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INDEPENDENT AUDITORS REPORT

Northeast Missouri Solid Waste
Management District—Region C
Memphis, MO 63555

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northeast Missouri Solid Waste Management District—Region C, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Northeast Missouri Solid Waste Management District—Region C's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described in Note 1, Northeast Missouri Solid Waste Management District—Region C prepares the financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

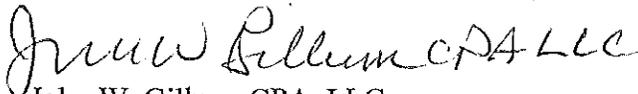
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information, of Northeast Missouri Solid Waste Management District—Region C as of June 30, 2009, and the respective changes in cash basis financial position, thereof, for the year then ended in conformity with the basis of accounting described in Note 1.

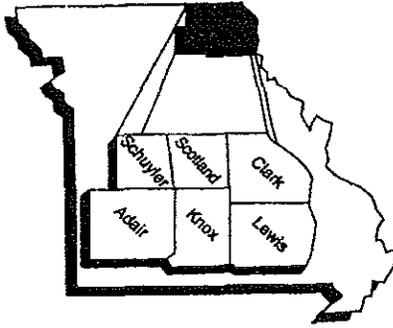
Northeast Missouri Solid Waste
Management District—Region C
December 16, 2009
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2009, on our consideration of the Northeast Missouri Solid Waste Management District—Region C'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.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 20 through 21 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northeast Missouri Solid Waste Management District—Region C's basic financial statements. The Schedule of Individual Grant Activity—Current Year Grants and Schedule of Special Revenue Fund Expenditures By Grant/Contract and Schedule of Special Revenue Expenditures By Grant/Contract Requiring Recipient Match on pages 25 through 27 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Individual Grant Activity—Current Year Grants, Schedule of Special Revenue Fund Expenditures By Grant/Contract and Schedule of Special Revenue Expenditures By Grant/Contract Requiring Recipient Match have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.


John W. Gillum, CPA, LLC
Kirksville, Missouri
December 16, 2009



REGION "C"
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SOLID WASTE MANAGEMENT DISTRICT

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Chairman	Vice Chairman	Secretary	Treasurer	Executive Director

Management's Discussion and Analysis—Unaudited

As management of the Northeast Missouri Solid Waste Management District—Region C, we offer readers of the Northeast Missouri Solid Waste Management District—Region C's financial statements this narrative overview and analysis of the financial activities of the Northeast Missouri Solid Waste Management District—Region C for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here. All amounts, unless otherwise indicated, are expressed in whole dollars.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements—and Management's Discussion and Analysis for State and Local Governments* issued June 1999.

Financial Highlights

- The assets of the Northeast Missouri Solid Waste Management District—Region C exceeded its liabilities at the close of the most recent fiscal year by \$20,491 (*net assets*).
- The District's total net assets decreased by \$11,258.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction of the Northeast Missouri Solid Waste Management District—Region C's basic financial statements. The Northeast Missouri Solid Waste Management District—Region C's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The *district--wide financial statements* are designed to provide readers with a broad overview of the Northeast Missouri Solid Waste Management District—Region C’s finances in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Northeast Missouri Solid Waste Management District—Region C’s assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Northeast Missouri Solid Waste Management District—Region C is improving or deteriorating.

The *statement of activities* presents information showing how the district’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the district-wide financial statements distinguish functions of Northeast Missouri Solid Waste Management District—Region C that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Northeast Missouri Solid Waste Management District—Region C include general and special revenue. Northeast Missouri Solid Waste Management District—Region C does not have any business-type activities.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Northeast Missouri Solid Waste Management District—Region C uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Northeast Missouri Solid Waste Management District—Region C are governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the district’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the district's near-term financing decisions. Both the governmental and fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *government funds* and *governmental activities*.

Northeast Missouri Solid Waste Management District—Region C considers the general fund to be its significant or major governmental fund.

Northeast Missouri Solid Waste Management District—Region C adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Northeast Missouri Solid Waste Management District—Region C does not maintain any proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

District-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the district's financial position. In the case of Northeast Missouri Solid Waste Management District—Region C, assets exceeded liabilities by \$20,491 at the close of the most recent fiscal year.

All of the District's net assets are restricted, which means they may only be used for purposes as outlined by the funding source.

Northeast Missouri Solid Waste Management District—Region C's Net Assets

	Governmental Activities	
	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Restricted cash and cash equivalents	\$ <u>89,988</u>	\$ <u>192,669</u>
TOTAL ASSETS	89,988	192,669
<u>LIABILITIES</u>		
Deferred revenue	<u>69,497</u>	<u>160,920</u>
TOTAL LIABILITIES	<u>69,497</u>	<u>160,920</u>
<u>NET ASSETS</u>		
Restricted for: grant expenditures	<u>20,491</u>	<u>31,749</u>
TOTAL NET ASSETS	\$ <u>20,491</u>	\$ <u>31,749</u>

Governmental activities. Governmental activities decreased net assets by \$11,258, accounting for 100% of the total increase in the District's net assets.

Key elements of this increase are as follows:

	Governmental Activities	
	<u>2009</u>	<u>2008</u>
<u>REVENUES</u>		
Grant income	\$ 138,968	\$ 42,878
Interest income	<u>1,187</u>	<u>2,380</u>
TOTAL REVENUE	140,155	45,258
<u>EXPENSES:</u>		
Special revenue	<u>138,968</u>	<u>42,878</u>
TOTAL EXPENSES	<u>138,968</u>	<u>42,878</u>
Increase (decrease) in net assets	1,187	2,380
Reallocation of Revenue	(12,445)	-
Net assets—beginning	<u>31,749</u>	<u>29,369</u>
Net assets—ending	<u>\$ 20,491</u>	<u>\$ 31,749</u>

Economic Factors and Next Year's Budget

For the upcoming fiscal year ending June 30, 2010, the District's budget is consistent with this year.

Requests for Information

This financial report is designed to provide a general overview of the Northeast Missouri Solid Waste Management District—Region C's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Northeast Missouri Solid Waste Management District—Region C, PO Box 248, Memphis, MO 63555 or by telephone at (660) 465-7281 during regular business hours.

BASIC FINANCIAL STATEMENTS

Northeast Missouri Solid Waste Management District—Region C
Statement of Net Assets—Modified Cash Basis
June 30, 2009

	Primary Government	
	Governmental Activities	Total
 <u>ASSETS</u>		
Restricted cash and cash equivalents	\$ <u>89,988</u>	\$ <u>89,988</u>
TOTAL ASSETS	89,988	89,988
 <u>LIABILITIES & NET ASSETS</u>		
<u>LIABILITIES</u>		
Deferred revenue	<u>69,497</u>	<u>69,497</u>
Total Liabilities	<u>69,497</u>	<u>69,497</u>
 <u>NET ASSETS</u>		
Restricted for:		
Grant Expenditures	<u>20,491</u>	<u>20,491</u>
Total Net Assets	\$ <u>20,491</u>	\$ <u>20,491</u>

See Accompanying Notes to Basic Financial Statements

Northeast Missouri Solid Waste Management District—Region C
Statement of Activities—Modified Cash Basis
For the Year Ended June 30, 2009

	Program Revenues				Net (Expenses) Revenue & Changes in Net Assets	
	Charges for <u>Expenses</u>	Op Grants/ <u>Services</u>	Capital Grants/ <u>Contrib.</u>	Capital Grants/ <u>Contrib.</u>	<u>Governmental Activities</u>	<u>Total</u>
<u>FUNCTIONS/PROGRAMS</u>						
Primary Government						
Governmental activities						
Economic development	\$ 138,968	\$ -	\$ 138,968	\$ -	\$ -	\$ -
Total governmental activities	<u>138,968</u>	<u>-</u>	<u>138,968</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 138,968</u>	<u>\$ -</u>	<u>\$ 138,968</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
 <u>GENERAL REVENUES</u>						
Investment earnings					<u>1,187</u>	<u>1,187</u>
Total general revenues					<u>1,187</u>	<u>1,187</u>
Change in net assets					1,187	1,187
Reallocation of Revenue					(12,445)	(12,445)
Net assets—Beginning					<u>31,749</u>	<u>31,749</u>
Net assets—Ending					<u>\$ 20,491</u>	<u>\$ 20,491</u>

See Accompanying Notes to Basic Financial Statements

Northeast Missouri Solid Waste Management District—Region C
 Balance Sheet—Governmental Funds—Modified Cash Basis
 June 30, 2009

	Governmental Activities		
	General	Other Governmental	Total
<u>ASSETS</u>			
Restricted cash & cash equivalents	\$ 20,491	\$ 69,497	\$ 89,988
TOTAL ASSETS	<u>\$ 20,491</u>	<u>\$ 69,497</u>	<u>\$ 89,988</u>
 <u>LIABILITIES & FUND BALANCES</u>			
<u>LIABILITIES</u>			
Deferred revenue	\$ -	\$ 69,497	\$ 69,497
Total Liabilities	-	69,497	69,497
 <u>FUND BALANCES</u>			
Restricted for:			
Capitalized Grant expenditures	<u>20,491</u>	<u>-</u>	<u>20,491</u>
Total Fund Balances	<u>20,491</u>	<u>-</u>	<u>20,491</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 20,491</u>	<u>\$ 69,497</u>	<u>\$ 89,988</u>

See Accompanying Notes to Basic Financial Statements

Northeast Missouri Solid Waste Management District—Region C
Statement of Revenues, Expenditures & Changes in Fund Balances
Governmental Funds—Modified Cash Basis
For the Year Ended June 30, 2009

	Governmental Activities		
	General	Other Governmental	Total
<u>Revenues</u>			
Grant income	\$ -	\$ 138,968	\$ 138,968
Investment earnings	<u>1,187</u>	<u>-</u>	<u>1,187</u>
Total Revenues	1,187	138,968	140,155
<u>Expenditures</u>			
Projects	-	40,182	40,182
Salaries and benefits	-	15,550	15,550
Travel	-	4,818	4,818
Capital outlay	-	33,293	33,293
Advertising	-	1,784	1,784
Contract labor	-	2,650	2,650
Administrative	<u>-</u>	<u>40,691</u>	<u>40,691</u>
Total Expenditures	<u>-</u>	<u>138,968</u>	<u>138,968</u>
Excess of revenues over expenditures	<u>1,187</u>	<u>-</u>	<u>1,187</u>
Net change in fund balance	1,187	-	1,187
Reallocation of Revenue	(12,445)	-	(12,445)
Fund Balance--Beginning	<u>31,749</u>	<u>-</u>	<u>31,749</u>
Fund Balance--Ending	<u>\$ 20,491</u>	<u>\$ -</u>	<u>\$ 20,491</u>

See Accompanying Notes to Basic Financial Statements

Northeast Missouri Solid Waste Management District—Region C
Notes to Financial Statements
June 30, 2009

1. Summary of Significant Accounting Policies

As discussed further in Note 1.C, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). *Generally Accepted Accounting Principles* include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Reporting Entity

The Northeast Missouri Solid Waste Management District—Region C was formed February 18, 1992 pursuant to Section 260.305, RSMO and consists of Clark, Knox, Lewis, Schuyler and Scotland Counties. Its purpose is to encourage regional, city and county cooperation in proper solid waste management. Districts develop programs to encourage waste reduction, recycling and proper disposal methods.

Funding is primarily through the Missouri Department of Natural Resources Division of Environmental Quality SB 60/112 Solid Waste Management Fund 0S70, Administrative Grants and Program Grants.

Membership is voluntary by all counties and cities serviced by the District. Any county, city or special purpose District may become a member by passing a resolution to join the District. No dues are assessed to members. The governing body is comprised of an Executive Board drawn from member participants of the District. These are elected officials of the various counties and cities served. Each board member serves a two year term unless reappointed. The board elects its offices from within the board.

The District's financial statements do not include the operation of member governments or various other Special Districts for which grant funds are issued by the District, because none of the criterion for inclusion as set forth in GASB Statement No. 14 have been met.

Northeast Missouri Solid Waste Management District—Region C
Notes to Financial Statements
June 30, 2009

1. Summary of Significant Accounting Policies

B. District-Wide and Fund Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

The District has implemented GASB Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis for State and Local Governments (GASB Statement No. 34), and Local Governments: Omnibus which provides additional guidance for the implementation of GASB Statement 34, and GASB statement No. 38, Certain Financial Statement Disclosures which changes note disclosure requirements for governmental entities.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management’s discussion and analysis, district-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that district-wide financial statements are needed to allow users of financial reports to assess a government’s operational accountability. The new GASB model integrates fund-based financial reporting and district-wide financial reporting as complementary components of a single comprehensive financial reporting model.

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 except for fiduciary funds.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/ expenses. Funds are organized into one category: governmental.

Northeast Missouri Solid Waste Management District—Region C
Notes to Financial Statements
June 30, 2009

1. **Summary of Significant Accounting Policies**

B. District-Wide and Fund Financial Statements (Continued)

The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is the primary operating fund of the District. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the District. The reporting entity includes the following special revenue fund, which is reported as a non-major fund:

1. Economic Development

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 government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use funds balance as their measure of available spendable financial resources at the end of the period.

Northeast Missouri Solid Waste Management District—Region C
Notes to Financial Statements
June 30, 2009

1. **Summary of Significant Accounting Policies**

C. Measurement Focus and Basis of Accounting (Continued)

BASIS OF ACCOUNTING

In the district-wide Statement of Net Assets and Statement of Activities and the fund financial statement, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues and expenditures when they result from cash transactions. 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 modified cash basis of accounting, certain assets and their related revenues and certain liabilities and their related expenses are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds and the district-wide financial statements would be presented on the accrual basis of accounting.

D. Assets, Liabilities and Net Assets

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, “cash and cash equivalents” include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

RESTRICTED ASSETS

Restricted assets are comprised of the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the District.

Northeast Missouri Solid Waste Management District—Region C
Notes to Financial Statements
June 30, 2009

1. **Summary of Significant Accounting Policies**

D. Assets, Liabilities & Net Assets (Continued)

CAPITAL ASSETS

The District purchases equipment, vehicles and other capital assets for member communities and organizations with the proceeds from various grants, as part of its mission to encourage proper solid waste management. These capital assets are not reported as assets in the financial statements of the District. Once the capital assets are transferred to the recipient they remain the property of the recipient, with the District having only a security interest in the capital assets—if at any time the recipient of the assets should dispose of or otherwise forfeit the capital assets donated by the District, then the District will resume ownership.

DEFERRED GRANT REVENUE

Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

The District reports deferred revenue on its statement of net assets. The Missouri Department of Natural Resources, a funding agency for solid waste planning and management, sends funds in quarterly allotments as opposed to the reimbursement method. As revenue is recognized monthly based on program expenditures, the liability for deferred revenue is removed from the balance sheet. This process prevents the District from recognizing revenue that would possibly have to be returned to the agency at the end of the grant period.

NET ASSETS

Unrestricted net assets represent the net assets available for future operations or distribution. Restricted net assets represent the net assets that are legally or administratively required to be restricted for specific purposes.

Northeast Missouri Solid Waste Management District—Region C
Notes to Financial Statements
June 30, 2009

2. **Stewardship, Compliance and Accountability**

Budgetary Information

Annual budgets are adopted on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

The executive administration prepares and presents to the executive board of directors, a proposed budget prior to July 1 of each year. The Executive Board of Directors adopts the budget as the spending plan for the year.

Periodically during the year, the budget is reviewed and amendments are made and approved as necessary. Encumbrance accounting is not employed.

3. **Detailed Notes on All Funds**

A. Deposits and Investments

The Northeast Missouri Solid Waste Management District—Region C is governed by the deposit and investment limitations of state law.

The District maintains a cash and temporary cash investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of cash basis assets and fund balances as "Cash and Cash Equivalents" under each fund's caption. The deposits and investments held at June 30, 2009, and reported at fair value, are as follows:

	<u>Type</u>	<u>Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:				
Demand deposits				\$ <u>89,988</u>
Total deposits				\$ <u>89,988</u>
Reconciliation to Statement of Net Assets:				
Current:				
Restricted cash & cash equivalents				\$ <u>89,988</u> \$ <u>89,988</u>

Northeast Missouri Solid Waste Management District—Region C
Notes to Financial Statements
June 30, 2009

3. Detailed Notes on All Funds (Continued)

A. Deposits and Investments (Continued)

Custodial Credit Risk—Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. Deposits in financial institutions, reported as components of cash and cash equivalents, had a bank balance of \$93,623 at June 30, 2009, that was fully insured by depository insurance or secured with collateral held by the district's agent in its name. Of the bank balance, \$93,623 was covered by federal depository insurance.

Investment Interest Rate Risk—The District has no formal investment policy regarding interest rate risk.

Investment Credit Risk—The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- 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.

Concentration of Investment Credit Risk—The District places no limit on the amount it may invest in any one issuer. At June 30, 2009, the District had no concentration of credit risk.

B. Capital Assets

Northeast Missouri Solid Waste Management District—Region C purchases equipment, vehicles and other capital assets for the benefit of its members. The District does not include these assets on its financial statements. Once the capital assets are transferred to the recipient they remain the property of the recipient, with the District having only a security interest in the capital assets—if at any time the recipient of the assets should dispose of or otherwise forfeit the capital assets donated by the District, then the District will resume ownership.

Northeast Missouri Solid Waste Management District—Region C
Notes to Financial Statements
June 30, 2009

3. Detailed Notes on All Funds (Continued)

B. Capital Assets (Continued)

A summary of the value of the District's security interest in capital assets is as follows:

Vehicles and Equipment	\$ <u>50,586</u>
------------------------	------------------

C. Advertising

During the year, the District expended \$1,784 for advertising costs.

4. Other Information

A. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the district expects such amounts, if any, to be immaterial.

C. Jointly Governed Organization

The governing body of the Northeast Missouri Solid Waste Management District—Region C is comprised of the executive board and executive administration of the Northeast Missouri Regional Planning Commission and Rural Development Corporation.

REQUIRED SUPPLEMENTAL INFORMATION

Northeast Missouri Solid Waste Management District—Region C
Statement of Revenues Collected, Expenditures Paid and
Changes in Fund Balance—General Fund
Budget and Actual
For the Year Ended June 30, 2009

	----Budgeted Amounts----			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>				
Investment earnings	\$ <u>1,180</u>	\$ <u>1,180</u>	\$ <u>1,187</u>	\$ <u>7</u>
Total Revenues	<u>1,180</u>	<u>1,180</u>	<u>1,187</u>	<u>7</u>
Net change in fund balance	1,180	1,180	1,187	7
Reallocation of Revenue	-	-	(12,445)	(12,445)
Fund Balance—Beginning	<u>31,749</u>	<u>31,749</u>	<u>31,749</u>	<u>-</u>
Fund Balance—Ending	<u>\$ 32,929</u>	<u>\$ 32,929</u>	<u>\$ 20,491</u>	<u>\$ (12,438)</u>

See Accompanying Notes to Basic Financial Statements

Northeast Missouri Solid Waste Management District—Region C
Notes to Statement of Revenues, Expenditures and
Changes in Fund Balance—General Fund
Budget and Actual
For the Year Ended June 30, 2009

Budget Law

Northeast Missouri Solid Waste Management District—Region C prepares its annual operating budget in accordance with its by-laws, policies and procedures. In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 30, the Executive Director submits to the Executive Board a proposed operating budget for the fiscal year commencing the following July 1.
- b. Budget planning sessions are conducted to allow board members and other interested parties to have input on budget decisions prior to the formal adoption of the budget.
- c. Subsequent to the budget planning sessions but no later than seven days prior to July 1, the budget is adopted by action of the Executive Board.

All transfers of appropriations between departments and supplemental appropriations require Executive Board approval.

Basis of Accounting

The District budget is presented in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

FEDERAL COMPLIANCE SECTION

JOHN W. GILLUM, CPA, LLC

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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

Northeast Missouri Solid Waste
Management District—Region C

We have audited the financial statements of the governmental activities of each major fund and the aggregate remaining fund information of Northeast Missouri Solid Waste Management District—Region C as of and for the year ended June 30, 2009, which collectively comprise the Northeast Missouri Solid Waste Management District—Region C's basic financial statements and have issued our report thereon dated December 16, 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 Northeast Missouri Solid Waste Management District—Region C's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northeast Missouri Solid Waste Management District—Region C's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Northeast Missouri Solid Waste Management District—Region C's internal control over financial reporting.

Northeast Missouri Solid Waste
Management District—Region C

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Northeast Missouri Solid Waste Management District—Region C's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the cash basis of accounting, which is a basis of accounting other than generally accepted, such that there is more than a remote likelihood that a misstatement of Northeast Missouri Solid Waste Management District—Region C's financial statements that is more than inconsequential will not be prevented or detected by Northeast Missouri Solid Waste Management District—Region C's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We assessed the District's accounting knowledge, experience and training in the application of generally accepted accounting principles related to the District's financial reporting requirements. We note that the District's internal controls and procedures related to the preparation of the financial statements, including the notes to the financial statements, were not adequate to prevent or detect material misstatements to the financial statements. Accordingly, this control deficiency constitutes a material weakness.

This circumstance is not unusual in a District of your size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree or risk associated with this control deficiency because of cost or other considerations.

In response to this situation, management has engaged us to assist in drafting the financial statements and related disclosures. The engagement for these non-attest services is in addition to our engagement to perform the audit of the financial statements, as permitted by professional standards.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeast Missouri Solid Waste Management District—Region C's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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*.

OTHER SUPPLEMENTAL INFORMATION

Northeast Missouri Solid Waste Management District
 Schedule of Individual Grant Activity—Current Year Grants
 For the Year Ended June 30, 2009

	<u>Deferred</u> <u>Revenues</u> <u>Beginning</u>	<u>Cash</u> <u>Received</u>	<u>Costs</u> <u>Applied</u>	<u>Revenues</u> <u>Reallocated</u>	<u>Deferred</u> <u>Revenues</u> <u>Ending</u>
Canton Area Recycling	\$ -	\$ -	\$ -	\$ 16,275	\$ 16,275
Truman State	-	-	(3,634)	27,173	23,539
C&C Recycling	9,409	-	(9,409)	-	-
D&D Recycling	35,000	-	(21,360)	(13,640)	-
Industrial Support	24,546	-	(20,097)	(4,449)	-
Waste Tire	47,063	-	(40,319)	(6,744)	-
LaGrange	807	-	(807)	-	-
Administration	27,661	35,100	(43,342)	(7,826)	11,593
Education/Planning	6,907	-	-	(6,907)	-
Undesignated	<u>9,527</u>	<u>-</u>	<u>-</u>	<u>8,563</u>	<u>18,090</u>
 TOTAL	 <u>\$ 160,920</u>	 <u>\$ 35,100</u>	 <u>\$ (138,968)</u>	 <u>\$ 12,445</u>	 <u>\$ 69,497</u>

See Accompanying Notes to Financial Statements

Northeast Missouri Solid Waste Management District
 Schedule of Special Revenue Fund Expenditures By Grant/Contract
 For the Year Ended June 30, 2009

	<u>Projects</u>	<u>Salary & Benefits</u>	<u>Travel</u>	<u>Capital Outlay/ Equipment</u>	<u>Advertising</u>	<u>Bond & Insurance</u>	<u>Admin.</u>	<u>Total</u>
C&C Recycling	\$ -	\$ -	\$ -	\$ 9,409	\$ -	\$ -	\$ -	\$ 9,409
Administration	-	-	-	-	-	2,650	40,691	43,341
Industrial Support	-	15,550	4,547	-	-	-	-	20,097
D&D Recycling	-	-	-	21,360	-	-	-	21,360
Waste Tire	38,264	-	271	-	1,784	-	-	40,319
City of LaGrange	-	-	-	808	-	-	-	808
Truman State	<u>1,918</u>	<u>-</u>	<u>-</u>	<u>1,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,634</u>
TOTAL	<u>\$ 40,182</u>	<u>\$ 15,550</u>	<u>\$ 4,818</u>	<u>\$ 33,293</u>	<u>\$ 1,784</u>	<u>\$ 2,650</u>	<u>\$ 40,691</u>	<u>\$ 138,968</u>

See Accompanying Notes to Financial Statement

Northeast Missouri Solid Waste Management District
 Schedule of Special Revenue Expenditures
 By Grant/Contract Requiring Recipient Match
 For the Year Ended June 30, 2009

	<u>Grant Funds</u>	<u>Recipient Match</u>	<u>Total</u>
City of LaGrange	\$ 6,887	\$ 2,297	\$ 9,184
City of LaGrange	5,384	1,795	7,179
City of Canton	9,409	3,082	12,491
D&D Recycling	<u>35,000</u>	<u>31,950</u>	<u>66,950</u>
	<u>\$ 56,680</u>	<u>\$ 39,124</u>	<u>\$ 95,804</u>