



Missouri Department of dnr.mo.gov

NATURAL RESOURCES

Michael L. Parson, Governor

Carol S. Comer, Director

FEB 26 2020

Gary Collins
Region P – South Central Solid Waste Management District
123 Sea Ridge Drive
Dora, MO 65637

RE: Region P – South Central Solid Waste Management District, FY2019 and FY2018 Audit Desk Review

Dear Gary Collins:

The Missouri Department of Natural Resources' Waste Management Program (WMP) has completed the desk review of the audited financial statements of South Central Solid Waste Management District–Region P, conducted by Deidiker Accounting & Consulting, LLC of West Plains, Missouri for the years ended June 30, 2019, and June 30, 2018.

The purpose of this desk review was to determine whether the financial audit report met applicable standards and requirements. The audit was received within the required 180-day timeframe with a 30-day extension and there appear to be no significant deficiencies per our review. The audit contained an unqualified opinion with no reported current year findings and no questioned costs. Please note, audits of financial statements are required to be performed in accordance with Generally Accepted Government Auditing Standards (GAGAS).

Please refer to the enclosed Audit Submittal Checklist for your next audit to confirm the completeness of audit reports. This will allow you to work with the audit firm to ensure future audited financial statements are in compliance.

We appreciate your efforts in fulfilling the audit reporting requirements. If you have any questions or concerns please contact Lauren Cole at Missouri Department of Natural Resources, Waste Management Program, P.O. Box 176, Jefferson City, MO 65102, by phone at 573-526-3843 or by email at lauren.cole@dnr.mo.gov.

Sincerely,

WASTE MANAGEMENT PROGRAM

Richard A. Kempker, Chief
Operations Section

Gary Collins
Page 2

Enclosure

c: Sarah Callahan, Region P Solid Waste Management District

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

POMONA, MISSOURI

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS**

For the Years Ended June 30, 2019 and June 30, 2018

DEIDIKER Accounting & Consulting, LLC

Certified Public Accountants

P.O. Box 528

West Plains, MO 65775

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

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DEIDIKER
ACCOUNTING & CONSULTING, LLC
Certified Public Accountants
DEIDIKER ACCOUNTING BUILDING
P.O. BOX 528
WEST PLAINS, MO 65775
417 255-1128
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Independent Auditor's Report

South Central Solid Waste Management District
Executive Board and District Council
Pomona, MO 65789

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the South Central Solid Waste Management District, as of and for the years ended June 30, 2019, and June 30, 2018 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and compliance with certain provisions of laws, regulations, and significant provisions of loans or grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. These considerations are made in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing opinions on the effectiveness of the entity's internal control or its compliance with laws, regulations, or significant provisions of loans and grants. Accordingly, we express no such opinions. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the South Central Solid Waste Management District as of and for the years ended June 30, 2019 and June 30, 2018, and the results of its operation, where applicable, thereof for the years then ended in conformity with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated December 31, 2019, on our consideration of the District's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls over financial reporting or compliance.

Supplementary Information

The Management's Discussion and Analysis is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is considered to be an essential part of the financial reporting for planning the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the supplemental information in accordance with auditing standards generally accepted in the United States, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise of the South Central Solid Waste Management District's basic financial statements taken as a whole. The accompanying Schedule of Receipts and Expenditures of State Awards on pages 21 and 22 is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements and 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.

DEIDIKER Accounting & Consulting, LLC

DEIDIKER Accounting & Consulting, LLC

Certified Public Accountants

December 31, 2019

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis June 30, 2019 and June 30, 2018

The Management's Discussion and Analysis (MD&A) of the South Central Solid Waste Management District provides an overview and analysis of the District's financial activities for the fiscal years ended June 30, 2019 and 2018. The intent of the MD&A is to look at the District's financial performance as a whole. Readers should also review the financial statements starting on page 9, and the notes thereto to enhance their understanding of the District's financial performance.

Certain comparative information between the current year, fiscal year 2019 and the prior year fiscal year 2018, is required to be presented in the MD&A. We encourage readers to consider the information presented here in conjunction with the South Central Solid Waste District's financial statements.

Financial Highlights

Key financial highlights for the fiscal years ended June 30, 2019 and 2018 include the following:

The government-wide net position increased by \$36,729 at June 30, 2019 as compared to a decrease of \$136,613 at June 30, 2018. The governmental funds ending fund balance increased \$36,729 at June 30, 2019 as compared to a decrease of \$136,613 at June 30, 2018.

Program revenues made up 99.5% and 98.9% of the total revenues for the years ended June 30, 2019 and 2018 respectively, with general revenues making up the balance. These program revenues covered 100% of the program expenditures for both 2019 and 2018.

The assets of the South Central Solid Waste Management District exceeded its liabilities at June 30, 2019, by \$95,375 and by \$58,646 as of June 30, 2018. Of these amounts, as of June 30, 2019 and June 30, 2018, respectively, \$2,866 and \$0 were unrestricted, which may be used to meet the District's ongoing obligations.

The District did not maintain short-term or long-term liabilities as of June 30, 2019 or June 30, 2018 and did not maintain long-term liabilities as of June 30, 2019 and June 30, 2018.

Overview of the Financial Statements

This Management's Discussion and Analysis is provided as an introduction to the basic financial statements. The basic financial statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis June 30, 2019 and June 30, 2018

Government-wide Financial Statements

The government-wide financial statements are a broad overview of the District's finances in a manner similar to a private business.

The government-wide financial statements, consisting of the Government-Wide Statement of Net Position and the Government-Wide Statement of Activities, provide highly consolidated financial information and render a government-side perspective of the District's financial condition. They present an aggregate view of the District's finances. These statements seek to answer the question, "How did the District do financially during Fiscal Years 2019 and 2018?" In short, is the District better or worse financially this year as compared to the prior year? The Statement of Net Position presents all the District's recorded assets and liabilities with the difference between the two reported as net position on the cash basis of accounting. Net position is important measure of the Department's overall financial health. The basis of accounting reflects revenues and expenses when received or paid, except for certain assets which are reflected as assets and are depreciated.

The Statement of Activities presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported when the event giving rise to the change is covered by the receipt or payment of cash. By showing the change in net position for the years, the reader may ascertain whether the District's financial condition has improved or deteriorated. The changes which are discussed in the MD&A may be financial or non-financial in nature. Non-financial factors which may have an impact on the District's financial condition include increases in or erosion of the facilities, maintenance, and condition or other external factors.

Fund Financial Statements

To provide more in-depth reporting of the District's financial position and changes in financial position, fund basis financial information is presented in the fund financial statements beginning on page 13. These funds are required to be established by finance related legal requirements or management directive. These fund financial statements help the reader to determine whether there are more or fewer financial resources that can be spent in the near future for District programs.

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 maintains only general funds.

Governmental Funds

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, governmental fund financial statements focus on near-

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis June 30, 2019 and June 30, 2018

term inflows and outflows of spendable resources, as well as on balances of spendable resources available as of the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the 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 fund statement of revenues, expenditures, and changes in fund balance provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

Notes to the 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. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The District did not have sensitive disclosures as of June 30, 2019 and June 30, 2018.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains certain other supplementary information. The District does not have internal service funds or funds that are classified as non-major.

Governmental-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of the District's financial position. As of June 30, 2019, assets exceeded liabilities by \$95,375 as of June 30, 2018, the District's net position totaled \$58,646. The largest portion of the District's net position reflects its cash balances.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

**Management's Discussion and Analysis
June 30, 2019 and June 30, 2018**

Net Position

Net Position of the District as condensed at June 30, 2019, June 30, 2018 and June 30, 2017 consist of the following:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current and Other Assets	\$95,375	\$58,646	\$195,259
Capital Assets, net of Depreciation	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Assets	\$95,375	\$58,646	\$195,259
Current Liabilities	\$0	\$0	\$0
Long-Term Debt	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Liabilities	\$0	\$0	\$0
Invested in Capital Assets	\$0	\$0	\$0
Restricted	\$92,509	\$58,646	\$111,656
Unrestricted	<u>\$2,866</u>	<u>\$0</u>	<u>\$83,603</u>
Total Net position	<u>\$95,375</u>	<u>\$58,646</u>	<u>\$195,259</u>

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

**Management's Discussion and Analysis
June 30, 2019 and June 30, 2018**

Change in Net Position

Net position at June 30, 2019 and 2018 reflect an increase of \$36,729 and a decrease of \$136,613, respectively from the prior year balances. Key elements of these changes consist of the following:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues:			
Program Revenues:			
Charges for Services	\$0	\$0	\$0
Operating Grants and Contributions	\$239,704	\$139,156	\$338,694
General Revenues			
Interest Income	\$453	\$462	\$450
Miscellaneous Revenues	<u>\$3,100</u>	<u>\$2,600</u>	<u>\$4,007</u>
Total Revenues	\$243,257	\$142,218	\$343,151
Expenses:			
Grant Expenses	\$62,109	\$98,344	\$89,455
Personnel Expenses	\$67,257	\$62,604	\$40,873
Office Expense	\$55,161	\$85,137	\$37,650
Executive Board	\$253	\$453	\$0
Dues and Subscriptions	\$1,189	\$1,619	\$3,178
Travel	\$13,076	\$16,157	\$13,043
Office Space and Rent	\$2,200	\$675	\$0
Repair and Maintenance	\$5,283	\$13,842	\$6,224
Depreciation	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Expenses	\$206,528	\$278,831	\$190,423
Increase (Decrease) in Net Position	\$36,729	(\$136,613)	\$152,728
Net Position, Beginning of Year	\$58,646	\$195,259	\$42,531
Prior Period Adjustment	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Net Position, End of Year	<u>\$95,375</u>	<u>\$58,646</u>	<u>\$195,259</u>

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

**Management's Discussion and Analysis
June 30, 2019 and June 30, 2018**

Capital Assets

At June 30, 2018, the District did not have capital assets. During the 2019 fiscal year, the District did not purchase capital assets.

A summary of capital assets at June 30, 2019, June 30, 2018 and June 30, 2017 consists of the following:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Utility Trailers	\$0	\$0	\$0
Furniture, Vehicles and Equipment	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$0	\$0	\$0
Accumulated Depreciation	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Net Capital Assets	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Further analysis of the capital assets activities of the District is contained in the notes to the financial statements.

Debt Administration

The District did not maintain long-term debt as of June 30, 2019 and June 30, 2018.

Requests for Information

This financial report is designed to provide the reader a general overview of the District's finances. Questions or request for additional information concerning any of the information provided in this report should be directed to South Central Solid Waste Management District, South Central Ozark Council of Governments, 4407 County Road 2340, Pomona, Missouri, 65789.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

Statement of Net Position

Cash Basis

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<i>ASSETS</i>		
Current Assets		
Cash	\$95,375	\$58,646
Other Current Assets	<u>\$0</u>	<u>\$0</u>
Total Current Assets	\$95,375	\$58,646
Capital Assets		
Property, Plant, & Equipment (Net)	<u>\$0</u>	<u>\$0</u>
Total Capital Assets	<u>\$0</u>	<u>\$0</u>
<i>TOTAL ASSETS</i>	<u>\$95,375</u>	<u>\$58,646</u>
Current Liabilities		
Accounts Payable	<u>\$0</u>	<u>\$0</u>
Total Current Liabilities	\$0	\$0
Long-Term Liabilities		
Loans Payable	<u>\$0</u>	<u>\$0</u>
Total Long-Term Liabilities	<u>\$0</u>	<u>\$0</u>
<i>TOTAL LIABILITIES</i>	<u>\$0</u>	<u>\$0</u>
<i>NET POSITION</i>		
Investment in Capital Assets, Net of Debt	\$0	\$0
Restricted	\$92,509	\$58,646
Unrestricted	<u>\$2,866</u>	<u>\$0</u>
<i>TOTAL NET POSITION</i>	<u>\$95,375</u>	<u>\$58,646</u>
<i>TOTAL LIABILITIES AND NET POSITION</i>	<u>\$95,375</u>	<u>\$58,646</u>

The notes to the financial statements are an integral part of this statement.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT
Statement of Activities
Cash Basis

Year Ended June 30, 2019

	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>TOTAL GOVERNMENTAL ACTIVITIES</u>
FUNCTIONS/PROGRAMS					
GOVERNMENTAL ACTIVITIES					
General Government	\$206,528	\$0	\$242,104		\$35,576
TOTAL GOVERNMENTAL ACTIVITIES	\$206,528	\$0	\$242,104		\$35,576

GENERAL REVENUES

Miscellaneous	\$700
Investment Income	<u>\$453</u>
TOTAL GENERAL REVENUES	<u>\$1,153</u>
CHANGE IN NET POSITION	\$36,729
NET POSITION, BEGINNING OF YEAR	\$58,646
NET POSITION, END OF YEAR	<u>\$95,375</u>

The notes to the financial statements are an integral part of this statement.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT
Statement of Activities
Cash Basis

Year Ended June 30, 2018

	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>TOTAL GOVERNMENTAL ACTIVITIES</u>
FUNCTIONS/PROGRAMS					
GOVERNMENTAL ACTIVITIES					
General Government	\$278,831	\$0	\$140,756		(\$138,075)
TOTAL GOVERNMENTAL ACTIVITIES	\$278,831	\$0	\$140,756		(\$138,075)

GENERAL REVENUES

Sales	\$1,000
Miscellaneous	\$0
Investment Income	<u>\$462</u>

TOTAL GENERAL REVENUES \$1,462

CHANGE IN NET POSITION (\$136,613)

NET POSITION, BEGINNING OF YEAR \$195,259

NET POSITION, END OF YEAR \$58,646

The notes to the financial statements are an integral part of this statement.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

Balance Sheet

Cash Basis

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<i>ASSETS</i>		
Cash	\$95,375	\$58,646
<i>TOTAL ASSETS</i>	<u>\$95,375</u>	<u>\$58,646</u>
<i>LIABILITIES AND FUND BALANCE</i>		
Liabilities	\$0	\$0
Fund Balance		
Restricted for grant purposes	\$92,509	\$58,646
Unrestricted	<u>\$2,866</u>	<u>\$0</u>
<i>TOTAL FUND BALANCE</i>	<u>\$95,375</u>	<u>\$58,646</u>
<i>TOTAL LIABILITIES AND FUND BALANCE</i>	<u>\$95,375</u>	<u>\$58,646</u>
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION		
Fund Balance	\$95,375	\$58,646
Amounts reported in the Statement of Net Position are different because:		
Capital assets used in government activities are not current financial resources and therefore, are not reported in the governmental funds.	\$0	\$0
Long-Term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the government funds.	<u>\$0</u>	<u>\$0</u>
Total Net Position	<u>\$95,375</u>	<u>\$58,646</u>

The notes to the financial statements are an integral part of this statement.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT
Statement of Revenue, Expenditures and Changes in Fund Balance
Cash Basis

Years Ended June 30, 2019 and June 30, 2018

	<u>2019</u>	<u>2018</u>
REVENUES:		
Grant Income	\$239,704	\$139,156
Match Grant	\$2,400	\$1,600
Miscellaneous	\$700	\$1,000
Interest Income	<u>\$453</u>	<u>\$462</u>
Total Revenues	\$243,257	\$142,218
EXPENDITURES:		
Grant expenses	\$62,109	\$98,344
Personnel expenses	\$67,257	\$62,604
Office expenses	\$55,161	\$85,137
Executive board	\$253	\$453
Dues and subscriptions	\$1,189	\$1,619
Travel	\$13,076	\$16,157
Office Space and Rent	\$2,200	\$675
Repair and Maintenance	<u>\$5,283</u>	<u>\$13,842</u>
Total Expenditures	\$206,528	\$278,831
REVENUES OVER (UNDER) EXPENDITURES	\$36,729	(\$136,613)
FUND BALANCE, BEGINNING OF YEAR	\$58,646	\$195,259
FUND BALANCE, END OF YEAR	\$95,375	\$58,646

The notes to the financial statements are an integral part of this statement.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT
 Reconciliation of Revenues, Expenditures and Changes in Fund Balance to the Statement
 of Activities
 Cash Basis

Years Ended June 30, 2019 and June 30, 2018

	<u>2019</u>	<u>2018</u>
Total changes in Fund Balance	\$36,729	(\$136,613)
<p>Amounts reported in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over the useful lives and reported as depreciation expense.</p>		
Governmental Capital Purchases	\$0	\$0
Depreciation Expense	\$0	\$0
Non-operating Financing is not reported on the Statement of Activities	<u>\$0</u>	\$0
Change in Net Position	\$36,729	(\$136,613)

The notes to the financial statements are an integral part of this statement.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 and JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activity of the South Central Solid Waste Management District. The District is established under statutory or administrative authority, and its operation is under the control of the Executive Board and District Council under the oversight of the State of Missouri Department of Natural Resources.

The District reporting entity includes the District's governing board and all related organizations for which the District exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities which benefit the citizen of the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's reporting entity. The District does not maintain fiduciary funds. Therefore, the government-wide financial statements contain no fiduciary funds and no component units that are fiduciary in nature.

B. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The Government-Wide financial statements, including a Statement of Net Position and a Statement of Activities report information about the reporting government as a whole. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Statement of Net Position presents the financial position of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities and the remaining revenues that are not directly associated with specific programs. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions (including related investment earnings) that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues.

Fund Financial Statements

The District maintains fund accounting in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level. The focus of governmental fund financial statements is on major funds.

Governmental Funds – Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they are used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balances. The District maintains only one fund, the General Fund, which accounts for the general activities of the District.

a. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The financial statements are prepared using the cash basis of accounting. This basis of accounting recognizes assets, net position/fund equity, revenues, and expenditures when they result from cash transactions except that the purchase of capital assets and investments are recorded as assets. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets (such as accounts receivable), certain revenues (such as revenue for billed or provided services not yet collected) certain liabilities (such as accounts payable, except payroll taxes payable) and certain expenditures

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(such as expenditures for goods and services received but not yet paid) are not recorded in these financial statements.

b. Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the cash basis of accounting. Revenues are recorded when cash is received and expenses are recorded when paid, except for inter-fund receivables, payable, payroll, and sales tax liabilities. Grants and similar items are recognized as revenue as soon as cash is received.

Governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenses are recorded when paid. Proceeds from issuance of long-term debt, if any, are recognized when received and payment of long-term debt principal is reported as an expenditure when paid. Capital asset purchases are recorded as expenditures and depreciation is not recognized.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized when received.

c. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the funds are pooled and invested to the extent possible. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investment shall be purchased at a price in excess of par.

Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the District's name

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

at third-party banking institutions. Details of these cash balances are presented in Note II.

a. Fund Balance

Fund Balance represents the difference between assets and liabilities. Fund Balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

All other net position is reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

b. Use of Estimates in Financial Statements

Preparation of these financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. DEPOSITS AND INVESTMENTS

Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's investment policy does not include custodial credit risk requirements. The District's deposits were not exposed to custodial credit risk at year end.

State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Missouri or its agencies and instrumentalities that have a market value of not less than the principle amount of the deposits.

The District's deposits, including certificates of deposit, were fully insured or collateralized as required by State statute at June 30, 2019 and June 30, 2018. At June 30, 2019, the carrying amount of the District's deposits was \$95,375 and at June 30, 2018 the carrying amounts of the District's deposits was \$58,646. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered \$250,000 for each year.

III. PROPERTY, PLANT & EQUIPMENT

In the government-wide financial statements, capital assets are recorded at cost and updated for additions and retirements during the year. Donated

assets are recorded at their estimated fair value as of the date received. Capital assets are depreciated over their useful lives of 5 to 40 years, using the straight-line method.

All capital assets purchased through state grants by subgrantees are excluded from the basic financial statements. The District files UCC-1 forms to perfect its security interest for all assets with purchase cost in excess of \$5,000 purchased by subgrantees. The security interest period runs for a period of four years with the security value decreasing at the rate of 25% per year until the period is up, when the security interest is relinquished on the part of the State. The capital asset then belongs to the subgrantee.

The South Central Solid Waste Management District's policies and procedures over property, plant and equipment is to capitalize items with a useful life of over two years. The policies and procedures set the following useful life periods for capital assets acquired:

Asset Category	Useful Life
Computers and Computer Equipment	5 Years
Furniture	7 Years
Automobiles	5 Years
Equipment	10 Years
Buildings and Improvements	25 Years

The District maintained no Capital assets for the fiscal years ended June 30, 2019 and June 30, 2018.

IV. LONG-TERM & SHORT-TERM DEBT

The District does not use lines of credit, anticipation notes or other forms of short-term debt.

The District also maintains no long-term debt.

V. FUND BALANCE CLASSIFICATION

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-Spendable Fund Balance consists of funds that cannot be spent due to their form or that legally or contractually must be maintained intact.

Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision-making authority. Formal action by the Board to committed funds must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the District's highest level of decision-making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in the category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

VI. 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 maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three years. The District does not retain an attorney as part of their risk management.

VII. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 31, 2019, which is the audit report date and the date the financial statements become available.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2019**

			<u>Awards</u>		
<u>Subgrant No.</u>	<u>Subgrant Period</u>	<u>Description</u>	<u>Obligated</u>	<u>Unobligated</u>	<u>Unspent Funds</u>
2018-10	07/2018-07/2019	HHW Collections	\$0	\$0	\$17,167
2018-11	08/2018-08/2019	Illegal Dumping	\$0	\$0	\$5,268
2019-01	08/2018-08/2019	District Operations	\$75,937	\$0	\$2,866
2019-02	08/2018-08/2019	Plan Implementation	\$31,454	\$0	\$14,828
2019-03	08/2018-08/2019	City of Cabool Trailer	\$1,853	\$0	\$358
2019-04	08/2018-08/2019	West Plains Skidloader	\$14,188	\$0	\$0
2019-05	08/2018-08/2019	Mountain View Skid	\$25,000	\$0	\$0
2019-06	08/2018-08/2019	Kevin Garrett Manpower	\$19,312	\$0	\$2,367
2019-07	08/2018-08/2019	Oregon County Manpower	\$22,160	\$0	\$8,068
2019-08	08/2018-08/2019	Ozark County Manpower	\$15,600	\$0	\$11,309
2019-09	08/2018-08/2019	Shannon County Manpower *	\$13,800	\$0	\$1,689
2019-10	08/2018-08/2019	Electronics Collections	\$11,500	\$0	\$649
2019-11	08/2018-08/2019	Illegal Dumping	<u>\$11,300</u>	\$0	<u>\$11,300</u>
Totals			\$242,104		\$75,869
		Unobligated Carryover		\$16,653	\$16,653
		Local Match Fund		\$2,400	\$2,400
		Unobligated Interest		\$453	<u>\$453</u>
			District Fund Balance		\$95,375

*Includes Match Grant of \$2,400

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2018**

				<u>Awards</u>		
<u>Subgrant No.</u>	<u>Subgrant Period</u>	<u>Description</u>	<u>Obligated</u>	<u>Unobligated</u>	<u>Unspent Funds</u>	
2017-03	09/2017-09/2018	American Recycling	\$11,000	\$0	\$5,600	
2018-02	07/2017-07/2018	Plan Implementation	\$0	\$0	\$561	
2018-03	08/2017-08/2018	Houston Chipper	\$20,000	\$0	\$0	
2018-04	08/2017-08/2018	West Plains Forklift	\$22,416	\$0	\$0	
2018-05	08/2017-08/2018	Ozark County Insulation	\$10,000	\$0	\$0	
2018-06	08/2017-08/2018	Oregon County Manpower	\$16,640	\$0	\$3,931	
2018-07	08/2017-08/2018	Ozark County Manpower	\$15,600	\$0	\$3,149	
2018-08	08/2017-08/2018	Texas County Wages/Fuel	\$12,000	\$0	\$169	
2018-09	08/2017-08/2018	Shannon County Wages/Fuel *	\$9,800	\$0	\$1,881	
2018-10	08/2017-08/2018	HHW Collections	\$12,000	\$0	\$12,737	
2018-11	08/2017-08/2018	Illegal Dumping	\$11,300	\$0	\$8,871	
2015-12		HHW Collections	<u>\$0</u>	\$0	<u>\$4,429</u>	
Totals			\$140,756			\$41,326
		Unobligated Carryover		\$15,258	\$15,258	
		Local Match Fund		\$1,600	\$1,600	
		Unobligated Interest		\$462	<u>\$462</u>	
				District Fund Balance	\$58,646	

*Includes Match Grant of \$1,600

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**Report on Compliance and on Internal Controls Over Financial Reporting
Based on an Audit of Financial Statements**

South Central Solid Waste Management District
Executive Board and District Council
Pomona, Missouri 65789

We have audited the cash basis financial statements of the South Central Solid Waste Management District as of and for the years ended June 30, 2019 and June 30, 2018 and have issued our report thereon dated December 31, 2019. Our report was modified because the District prepares its financial statements on the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the South Central Solid Waste Management District's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the South Central Solid Waste Management District, as of and for the years ended June 30, 2019 and June 30, 2018, in accordance with auditing standards generally accepted in the United State of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Because of inherent limitations in internal controls, including the possibility of management override of controls, misstatements, loses or noncompliance may nevertheless occur and not be detected. 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 significant deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those in charge of governance at the South Central Solid Waste Management District

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

DEIDIKER Accounting & Consulting, LLC

DEIDIKER Accounting & Consulting, LLC
Certified Public Accountants
December 31, 2019