MARC Grant No. 31810, Contingency Fund

Grant Period: Open

	<u>Budget</u>	<u>Year Ended December 31, 2008</u>	<u>Prior Year(s)</u>	<u>Cumulative to Date</u>
Revenues:				
Local government grants	\$ 379,559	257,074	46,368	303,442
Expenditures:				
Household hazardous waste program	379,559	257,074	46,368	303,442
Revenues over expenditures	\$ <u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

LIST OF OFFICERS AND EXECUTIVE BOARD MEMBERS

December 31, 2008

OFFICERS		EX OFFICIO
Michael Shaw Chair	Chris Bussen Vice Chair	Lisa Danbury District Planner
EXECUTIVE BOARD		
<i>Appointed Member</i>	<i>Representative</i>	<i>Alternate Representative</i>
Cass County, Missouri	Tiffany Klassen Public Health Department	Wayne Tiffany Public Health Department
Clay County, Missouri	Craig Porter Eastern Commissioner	Edward Quick Presiding Commissioner
Jackson County, Missouri	Garrie Wicker Project and Safety Coordinator	Robbie Makinen Economic Development Director
Platte County, Missouri	Greg Sager Public Works Director	Daniel Erickson Planning Director
Ray County, Missouri	Jeff Adams Presiding Commissioner	Vacant
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
Gladstone, Missouri	Chuck Williams Public Works Director	Vacant
Independence, Missouri	Don Reimal Mayor	Dan McGraw Assistant to Public Works Director
Lake Waukomis, Missouri	Ann Dwyer Sanders Citizen	Tom Rezentos Mayor
Lee's Summit, Missouri	Chris Bussen Solid Waste Superintendent	Kara Taylor Environmental Coordinator
North Kansas City, Missouri	Pat Hawver Public Works Director	Vacant
Riverside, Missouri	Kathy Rose Mayor	Vacant
Sugar Creek, Missouri	Stan Salva Mayor	Marilyn Evans Administrative Assistant

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*

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, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 5, 2009. 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 *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal

control that might be 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 5, 2009
Wichita, Kansas



