

INDEPENDENT ACCOUNTANT'S REPORT
ON
APPLYING AGREED-UPON PROCEDURES

For the Operation of
Region S – Bootheel Solid Waste Management District
Dexter, Missouri

For the Two Fiscal Years Ended June 30, 2007

Submitted To:

Department of Natural Resources

State of Missouri

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Missouri Department of Natural Resources
Jefferson City, Missouri
and
Region S – Bootheel Solid Waste Management District
Dexter, Missouri

We have performed the procedures enumerated below, which were agreed to by the Missouri Department of Natural Resources (DNR), solely to assist you in evaluating the effectiveness of the Region S – Bootheel Solid Waste Management District's (the "District") 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 standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this 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 DNR 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 and 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. 1.

2. Minutes of Meetings. We reviewed all minutes of meetings for the Council and Executive Board for the engagement period and selected six meetings (at least one council meeting and one executive board meeting) and completed Attachment 1 on Chapter 610 RSMo, the *Missouri Sunshine Law Compliance Checklist* to determine if meetings are documented as required.

Findings: See Finding No. 8.

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 Prior Findings.

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

Findings: See Management Advisory Letter.

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 DNR 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 DNR;
- Verified the allocation and use of interest income; and
- Reviewed the District's cash management practices.

Findings: See Finding No. 2.

6. Administrative/Management Services. We determined that the District contracts out administrative/management services, and:

- Determined that contract terms are written and properly approved;
- Reviewed the contract for propriety and reasonableness; and
- Reviewed invoices and supporting documentation to determine that payments for services are appropriate, properly approved, and in compliance with the contract terms.

Findings: None.

7. 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 DNR for the following requirements:

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

Findings: See Finding No. 6.

8. District Grants. We obtained a schedule of district grants from the DNR 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 S/Administration Grant – (S2006-01)
 - Region S/Education Program – (S2006-02)
 - Region S/Tire Roundup – (S2006-03)
 - Stoddard County Sheltered Workshop, Inc./Recycling – (S2006-04)
 - Cotton Boll Sheltered Workshop, Inc./Recycling – (S2006-06)
 - Region S/Operations – (S2007-01)
 - Region S/Education Program – (S2007-02)
 - Region S/Tire Roundup – (S2007-03)
 - Cotton Boll Sheltered Workshop, Inc./Recycling – (S2007-06)
 - City of Hayti/Rear Load Containers Purchase – (S2006-11)

Findings: See Findings No. 3, 4, 5, 7 and Management Advisory Letter.

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 S – Bootheel 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.



Marvin L Wilson, CPA
April 30, 2008

REGION S – BOOTHEEL SOLID WASTE MANAGEMENT DISTRICT
Dexter, Missouri

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 solid waste management 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 in their region, made possible with monies from the Solid Waste Management Fund through the Missouri Department of Natural Resources.

Function:

The Bootheel Solid Waste Management District was formed and ratified by applicable county and city government resolutions during calendar years 1993 and 1994. The Bootheel Solid Waste Management District created in the State of Missouri was initiated to respond to the state goal established in Senate Bill 530 of reducing Missouri's waste stream by 40% by the year 1998. It was to accomplish this objective through a variety of programs designed to recover and recycle the resources then viewed as garbage by the people of the state.

Service Area:

Six counties are included in the Bootheel Solid Waste Management District. These include Dunklin, Mississippi, New Madrid, Pemiscot, Scott and Stoddard Counties in the southeast portion of the state. Also members of the District's original county advisory groups are members appointed from the cities of Arbyrd, Clarkton, Kennett, Senath, Morehouse, New Madrid, Parma, Portageville, Caruthersville, Hayward, Benton, Chaffee, Commerce, Morley, Oran, Vanduser, Bell City, Bernie, Dexter and Essex. It was determined that the District's programs would serve all incorporated cities within the six counties. At that time the following additional cities were included within the region's recycling efforts: Campbell, Cardwell, Holcomb, Honersville, Malden, Canalou, Catron, Gideon, Howardville, Lilbourn, Marston, Matthews, North Lilbourn, Risco, Tallapoosa, Bragg City, Cooter, Hayti, Hayti Heights, Holland, Homestown, North Wardell, Pascola, Steele, Wardell, Bodgett, Diehlstadt, Haywood City, Kelso, Miner, Scott City, Advance, Bloomfield, Dudley, Pendermon and Puxico.

Organization:

The organizational structure originally proposed for the District was that which was suggested in the Missouri Statutes governing such organizations. Allowing each county participant in the District to appoint two members and each city with a population of 500 or over to select one representative, a council was formed.

The District later adopted an alternative management structure allowed by Section 260.300.3 of the Revised Statutes of Missouri. The District elected to have the Bootheel Regional Planning and Economic Development Commission Board of Directors serve as the District Council and Executive Board with no set term.

According to the records of the District, as of end of fieldwork April 30, 2008, the Region S – Bootheel Solid Waste Management District Council and Executive Board consisted of the following members:

Jeanne Herbst, Chair	Dunklin County
Martin Lucas	Mississippi County
Don Day	New Madrid County
Dave Wilkerson	Pemiscot County
Dennis Ziegehorn	Scott County
Frank Sifford	Stoddard County

The Bootheel Regional Planning and Economic Development Commission provides administrative services and facility support under contract to the Bootheel Solid Waste Management District.

Programs:

The District began operations by applying for grants in the year 1992 that yielded support for major recycling efforts during the year 1993. During the years 1993-94, region-wide white goods and drop-off programs were created. In 1994, a Material Recovery Facility at Sikeston and the Lemons Recycling Facility were opened and operational. In 1995, education programs for grades 1-12 were in place. Most, if not all of the District’s activities are implemented through contract operators and sub-grantees. The District appears to have developed an effective recycling program, essentially in accordance with the governing Missouri Statutes.

Personnel:

The Bootheel Solid Waste Management District programs are administered by contract through the Bootheel Regional Planning and Economic Development Commission (BRPC). The primary assigned operating staff are:

Steve Duke, BRPC Executive Director
Willard Adams, BRPC Planner
Angela Earnheart, BRPC Fiscal Officer

REGION S – BOOTHEEL SOLID WASTE MANAGEMENT DISTRICT
Dexter, Missouri

Current Findings

1. Failure to Maintain Required Organizational Documents

CONDITION - The District has not adopted or maintained certain required documents establishing the Bootheel Solid Waste Management District and its alternative management structure:

- a. Ordinances, resolutions, or orders containing the proper language and authorized signatures establishing the Bootheel Solid Waste Management District were not available on premises for inspection and review.
- b. The District's bylaws did not provide for the election of the alternative management structure. Nor were copies of county ordinances or orders authorizing the use of such structure available for review.

CRITERIA – Section 260.305.3 RSMo states that 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. Article I of the Bootheel Solid Waste Management District's bylaws includes "Whereas, the county commissioners of Dunklin, Mississippi, New Madrid, Pemiscot, Scott, and Stoddard Counties have adopted ordinances establishing the Bootheel Solid Waste Management District...." Sections 260.300.3 and 260.315 RSMo allow the District to formulate an alternative management structure.

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

CAUSE – Documents supporting formation of the District which occurred during 1993 and 1994 were not maintained.

RECOMMENDATION – Copies of original documents authorizing the formation of and participation in the Bootheel Solid Waste Management District should be obtained from applicable counties and maintained in the District's permanent files for future reference. The District should revise the bylaws and obtain properly executed resolutions from all participating counties agreeing to the alternate management structure. To ensure that there is an effective management structure to conduct the District's responsibilities, written policies and procedures for monitoring the qualifications, terms, and vacancies of Council and Executive Board members should be adopted.

DISTRICT RESPONSE – Although not available, ordinances were obtained that authorized perspective county participation, and resolutions properly executed were in files for participating cities with populations of more than 500 residents. Will respond more fully when audit report is issued.

2. District's Quarterly Project Financial Summary Report Not Accurately Prepared

CONDITION – The District did not include \$8,555.34 in 2006 carryover on its June 30, 2007 quarterly project financial summary report. There also appears to be \$709.57 in other payables not deducted from the grant fund accounting records.

CRITERIA – 10 CSR 80-9.050(4)(B) requires an accounting system that accurately reflects all fiscal transactions, incorporates appropriate controls and safeguards, and provides clear references to the project as agreed to in the Financial Assistance Agreement.

EFFECT – Accounting records and reports are not in compliance with state regulation.

CAUSE – Incomplete accounting and fund allocation methods.

RECOMMENDATION – The District’s June 30, 2007 quarterly project financial summary report should be amended to include an \$8,555.34 carryover for 2006 projects and the June 30, 2007 bank and fund reconciliation should reflect any payables not included originally.

DISTRICT RESPONSE – Will respond to this when audit report is issued.

3. Unapproved Equipment Purchases

CONDITION - The Stoddard County Sheltered Workshop (S2006-04) purchased four unapproved recycle drop-off trailers from the City of Scott City for \$5,000. The Stoddard County Sheltered Workshop had the following undated funds request letter in their files:

"We have a balance of \$4,301.60 in the equipment category of our Solid Waste Grant Number S-2006-4 for FY 06-07. It is as follows:

Truck	616.60
Pallet Jacks	1,350.00
Door Strips	<u>2,335.00</u>
	\$4,301.60

We have been unable to locate and purchase the door strips. We were able to purchase the truck with a savings of \$616.60 and the trailers are needed and used much more than the pallet jacks. Therefore, as previously discussed, we would like to apply the funds toward the purchase of the recycle drop-off trailers purchased from the City of Scott City, MO."

The City of Scott City’s invoice contained the following information:

Billing Date: 4/25/2006

Amount Due By: 5/24/2007

Description of Services:

Three 4-bin trailers	(un-itemized)
One 2-bin trailers	(un-itemized)
Total Due	\$5,000.00

Stamped "PAID APR 24 2007 City of Scott City"

Grant number S-2006-4 was approved March 2, 2006, and there was no documentation in the District subgrantee files to document prior approval of the change.

CRITERIA – 10 CSR 80-9.050(3)(B)1.C states that 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: ... C. Budget adjustments made within budget categories, with justifications. The general terms and conditions of the Financial Assistance Agreement require approval of subgrantee purchases and amendments.

EFFECT – The substitute purchase was made without written approval.

CAUSE – Deficiencies in the District’s approval process for equipment purchased with grant funds.

RECOMMENDATION – The District should maintain adequate written approval of all budget amendments to the Financial Assistance Agreements.

REPLY – Will respond to this when audit report is issued.

4. District Did Not Obtain Required Security Interest in Equipment

CONDITION – The District was not listed as a lien holder for the following vehicles when reviewing titles of the Cotton Boll Sheltered Workshop grants (S2006-06) and (S2007-11) equipment purchases:

GMC 2007 Pickup VIN: 2GTEK13CX71519700

GMC 2007 Truck VIN: 1FDKE37HOLHB31454

CRITERIA – The special terms and conditions of the Financial Assistance Agreement require the District must be listed as a lien holder on the title if the equipment purchased with SWMF monies is required to be titled through the Missouri Department of Revenue.

EFFECT – Vehicles purchased with District grant funds are not secured.

CAUSE – The District failed to have adequate policies and procedures in place to ensure that the subgrantees follow security interest requirements.

RECOMMENDATION – The District should require that the Cotton Boll Sheltered Workshop, the subgrantee provide the District with a security instrument (lien) until the District’s interest in the equipment is fully depreciated.

DISTRICT RESPONSE – Agree with finding. Will respond more fully when audit report is issued.

5. DNR Logo Not Visible On Equipment

CONDITION – The DNR logos were not visible on district or subgrantee equipment observed in Hayti, Dexter, Clarkton and Gideon, Missouri.

CRITERIA – The special terms and conditions require the DNR logo be displayed on all equipment purchased with DNR grant funds.

EFFECT – The District did not comply with certain provisions of the special terms and conditions.

CAUSE – The District did not print logos on waterproof or weather resistant material.

RECOMMENDATION – The District should print DNR logos on weather resistant material and reissue the labels/signage to subgrantees to display on equipment purchased with DNR grant funds.

DISTRICT RESPONSE – Agree with finding. Will reprint logos on weatherproof material.

6. Inventory Records Are Incomplete

CONDITION - The District has no documentation of a complete physical inventory of fixed assets. The information provided was incomplete and only included a description, location and date of acquisition.

CRITERIA – DNR General Terms and Conditions for grant funds I.H. require inventory records of grant funded equipment be maintained showing a description of the equipment, a serial number or other identification number, the source of property, the acquisition date, cost of the property, percentage of federal or state participation in the cost of the property, and the location, use and condition of the property. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

EFFECT – Equipment is not secured from theft, loss, or misappropriation.

CAUSE – The District failed to comply with equipment management requirements.

RECOMMENDATION – The District should conduct the required physical inventory of grant funded fixed assets every two years and maintain inventory records of grant funded equipment showing cost, date of acquisition, location, condition and other required information.

DISTRICT RESPONSE – Will comply. Will respond more fully when audit report is issued.

7. Equipment Purchase Failed to Meet Procurement Requirements

CONDITION – The City of Hayti (S2007-11) failed to bid six rear load containers costing \$14,948 citing use of a single source instead.

CRITERIA – The District’s procurement standards require subgrantees purchasing equipment with DNR grant funds to comply with the stricter of state (Chapter 34, RSMo) or local purchasing requirements.

EFFECT – The City of Hayti did not comply with required purchasing standards.

CAUSE – The city official indicated the single source was the only vendor available to purchase rear load containers. There are other vendors having rear load containers available for purchase.

RECOMMENDATION – The District should require submission of bid documentation from subgrantees prior to reimbursing for equipment that verifies a vendor as “sole source” when purchasing specialized equipment. The District must ensure subgrantees are made aware of the requirement to competitively bid for purchases of equipment.

DISTRICT RESPONSE – Agree with finding. Will respond more fully when audit report is issued.

8. Incomplete Executive Board and Council Meetings Minutes

CONDITION – The District has not met the following minutes and meeting requirements (for December 06 & April 07 test dates):

a. Executive Board and Council minutes were not signed for the test dates. Minutes of Executive Board meetings reviewed reflected deficiencies such as time, place, members present, members absent, and secretary’s signature.

b. Public notice of Executive Board meetings was not posted.

CRITERIA – Chapter 610, RSMo (commonly referred to as the Missouri Sunshine Law) requires the above mentioned items be documented in the minutes for each Executive Board and Council meeting, as well as, posting public notice of each meeting. Signing and dating of minutes is a good business practice to attest to the accuracy of the minutes.

EFFECT – The records of the District are not complete. Action taken during the (December 06 & April 07) meetings may not have effect. Also, the District is not in compliance with state laws and regulations.

CAUSE – The District management was not aware of the deficiencies.

RECOMMENDATION –

a. The District should adopt and implement policies and procedures to ensure compliance with the Sunshine Law statutes.

b. Minutes of all meetings should be signed by the Chairman and Secretary.

DISTRICT RESPONSE – Executive Director has personally posted notices of meetings. Will respond more fully when audit report is issued.

REGION S – BOOTHEEL SOLID WASTE MANAGEMENT DISTRICT

Dexter, Missouri

Prior Findings

The following findings were obtained from prior reviews of the Region S – Bootheel Solid Waste Management District. An audit firm contracted by the District performed the review for the period July 1, 2005 through June 30, 2006; and the review for fiscal years 1993 through 1996 was contracted by DNR. Of the four prior findings for fiscal year 2006, one was partially implemented by the District and three were not implemented. Eight prior findings from the 1993 through 1996 report appear to be implemented, one appears partially implemented, and one was not implemented.

Prior Fiscal Year 2006

1. Failure to Obtain a UCC-1 Form

For projects, which have equipment or real estate costing \$5,000 or more, the District should obtain a UCC-1 form providing the District security in the assets. The auditor noted an instance where a copy of the UCC-1 form was not in the project file.

Current Audit Follow-up: Not implemented. See Current Finding 4.

2 Improper Reimbursement Documentation

Subgrantees are to provide proper reimbursement documentation. The auditor noted several project files that did not contain the proper reimbursement documentation.

Current Audit Follow-up: The recommendation appears to be only partially implemented during the audit period. Reimbursement documentation appears to be complete except as noted in Current Finding 3.

3. Undocumented Equipment Inspections

A physical inspection of equipment is made by the District Planner. The auditor noted the District did not document the inspections.

Current Audit Follow-up: Not implemented. See Current Finding 6.

4. Incomplete Inventory Listing

An inventory list of equipment is maintained. The auditor noted the inventory list should be updated to be current.

Current Audit Follow-up: Not implemented. See Current Finding 6.

Prior Fiscal Years 1993, 1994, 1995, and 1996

Accounting and Internal Controls

1. Funds in Excess of Collateral Pledging: The District's bank balance exceeded and continued above the \$100,000.00 Federal Depositors Insurance Corporation (FDIC) coverage for several months.

Current Audit Follow-up: Implemented.

2. Failed to Adopt Budget: The District failed to adopt an annual budget as required by State Statutes and by its own bylaws.

Current Audit Follow-up: Implemented.

3. Treasurer not Properly Bonded: The District's treasurer is not properly bonded and the District is at risk for loss of public funds.

Current Audit Follow-up: Implemented.

4. Banking System Weaknesses and Interest: The District opened a non-interest bearing checking account for the District Grant Fund.

Current Audit Follow-up: Implemented.

5. Unavailable Bank Reconciliation: Bank reconciliations were not available for all periods in question.

Current Audit Follow-up: Implemented.

District Grants

1. Inadequate Cash Forecasting: The District maintained excessive cash on hand and its requests for funds were incorrect.

Current Audit Follow-up: Implemented.

2. Quarterly Reports Not Timely: Quarterly reports for District subgrants were not filed on a consistent basis or in a timely manner.

Current Audit Follow-up: Implemented.

3. Inadequate District Check Procedure: Checks used for the District subgrant program were blank counter checks that were not prenumbered.

Current Audit Follow-up: Implemented.

4. Inadequate Equipment Management: The District did not maintain a property ledger and a physical inventory was not taken.

Current Audit Follow-up: Not implemented. See Current Finding 6.

5. Inadequate Documentation For Projects: The District failed to sufficiently document subgrants, including: formal evaluations, final reports and biddings.

Current Audit Follow-up: Implemented except as noted in Current Finding 3.

REGION S – BOOTHEEL SOLID WASTE MANAGEMENT DISTRICT
SCHEDULE OF STATE FUNDING
YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2006

Year Ended June 30, 2007

<u>Subgrantee</u>	<u>Grant No.</u>	<u>Amount</u>	<u>Purpose</u>
Region S	S2007-01	\$ 34,000.00	Operations
Region S	S2007-02	48.02	Education
Region S	S2007-03	30,600.00	Tire roundup
Scott County	S2007-04	10,000.00	Illegal dump cleanup
City of Clarkton	S2007-05	7,735.00	Recycling trailer purchase
Cotton Boll Sheltered Workshop	S2007-06	43,305.25	Recycling equipment purchase
Stoddard County Sheltered Workshop	S2007-07	44,679.23	Shredder purchase and salary
City of Matthews	S2007-08	7,735.00	Recycling trailer purchase
City of Gideon	S2007-09	7,735.00	Recycling trailer purchase
City of Campbell	S2007-10	15,342.50	Woodchipper purchase & promo
City of Hayti	S2007-11	<u>15,508.00</u>	Rear load containers purchase
Total		<u>\$ 216,688.00</u>	

Year Ended June 30, 2006

<u>Subgrantee</u>	<u>Grant No.</u>	<u>Amount</u>	<u>Purpose</u>
Region S	S2006-01	\$ 31,947.97	Administration
Region S	S2006-02	14,330.00	Education
Region S	S2006-03	30,600.00	Tire roundup
Stoddard County Sheltered Workshop	S2006-04	64,185.00	Truck & recycle equipment purchase
New Madrid County	S2006-05	13,062.00	Recycling trailer purchase
Cotton Boll Sheltered Workshop	S2006-06	25,000.00	Truck & recycling equipment purchase
Scott County	S2006-07	<u>5,000.00</u>	Illegal dump cleanup
Total		<u>\$ 184,124.97</u>	
Total for Audit Period		<u>\$ 400,812.97</u>	

REGION S – BOOTHEEL SOLID WASTE MANAGEMENT DISTRICT
COMPOSITION OF CASH AND INVESTMENTS BALANCE
JUNE 30, 2007

<u>Sources</u>	<u>Description</u>	<u>Obligated</u>	<u>Unobligated</u>	<u>Expenditures</u>	<u>Balance</u>
Carry Over	FY 2006	\$0.00	\$8,555.34	\$0.00	\$8,555.34
Local Funds	Collected from Counties	<u>0.00</u>	<u>6,666.00</u>	<u>0.00</u>	<u>6,666.00</u>
Total	Local Funds and Carry Over	0.00	15,221.34	0.00	15,221.34

<u>Grant No.</u>	<u>Purpose</u>				
S2007-01	Region S Grant Operations	34,000.00		1609.67	32,390.33
S2007-02	Region S Education	48.02			48.02
S2007-03	Region S Tire Roundup	30,600.00			30,600.00
S2007-04	Scott County	10,000.00			10,000.00
S2007-05	City of Clarkton	7,735.00			7,735.00
S2007-06	Cotton Boll Sheltered Workshop	43,305.25			43,305.25
S2007-07	Stoddard County Sheltered Workshop	44,679.23			44,679.23
S2007-08	City of Matthews	7,735.00			7,735.00
S2007-09	City of Gideon	7,735.00			7,735.00
S2007-10	City of Campbell	15,342.50			15,342.50
S2007-11	City of Hayti	15,508.00			15,508.00

Investments

Interest	From Bank Accounts	<u>0.00</u>	<u>1,648.31</u>	<u>0.00</u>	<u>1,648.31</u>
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Total	All Sources	<u>\$216,688.00</u>	<u>\$16,869.65</u>	<u>\$1,609.67</u>	231,947.98
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Balance	Grant Bank Account				6,979.01
Balance	Grant Saving Account				<u>225,678.54</u>

Differences					-709.57
Other	Account Payables				<u>\$709.57</u>

(1) Cash and Investment totals do not match the amount shown on the June 30, 2007 Quarterly Project Financial Summary Report. See Finding 2.

Marvin L. Wilson, CPA, LLC

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To:
Region S – Bootheel Solid Waste Management District
105 E North Main
Dexter, MO 63841
and
Missouri Department of Natural Resources
Jefferson City, MO 65102

We have recently completed the audit of the Region S – Bootheel Solid Waste Management District as of and for the two years ended June 30, 2007, and have issued our accompanying Independent Accountant's Report on Applying Agreed-Upon Procedures dated April 30, 2008. The following recommendations are not considered to be reportable conditions under standards established by the American Institute of Certified Accountants, but we feel they will improve the management of the District.

Recommendations for the Region S – Bootheel Solid Waste Management District Board Consideration:

1. Safety Issues in Clarkton and Gideon

During our test of District inventory, we noticed access to recycling trailers in the cities of Clarkton and Gideon were impaired by the location of the depository openings being at the top and well out of reach for most residents. To remedy this impairment, moveable wooden steps are being used to assist residents to access the recycling trailers. We feel this is a safety issue and potential liability issue as well. We feel these trailers may be more suitable for commercial establishments where recyclables could be deposited from loading docks or permanent elevations.

2. Unlabeled Recycling Containers

During our observation of the rear load containers in Hayti (S2007-11), we noticed the containers were not labeled with the type of recyclables collected. We feel the use of labels would eliminate confusion for employees of the commercial establishments and the public.

3. Post Award Check-list

We feel the District Planner is making a good faith effort to monitor subgrantees. However, the current and prior audit reports indicate a need for improvements. We feel a post award check-list would be a helpful tool.

4. Segregation of Duties

During our review of internal controls, we noted the fiscal officer disburses funds and reconciles banks statements, which is considered an internal control weakness. The fiscal officer appears to be very capable and able to multitask. However, segregation of duties is one of the most important internal control features in any organization. The District should continue to review and discuss ways to promote the segregation of duties for the safeguarding of assets.

These recommendations are intended solely for the information and use of the Region S – Bootheel Solid Waste Management District, management and any required distributions, and are not intended to be, and should not be, used by anyone other than these specified parties.

We express our congratulations to the Region S – Bootheel Solid Waste Management District Board and the administration of the District. We feel many of the District's solid waste objectives and operations are as the program intended.

Yours truly,

A handwritten signature in cursive script that reads "Marvin Wilson".

Marvin Wilson, CPA

April 30, 2008
Jefferson City, Missouri