

MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
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December 2, 2009

INDEPENDENT AUDITORS' REPORT

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DEC 14 2009

To The Executive Board and District Council
Mid-Missouri Solid Waste Management District - Region H
Columbia, Missouri

SWMP OPERATIONS

We have audited the accompanying financial statements of the governmental activities and General Fund of the Mid-Missouri Waste Management District - Region H (the "District"), as of and for the year ended June 30, 2009, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the Mid-Missouri Solid Waste Management District - Region H as of June 30, 2009, 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 December 2, 2009 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

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**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
INDEPENDENT AUDITORS’ REPORT (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

The accompanying Managements’ Discussion and Analysis (pages 4 – 7) 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 of the financial statements that collectively comprise the Mid-Missouri Solid Waste Management District – Region H’s basic financial statements. The supplemental 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.

Casey and Company, LLC

Casey and Company, L.L.C.
Certified Public Accountants
Columbia, Missouri

MANAGEMENTS' DISCUSSION AND ANALYSIS

**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
MANAGEMENTS’ DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

Our discussion and analysis of the Mid-Missouri Solid Waste Management District’s (the “District” or “MMSWMD”) financial performance provides an overview of the District’s financial activities for the year ended June 30, 2009. Please read in conjunction with the District’s financial statements which begin on page 9.

FINANCIAL HIGHLIGHTS

- The District’s net assets totaled \$76,207 on June 30, 2009.
- The District’s funding comes from the Solid Waste Management Fund (the “Fund”) through the Missouri Department of Natural Resources. Tonnage fees from landfills in the state are deposited into this Fund. The current tip fee is \$2.11/ton. A formula for annually dividing the Fund between the 20 districts of the state and Department of Natural Resources is set through legislation. A district’s allotment is dependent on the location of a landfill(s) within the district, the activity of the landfill(s) within the district and the population of the district. The District’s allotment for the four quarters of FY2009 totaled \$399,331, a 7.27% decrease from FY2008 total allotment of \$430,631.
- The District used 44% of the funds for administration of the District and to provide technical assistance to the cities and counties of the District.
- The remaining 56% of the grant funds were used for projects of the cities and counties of the District.
- District expenditures totaled \$537,265 during the fiscal year.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34.

Report Components

This annual report consists of four parts as follows:

Government-Wide Financial Statements: The Statement of Net Assets and the Statement of Activities (pages 9-10) provide information about the activities of the District and present a longer term view of the District’s finances.

Fund Financial Statements: The fund financial statements (pages 11-12) report the District’s operations in more detail than the government-wide statements by providing information about the District’s General Fund. For government activities, these statements tell how the services were financed in the short term as well as what remains for future spending.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements. The notes to the financial statements are on pages 13-19 of this report.

Required Supplementary Information: The Managements’ Discussion and Analysis represents financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as “the basic financial statements”).

**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
MANAGEMENTS’ DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

Basis of Accounting

The District uses a current financial resources measurement focus and the accrual basis of accounting. Its revenues are recognized when susceptible to accrual, i.e. when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized under the accrual basis of accounting when the related fund liability is incurred, if measurable.

Statement of Net Assets

The net assets of MMSWMD are summarized as follows:

| | June 30, 2009 | June 30, 2008 | June 30, 2007 |
|---|-------------------------|-------------------------|-------------------------|
| Cash | \$ 564,729 | \$ 509,335 | \$ 517,834 |
| Accounts (Grants) receivable | - | 88,149 | - |
| Total current assets | <u>564,729</u> | <u>597,484</u> | <u>517,834</u> |
| Equipment, fixtures, furnishings | 22,904 | 22,904 | 22,904 |
| Less: Accumulated depreciation | <u>(7,367)</u> | <u>(5,077)</u> | <u>(2,786)</u> |
| Total non-current assets | <u>15,537</u> | <u>17,827</u> | <u>20,118</u> |
| Total Assets | \$ <u>580,266</u> | \$ <u>615,311</u> | \$ <u>537,952</u> |
| Accounts payable | 34,781 | 52,919 | 27,688 |
| Retainage payable | 2,049 | 3,302 | 14,360 |
| Deferred revenue (Unearned grant revenue) | <u>467,229</u> | <u>471,951</u> | <u>415,515</u> |
| Total Liabilities | \$ <u>504,059</u> | \$ <u>528,172</u> | \$ <u>457,563</u> |
| Capital assets, net | 15,537 | 17,827 | 20,118 |
| Restricted | <u>60,670</u> | <u>69,312</u> | <u>60,271</u> |
| Total Net Assets | \$ <u><u>76,207</u></u> | \$ <u><u>87,139</u></u> | \$ <u><u>80,389</u></u> |

MMSWMD’s net assets were \$76,207 as of June 30, 2009. Total reserves of restricted funds reached \$60,670, a decrease of \$8,642 or a 12.5% decrease from the previous year.

In April of 2004, the Executive Board adopted MMSWMD’s Policies and Administrative Rules (PAR). The PAR states that “MMSWMD shall maintain an unreserved fund balance that is equal to at least 25% of the average operating budget for the prior three fiscal years but no more than 33% of the average operating budget for the prior three fiscal years.” When all MMSWMD activities, including tire collections, HHW, salaries, and other administrative costs are added together for the last three years, the average expenditure for MMSWMD is \$181,243. The target fund balance should therefore be between \$45,311 and \$59,810. Our current fund balance of 33.5% slightly exceeds the highest allowable level, therefore interest revenues and program income will be obligated in the FY 2010 Grant Round 2 to reduce the target fund balance to not exceed 33%.

**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
MANAGEMENTS' DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

Revenues and Expenses

| | <u>June 30,</u> <u>2009</u> | <u>June 30,</u> <u>2008</u> | <u>June 30,</u> <u>2007</u> |
|--|--------------------------------|--------------------------------|--------------------------------|
| Subgrantee Grants (DNR Solid Waste Grants) | \$ 263,479 | \$ 227,474 | \$ 210,718 |
| PI-DO Grants (DNR Administrative Grants) | 215,441 | 131,978 | 142,629 |
| Other Grants (DNR State Grant) | - | - | 10,271 |
| Charges for services | <u>4,060</u> | <u>9,450</u> | <u>7,328</u> |
| Total Revenues | <u>\$ 482,980</u> | <u>\$ 368,902</u> | <u>\$ 370,946</u> |
| Subgrantee grant expenses | \$ 278,165 | \$ 227,474 | \$ 210,719 |
| Personnel | 80,688 | 86,388 | 86,121 |
| Contracted services | 105,397 | 41,350 | 46,493 |
| Depreciation | 2,290 | 2,290 | 2,271 |
| Other | <u>35,053</u> | <u>21,670</u> | <u>33,717</u> |
| Total Expenses | <u>\$ 501,593</u> | <u>\$ 379,172</u> | <u>\$ 379,321</u> |
| Operating surplus (deficit) | \$ (18,613) | \$ (10,270) | \$ (8,375) |
| Investment and other revenue | <u>7,681</u> | <u>17,020</u> | <u>19,650</u> |
| Increase (Decrease) in Net Assets | <u>\$ (10,932)</u> | <u>\$ 6,750</u> | <u>\$ 11,275</u> |

The increase in total revenues in FY2009 from FY2008 is partly due to several sub-grants who were slow to spend down grant revenues in 2009. The \$75,000 budgeted for revision of the District's comprehensive solid waste management plan was de-obligated from Grant #2008002 and re-obligated to #2009002, hence an increase in revenues for the MMSWMD grants. The contract was awarded to Gredell Resources Engineering on November 12, 2008 and the final report was approved by the MMSWMD Executive Board on October 14, 2009 and adopted by the Council in November 2009. Additionally, a contract was awarded to Huber & Associates to redesign the District's website. The District was also more aggressive with the number of one-day collection events for HHW, tires, and electronics to ensure each Region H county had at least one collection event for the year; an impact to contractual services and advertising budget line items. Program income is derived from fees charged at county one-day tire collection events. In FY2009, FY2008 and FY2007, there were no State grants.

Budgetary Highlights

| | <u>Actual</u> <u>June 30, 2009</u> | <u>Budget</u> <u>June 30, 2009</u> |
|----------------------|---------------------------------------|---------------------------------------|
| Grants | \$ 478,920 | \$ 573,878 |
| Interest revenue | 7,681 | 12,000 |
| Charges for services | <u>4,060</u> | <u>5,000</u> |
| Total Revenues | <u>\$ 490,661</u> | <u>\$ 590,878</u> |

**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
MANAGEMENTS’ DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

| | <u>Actual</u> | | <u>Budget</u> |
|--|-------------------|-----------|----------------|
| | June 30, 2009 | | June 30, 2009 |
| Solid waste (sub-grantee) grant expenses | \$ 278,165 | \$ | 294,338 |
| Personnel | 80,688 | | 95,600 |
| Contracted Services | 105,397 | | 168,100 |
| Other | 35,053 | | 50,974 |
| Total Expenses | <u>\$ 499,303</u> | <u>\$</u> | <u>609,012</u> |

Fewer grant applications were received in FY 2009 than anticipated. During FY2009, tonnage fees and interest rates decreased, and affects the District’s quarterly allotment and interest revenue. Overall, expenditures for FY 2009 were conservative.

Contacting MMSWMD’s Financial Management

This financial report is designed to provide MMSWMD’s funding sources, the Missouri Department of Natural Resources, the U.S. Department of Agriculture, those who pay the solid waste tipping fee that funds the Solid Waste Program, vendors, creditors and others interested with a general overview of MMSWMD’s finances and to demonstrate MMSWMD’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District Manager, Cindy Jolly, Mid-Missouri Solid Waste Management District – Region H, P.O. Box 6015, Columbia MO 65205-6015.

BASIC FINANCIAL STATEMENTS

MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
STATEMENT OF NET ASSETS
JUNE 30, 2009

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS: | |
| Cash | \$ 564,729 |
| Capital assets, net of accumulated depreciation | <u>15,537</u> |
| Total Assets | \$ <u>580,266</u> |
| LIABILITIES: | |
| Accounts payable | \$ 34,781 |
| Retainage payable | 2,049 |
| Deferred revenues | <u>467,229</u> |
| Total Liabilities | \$ <u>504,059</u> |
| Net Assets: | |
| Invested in capital assets, net of related debt | \$ 15,537 |
| Restricted | <u>60,670</u> |
| Total Net Assets | \$ <u><u>76,207</u></u> |

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Assets Governmental Activities |
|-------------------------------------|---------------------|-------------------------|--|--|
| Governmental Activities: | | | | |
| Program and subgrant expenditures - | | | | |
| Solid Waste Services | \$ (501,593) | \$ 4,060 | \$ 478,920 | \$ (18,613) |
| Intergovernmental-contributions | <u>(37,962)</u> | <u>-</u> | <u>37,962</u> | <u>-</u> |
| Total Governmental Activities | \$ <u>(539,555)</u> | \$ <u>4,060</u> | \$ <u>516,882</u> | (18,613) |
| | | General Revenues: | | |
| | | | Interest income | \$ <u>7,681</u> |
| | | | Change in net assets | \$ (10,932) |
| Net assets at beginning of year | | | | \$ <u>87,139</u> |
| Net assets at end of year | | | | \$ <u><u>76,207</u></u> |

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
BALANCE SHEET
JUNE 30, 2009

| | | General Fund |
|--|----|-----------------|
| Assets: | \$ | |
| Cash | | 564,729 |
| Total Assets | \$ | 564,729 |
| Liabilities and Fund Balance: | | |
| Accounts payable | \$ | 34,781 |
| Retainage payable | | 2,049 |
| Deferred revenues | | 467,229 |
| Total Liabilities | \$ | 504,059 |
| Fund balance - reserved | \$ | 60,670 |
| Total Liabilities and Fund Balance | \$ | 564,729 |
| Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets | | |
| Total fund balance - governmental fund | \$ | 60,670 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Capital assets used in the operation of governmental funds are not financial resources and, therefore, are not reported in the funds. | | |
| These assets consist of: | | |
| Trailer and equipment | \$ | 22,904 |
| Accumulated depreciation | | (7,367) |
| Total capital assets, net | \$ | 15,537 |
| Total net assets - governmental activities | \$ | 76,207 |

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

MID - MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2009

| | <u>General Fund</u> |
|--|--|
| Revenues: | |
| Intergovernmental | \$ 478,920 |
| Intergovernmental - contributions | 37,962 |
| Charges for services | 4,060 |
| Interest income | <u>7,681</u> |
| Total Revenues | \$ <u>528,623</u> |
| Expenditures: | |
| Administration- | |
| Personnel expense | \$ 73,334 |
| Fringe benefits | 25,911 |
| Contractual services | 105,397 |
| Supplies and materials | 16,485 |
| Travel | 8,981 |
| Other | 28,992 |
| District grant expenditures- | |
| Personnel | 3,792 |
| Contractual services | 66,746 |
| Supplies | 9,225 |
| Other | 314 |
| Equipment | 197,646 |
| Operating | <u>442</u> |
| Total Expenditures | \$ <u>537,265</u> |
| Excess (Deficiency) of revenues over expenditures | (8,642) |
| Fund balance - beginning of year | \$ <u>69,312</u> |
| Fund balance - end of year | \$ <u><u>60,670</u></u> |
| Total net change in fund balance - governmental fund | \$ (8,642) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays. | <u>\$ (2,290)</u> |
| Change in net assets of governmental activities | <u>\$ (10,932)</u> |

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

NOTES TO THE BASIC FINANCIAL STATEMENTS

MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

1.A. Financial Reporting Entity

The accompanying financial statements present the activity of the Mid-Missouri Solid Waste Management District – Region H (the "District"). The District was formed pursuant to Section 260.305 of the Revised Statutes of Missouri, and its operation is under the control of an Executive Board and District Council under the oversight of the Missouri Department of Natural Resources. The District was formed in December 1991 and includes the counties of Audrain, Boone, Callaway, Cole, Cooper, Howard, Moniteau, and Osage. There are twenty-four cities within these counties that belong to the District. The District is not a component unit of another government organization.

1.B. Basis of Presentation

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues; however the District does not receive any taxes but operates substantially under grants received from the Missouri Department of Natural Resources.

The General Fund is the primary and only fund of the District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

1.C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the Statement of Net Assets and the Statement of Activities, the governmental activities are presented 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.

All governmental funds utilize a "current financial resources" measurement focus and the 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 when the District receives cash.

**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

1.D. Assets, Liabilities, and Equity

Cash

For the purpose of financial reporting "cash" includes all demand accounts. The District held three demand checking accounts of which two are interest-bearing. Petty cash of \$75 is also included in cash.

Accounts Receivable

Amounts billed to the state of Missouri for grant funds not yet received as of June 30, 2009 are classified as accounts receivable.

Capital Assets

The District's accounting reports capital assets and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements. All capital assets are used in governmental operations and represent those assets owned by the District. Capital assets purchased through state grants by subgrantees are not included in the basic financial statements. The District must file a UCC-1 form; or, for those items that require a title through the Department of Revenue the District must be listed as the lien holder to perfect its security interest for all assets in excess of \$5,000 purchased by subgrantees. The security interest in the equipment shall be equivalent to the amount of funding provided for the purchase of the equipment. The security interest period begins on the start date of the project for a period of four years that will decrease at the rate of 25% per year until the period is up and then the security interest is relinquished on the part of the state. The capital asset then belongs to the subgrantee. The District has not calculated the amount of security interest held in these capital assets as of June 30, 2009.

Government-Wide Statements

In the government-wide financial statements, capital assets owned by the District are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The District has established a capitalization threshold of \$5,000 for recording its capital assets. The estimated useful life used on the District's equipment items is 10 years.

Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Accounts Payable

Accounts payable represent invoices received after June 30, 2009 for goods and services received prior to year end.

**MID – MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Retainage Payable

Retainage payable represents amounts held from particular grant projects pending the completion of the project along with filing a final report with the Executive Board for approval.

Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grants received before the eligibility requirements are met are reported as deferred revenue.

Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. The District has no outstanding debt.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

The District has no unrestricted net assets since all monies in the District's bank accounts are to be used for future grant projects in accordance with regulations of the Missouri Department of Natural Resources.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is designated as reserved since these monies are to be used for future grant projects.

1.E. Revenues and Expenditures

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the District are reported as program revenues. The District has only one program:

| | |
|----------------------|--|
| Solid Waste Services | Program revenues are intergovernmental revenues from the state of Missouri for solid waste services and charges for services for tire collections and household hazardous waste collections. |
|----------------------|--|

All other governmental revenues are reported as general.

**MID – MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

1.F. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation). Actual results could differ from those estimates and assumptions.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the District is subject to various federal, state, and local laws and contractual regulations.

2.A. Insured and Collateralized Deposits

In accordance with state law, all uninsured deposits of municipal and state funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit. At June 30, 2009 the District's deposits were entirely insured and collateralized.

2.B. Budgetary Compliance

The Solid Waste Management District is not required to adopt a legally enforceable budget by state law. A budget to actual schedule required by the Government Accounting Standards Board for required supplementary information will therefore not be presented. The District does prepare an annual overall budget for operating purposes and a budget to actual schedule is presented as additional supplemental information.

NOTE 3. CASH AND INVESTMENTS

Disclosures are provided below to comply with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

The District's deposits at June 30, 2009 were not exposed to custodial credit risk because they were entirely covered by federal depository insurance.

Investments and Custodial Credit Risk

Investments are limited by State law to the following:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

**MID – MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2009**

- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper, and repurchase agreements with certain limitations.
- d. County, municipal, or school district tax-supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the Securities and Exchange Commission and in which investments consist of the investments mentioned in the previous paragraphs a, b, c, and d.

The District did not have any investments during the year ended June 30, 2009 or at June 30, 2009.

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009, is as follows:

| | Balance July 1, 2008 | Additions | Deletions | Balance June 30, 2009 |
|------------------------------------|----------------------------|------------|-----------|-----------------------------|
| Trailer and equipment | \$ 22,904 | \$ - | \$ - | \$ 22,904 |
| Total | \$ 22,904 | \$ - | \$ - | \$ 22,904 |
| Less accumulated depreciation for: | | | | |
| Trailer and equipment | \$ (5,077) | \$ (2,290) | \$ - | \$ (7,367) |
| Total accumulated depreciation | \$ (5,077) | \$ (2,290) | \$ - | \$ (7,367) |
| Capital assets, net | \$ 17,827 | \$ (2,290) | \$ - | \$ 15,537 |

Depreciation expense for governmental activities of \$2,290 was charged to Solid Waste Services in the Statement of Activities.

NOTE 5. RISK MANAGEMENT

The District purchases commercial insurance to provide coverage for the various types of risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

NOTE 6. RELATED ORGANIZATION

The District contracts with the City of Columbia to provide for the District's administration. The District receives in-kind contributions from the city through the payment of personnel costs, intergovernmental services, rent and utilities. The value of the contribution totaled \$37,962 during the year ended June 30, 2009. The revenues and expenditures have been adjusted accordingly as follows:

**MID – MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

NOTE 6. RELATED ORGANIZATION (CONTINUED)

| | | |
|---------------|-----------------------------------|-----------------|
| Revenues | Intergovernmental – contributions | \$37,962 |
| Expenditures: | Personnel | \$13,602 |
| | Fringe benefits | 4,955 |
| | Supplies and Materials | 14,974 |
| | Travel | 69 |
| | Other | <u>4,362</u> |
| | Total Expenditures | <u>\$37,962</u> |

CASEY AND COMPANY OF COLUMBIA, L.L.C.



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December 2, 2009

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*

Mid-Missouri Solid Waste Management District – Region H
Executive Board and District Council
Columbia, Missouri

We have audited the financial statements of the governmental activities and General Fund of the Mid-Missouri Solid Waste Management District – Region H (the “District”), as of and for the year ended June 30, 2009, which comprise the District’s basic financial statements and have issued our report thereon dated December 2, 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 Mid-Missouri Solid Waste Management District – Region H’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the effectiveness of Mid-Missouri Solid Waste Management District – Region H’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mid-Missouri Solid Waste Management District – Region H’s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

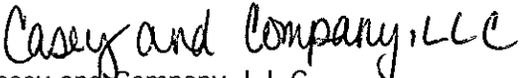
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over that we consider to be material weaknesses, as defined above.

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•
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Public
Accountants
•
Missouri
Society of
Certified
Public
Accountants
•

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mid-Missouri Solid Waste Management District – Region H’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, Board of Directors, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.


Casey and Company, L.L.C.
Certified Public Accountants
Columbia, Missouri

**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Mid-Missouri Solid Waste Management District – Region H on the applicable finding in the prior audit report issued for the year ended June 30, 2008.

Finding:

Some transactions were incorrectly posted to Unearned Grant Revenues and District Grant Revenue materially misstating the District's total liabilities, net assets, and net income. After corrections were posted to the accounting system by the District Coordinator, Unearned Grant Revenues, Net Income, and Total Fund Equity was affected by \$56,132.

Recommendation:

The District Coordinator ensure that all transactions to the accounting system have been posted correctly and the Executive Board review the financial statements more thoroughly to ensure that the financial statements are correctly stated.

Status:

Implemented

The audit report did not disclose any noncompliance and internal control findings that are material to the financial statements of the District.

MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget, Over (Under)</u> |
|--|--------------------------------|--------------------------------|--------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Solid waste grants from state | \$ 294,338 | \$ 294,338 | \$ 263,479 | \$ (30,859) |
| Administrative grants from state | 279,540 | 279,540 | 215,441 | (64,099) |
| Interest income | 12,000 | 12,000 | 7,681 | (4,319) |
| Charges for services | <u>5,000</u> | <u>5,000</u> | <u>4,060</u> | <u>(940)</u> |
| Total Revenues | \$ <u>590,878</u> | \$ <u>590,878</u> | \$ <u>490,661</u> | \$ <u>(100,217)</u> |
| Expenditures: | | | | |
| Administration- | | | | |
| Personnel expense | \$ 72,246 | \$ 72,246 | \$ 59,732 | \$ (12,514) |
| Fringe benefits | 23,354 | 23,354 | 20,956 | (2,398) |
| Contractual services | 168,100 | 168,100 | 105,397 | (62,703) |
| Capital expenses | 1,700 | 1,700 | - | (1,700) |
| Supplies and materials | 7,917 | 7,917 | 1,511 | (6,406) |
| Travel | 11,350 | 11,350 | 8,912 | (2,438) |
| Other | 30,007 | 30,007 | 24,630 | (5,377) |
| District grant expenditures- | | | | |
| Personnel | 5,508 | 5,508 | 3,792 | (1,716) |
| Contractual services | 64,050 | 64,050 | 66,746 | 2,696 |
| Equipment | 204,132 | 204,132 | 197,646 | (6,486) |
| Supplies | - | - | 9,225 | 9,225 |
| Other | - | - | 314 | 314 |
| Management | 7,730 | 7,730 | - | (7,730) |
| Operating | <u>12,918</u> | <u>12,918</u> | <u>442</u> | <u>(12,476)</u> |
| Total Expenditures | \$ <u>609,012</u> | \$ <u>609,012</u> | \$ <u>499,303</u> | \$ <u>(109,709)</u> |
| Excess (deficiency) of Revenues over Expenditures | \$ (18,134) | \$ (18,134) | \$ (8,642) | \$ 9,492 |
| Fund balance, beginning of year | \$ <u>69,312</u> | \$ <u>69,312</u> | \$ <u>69,312</u> | \$ <u>-</u> |
| Fund balance, end of year | \$ <u><u>51,178</u></u> | \$ <u><u>51,178</u></u> | \$ <u><u>60,670</u></u> | \$ <u><u>9,492</u></u> |

SEE ACCOMPANYING NOTES TO THE BUDGETARY COMPARISON SCHEDULE

MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
COMPOSITION OF CASH BALANCE
JUNE 30, 2009

| Project Grant Number | Project Name | Beginning Program Funding Amount | Carryover Funds Obligated | Program & Interest Income Allocated | Total Program Funding | Total Disbursements | Additional Program Funds Used | June 30, 2009 Grants Cash Balance |
|----------------------|---|----------------------------------|---------------------------|-------------------------------------|-----------------------|---------------------|-------------------------------|-----------------------------------|
| H2009-01 | Region H District Operations FY 2009 | \$ 82,492 | \$ - | \$ - | \$ 82,492 | \$ 37,125 | \$ - | \$ 45,367 O |
| H2009-02 | Region H Plan Implementation FY 2009 | 153,918 | 75,000 | 3,265 | 232,183 | 114,900 | 433 | 116,850 O |
| H2009-03 | Endless Options (EO) Recycles | 4,486 | - | - | 4,486 | 3,083 | - | 1,403 O |
| H2009-04 | Increase E-Scrap and Aluminum Collection | 4,775 | - | - | 4,775 | - | - | 4,775 O |
| H2009-05 | Special Event Recycling Containers | 4,000 | - | - | 4,000 | - | - | 4,000 O |
| H2009-06 | Brush With Greatness - Dual Stream Recycling | 46,894 | 53,106 | - | 100,000 | - | - | 100,000 O |
| H2009-07 | Boone County Recycles Expansion 2009 | 37,833 | - | - | 37,833 | - | - | 37,833 O |
| H2009-08 | Improving Processing of Commodities | 55,200 | - | - | 55,200 | - | - | 55,200 O |
| H2009-12 | Office Recycling Gone Wild | 5,000 | - | - | 5,000 | - | - | 5,000 O |
| H2008-04 | Lincoln University Composting Workshops | 4,612 | 388 | - | 5,000 | - | - | 5,000 O |
| H2008-05 | River Relief, Inc. Hartsburg Cleanup | 4,900 | - | - | 4,900 | 4,900 | - | - |
| H2008-06 | Boundless Playground | 11,304 | 6,715 | - | 18,019 | - | - | 18,019 O |
| H2008-07 | Recycling Balers and Compactors | 54,618 | 1,632 | - | 56,250 | - | - | 56,250 O |
| H2008-08 | Self-Cleaning Magnet Project | 14,775 | - | - | 14,775 | - | - | 14,775 O |
| H2008-09 | Efficiently Process Increased Diversion Tonnage | 45,498 | 2,902 | - | 48,400 | 30,924 | - | 17,476 O |
| H2008-10 | Habitat Re-Store Covered Retail Addition | 26,735 | 9,622 | 13,368 | 49,725 | 49,725 | - | - |
| H2008-11 | Pups Recycling Club | 5,000 | - | - | 5,000 | 2,053 | - | 2,947 O |
| H2008-12 | Seasonal Beverage Container Recycling | 2,721 | - | 2,000 | 4,721 | - | - | 4,721 O |
| H2008-13 | Growing Recycling Business in Need of Receptacles | 2,418 | 682 | 1,318 | 4,418 | 4,102 | - | 316 O |
| H2007005 | City of Mexico HHW Collection | 19,787 | - | - | 19,787 | 15,983 | - | 3,804 O |
| H2007009 | City of Columbia Eddy Current Separator Purchase | 45,000 | - | - | 45,000 | 45,000 | - | - |
| H2007014 | City of Columbia Reconditioned Baler Purchase | 5,000 | - | - | 5,000 | 5,000 | - | - |
| H2007015 | City of Columbia Plastic Recycling Container Purchase | 4,000 | - | - | 4,000 | 3,716 | - | 284 O |
| Totals | | <u>\$ 640,966</u> | <u>\$ 150,047</u> | <u>\$ 19,951</u> | <u>\$ 810,964</u> | <u>\$ 316,511</u> | <u>\$ 433</u> | <u>\$ 494,020</u> |

1 = Carryover Unobligated consists of the following:

| | |
|----------|---------|
| H2007001 | \$2,155 |
| H2007007 | 7,325 |
| H2006014 | 50 |
| H2008001 | 10 |

O = Obligated
U = Unobligated

| | | |
|----------------------------------|-------------------|---|
| Program income unobligated | 14,640 | U |
| Interest income unobligated | 46,529 | U |
| Carryover unobligated | 1 9,540 | U |
| Adjusted cash balance | <u>\$ 564,729</u> | |
| Reconciled Bank Balances: | | |
| Checking account | \$ 1,000 | |
| Administration account | 231,210 | |
| District Grants account | 332,444 | |
| Petty cash | 75 | |
| Total Cash Balance | <u>\$ 564,729</u> | |
| Unreconciled difference | <u>\$ -</u> | |

**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
SCHEDULE OF SUBGRANT EXPENDITURES BY GRANT NUMBER
FOR THE YEAR ENDED JUNE 30, 2009**

| Grant Number | Project Grant Description | Expenditures |
|--------------|--|-------------------|
| H2006004 | City of Columbia Recycling Mini-Roll-off Truck Purchase | \$ 46,897 |
| H2007003 | University of Missouri-Columbia Recycling Bin/Banner Purchase | 5,000 |
| H2007005 | City of Mexico HHW Collection | 10,543 |
| H2007007 | University of Missouri-Columbia Campus Recycling Container Purchase | 67,675 |
| H2007008 | City of Fulton Recycling Consulting Fees | 451 |
| H2007009 | City of Columbia Eddy Current Separator Purchase | 45,000 |
| H2007011 | Central Mo Association for the Education of Young Children Reduce/Reuse Curriculum | 5,000 |
| H2007013 | Kingdom Projects, Inc. Recycling Dumpsters/Containers Purchase | 5,000 |
| H2008-01 | Region H District Operations | 15,083 |
| H2008-02 | Region H Plan Implementation | 18,817 |
| H2008-05 | River Relief, Inc. Hartsburg Cleanup | 1,469 |
| H2008-09 | Efficiently Process Increased Diversion Tonnage | 30,924 |
| H2008-10 | Habitat Re-Store Covered Retail Addition | 49,725 |
| H2008-11 | Pups Recycling Club | 2,265 |
| H2008-13 | Growing Recycling business in Need of Receptacles | 4,194 |
| H2009-01 | Region H District Operations | 52,544 |
| H2009-02 | Region H Plan Implementation | 134,695 |
| H2009-03 | Endless Options Recycles | 4,021 |
| | Total Subgrant Expenditures | \$ 499,303 |
| | Expenditure contributions provided by City of Columbia | 37,962 |
| | Total Expenditures | \$ <u>537,265</u> |

MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
SCHEDULE OF CAPITAL ASSETS HELD BY SUBGRANTEES
JUNE 30, 2009

| ASSET | GRANT AMOUNT OR PURCHASE AMOUNT | GRANT NUMBER | SUBGRANTEE |
|---|---------------------------------------|-----------------|-----------------------------|
| 3 - Alley Cat Recycle Trailers | \$ 29,249 | H2005153 | Handi-Shop, Inc. |
| 4 - Roll-off Compactors | 21,002 | H2005155 | City of Columbia |
| Flender Shredder Blower & Conveyer | 9,425 | H2005156 | Ryan Enterprises, Inc. |
| Flatbed Trailer | 4,897 | H2005156 | Ryan Enterprises, Inc. |
| Grinder/shredder | 47,625 | H2005156 | Ryan Enterprises, Inc. |
| Load Leveler | 17,291 | H2005157 | City of Columbia |
| Horizontal Baler | 52,360 | H2006002 | Boonslick Industries, Inc. |
| Box Truck | 46,898 | H2006004 | City of Columbia |
| Mini Recycling Roll off Truck | 36,250 | H2006005 | City of Columbia |
| 5 - 20 yd Recycling Roll off Containers | 33,720 | H2006006 | City of Jefferson City |
| Spring Mounted Truck Scale | 11,250 | H2006007 | City of Columbia |
| Roll-off Recycling Trailer | 4,129 | H2006011 | Columbia College |
| Water Reel w/SimeHydra Sprinkler | 5,000 | H2007002 | Loganbill Enterprises, Inc. |
| 2007 Mercury Motor | 7,500 | H2007004 | River Relief, Inc. |
| 24 ft aluminum plate boat with trailer | 8,495 | H2007004 | River Relief, Inc. |
| HHW 40 ft Metal Storage Container | 7,869 | H2007005 | City of Mexico |
| Compactor Truck | 43,000 | H2007006 | Boonslick Industries, Inc. |
| Eddy Current Separator | 45,000 | H2007009 | City of Columbia |
| Reconditioned Fox 60" Baler | 5,000 | H2007014 | City of Columbia |
| Asphalt base, tire tiles for playground | 17,087 | H2008006 | City of Holts Summit |
| Balers and compactors | 56,250 | H2008007 | City of Columbia |
| Self-cleaning Magnet | 14,775 | H2008009 | City of Columbia |
| Conveyor Belt System, Baler | 48,500 | H2008009 | Boonslick Industries, Inc. |
| 40X80 ft Canopy Structure | 49,874 | H2008010 | River City Habitat 4-H |
| Dual Chamber Rear Loader | 100,000 | H2009006 | City of Fulton |
| 5-28 yd Roll-off Recycling Containers | 37,833 | H2009007 | County of Boone |
| Horizontal Baler | 55,200 | H2009008 | Boonslick Industries, Inc. |
| Total | \$ <u>815,479</u> | | |

Notes:

The above includes only those equipment items that the District/State still has security interest in for which there is a UCC-1 filed or a title filed with the Department of Revenue listing the District as the lien holder. Other items included on the District's inventory listing that were purchased with grant funds that are below the \$5,000 security interest level are not included in the listing above.