

**REGION D RECYCLING & WASTE
MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI**

**BASIC FINANCIAL STATEMENTS
(With Independent Auditors'
Reports Thereon)**

JUNE 30, 2010 AND 2009

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ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

**REGION D RECYCLING & WASTE MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI**

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SECTION I
FINANCIAL STATEMENTS

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street
Tarkio, Missouri 64491
Telephone (660) 736-5811
Fax (660) 736-4364

2400 Frederick, Suite 500
St. Joseph, Missouri 64506
Telephone (816) 233-2855
Fax (816) 233-8238

INDEPENDENT AUDITORS' REPORT

December 7, 2010

Board of Directors
Region D Recycling &
Waste Management District
Clarksdale, Missouri 64430

We have audited the accompanying financial statements of the governmental activities and each major fund of the Region D Recycling & Waste Management District as of and for the years ended June 30, 2010 and 2009, which collectively comprise Region D Recycling & Waste Management District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Region D Recycling & Waste Management District's management. 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 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 audits 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 audits provide a reasonable basis for our opinions.

Region D Recycling & Waste Management District has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

As discussed in Note 1B, Region D Recycling & Waste Management 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.

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In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Region D Recycling & Waste Management District as of June 30, 2010 and 2009, and its respective change in financial position for the years then ended, on the basis of accounting described in Note 1B.

In accordance with Government Auditing Standards, we have also issued a report dated December 7, 2010, on our consideration of the Region D Solid Waste Management District's internal control over financial reporting and on our tests of its 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 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 important for assessing the results of our audit.

Our audits were made for the purpose of forming opinions on the financial statements taken as a whole. The supplemental information on pages 19 and 20 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 audits of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the financial statements taken as a whole.

Arthur White & Associates, L.L.C.

ARTHUR WHITE & ASSOCIATES, L.L.C.

REGION D RECYCLING & WASTE MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI

STATEMENTS OF NET ASSETS - CASH BASIS
JUNE 30, 2010 AND 2009

	Governmental Activities	
	2010	2009
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 47,609	\$ 39,807
Certificates of deposit	103,111	102,256
Total current assets	150,720	142,063
TOTAL ASSETS	\$ 150,720	\$ 142,063
 <u>NET ASSETS</u>		
NET ASSETS - CASH BASIS:		
Restricted	\$ 53,943	\$ 47,200
Unrestricted	96,777	94,863
TOTAL NET ASSETS - CASH BASIS	\$ 150,720	\$ 142,063

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See Notes to Financial Statements.

**REGION D RECYCLING & WASTE MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Disbursements</u>	<u>Program Receipts</u>	<u>Net Receipts and Change in Net Assets</u>
		<u>Operating Grants and Contributions</u>	<u>Primary Governmental Activities</u>
Functions and Programs			
Primary Government:			
Governmental Activities:			
Recycling and waste management	\$ 151,247	\$ 156,383	\$ 5,136
General Revenues:			
Unrestricted investment earnings			2,719
Miscellaneous			802
Total general revenues			<u>3,521</u>
Change in net assets			8,657
Net Assets - Cash Basis - Beginning of year			<u>142,063</u>
Net Assets - Cash Basis - End of year			<u>\$ 150,720</u>

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See Notes to Financial Statements.

**REGION D RECYCLING & WASTE MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Disbursements</u>	<u>Program Receipts</u>	<u>Net Receipts and Change in Net Assets</u>
		<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities.</u>
Functions and Programs			
Primary Government:			
Governmental Activities:			
Recycling and waste management	\$ 178,715	\$ 155,905	\$ (22,810)
General Receipts:			
Unrestricted investment earnings			3,396
Miscellaneous			501
Total general receipts			<u>3,897</u>
Change in net assets			(18,913)
Net Assets - Cash Basis - Beginning of year			<u>160,976</u>
Net Assets - Cash Basis - End of year			<u>\$ 142,063</u>

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See Notes to Financial Statements.

REGION D RECYCLING & WASTE MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI

BALANCE SHEETS - GOVERNMENTAL FUNDS - CASH BASIS
JUNE 30, 2010 AND 2009

	2010		
	General	Special Revenue	Total
<u>ASSETS</u>			
ASSETS:			
Cash and cash equivalents		\$ 47,609	\$ 47,609
Certificates of deposit	\$ 96,777	6,334	103,111
TOTAL ASSETS	\$ 96,777	\$ 53,943	\$ 150,720
 <u>FUND EQUITY</u>			
FUND EQUITY:			
Fund balance, unreserved and undesignated	\$ 96,777	\$ 13,665	\$ 110,442
Fund balance, reserved		40,278	40,278
TOTAL FUND EQUITY	\$ 96,777	\$ 53,943	\$ 150,720

2009		
<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
	\$ 39,807	\$ 39,807
\$ 94,863	<u>7,393</u>	<u>102,256</u>
<u>\$ 94,863</u>	<u>\$ 47,200</u>	<u>\$ 142,063</u>
\$ 94,863	\$ 27,882	\$ 122,745
	<u>19,318</u>	<u>19,318</u>
<u>\$ 94,863</u>	<u>\$ 47,200</u>	<u>\$ 142,063</u>

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See Notes to Financial Statements.

REGION D RECYCLING & WASTE MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	Governmental Funds		
	General	Special Revenue	Total
RECEIPTS:			
State grants		\$ 156,383	\$ 156,383
Interest income	\$ 2,719		2,719
Miscellaneous		802	802
Total	<u>2,719</u>	<u>157,185</u>	<u>159,904</u>
DISBURSEMENTS:			
Current:			
Salaries and wages		40,390	40,390
Deferred compensation		1,500	1,500
Travel		2,283	2,283
Board expenses		575	575
Training and education		392	392
Telephone		1,133	1,133
Printing and postage		5,297	5,297
Supplies		1,880	1,880
Equipment lease		1,206	1,206
Insurance		7,844	7,844
Dues and subscriptions		378	378
Advertising		3,726	3,726
Contractors and laborers		40,914	40,914
Office expense		283	283
Repairs and maintenance		64	64
Taxes		3,060	3,060
Rent		2,988	2,988
Professional fees		4,205	4,205
Capital outlay		33,129	33,129
Total	<u>-</u>	<u>151,247</u>	<u>151,247</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	2,719	5,938	8,657
OTHER FINANCING SOURCES (USES) -			
Operating transfers in (out)	<u>(805)</u>	<u>805</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,914	6,743	8,657
FUND BALANCE - Beginning of year	<u>94,863</u>	<u>47,200</u>	<u>142,063</u>
FUND BALANCE - End of year	<u>\$ 96,777</u>	<u>\$ 53,943</u>	<u>\$ 150,720</u>

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See Notes to Financial Statements.

REGION D RECYCLING & WASTE MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	Governmental Funds		
	General	Special Revenue	Total
RECEIPTS:			
State grants		\$ 155,905	\$ 155,905
Interest income	\$ 3,396		3,396
Miscellaneous		501	501
Total	<u>3,396</u>	<u>156,406</u>	<u>159,802</u>
DISBURSEMENTS:			
Current:			
Salaries and wages		40,360	40,360
Deferred compensation		1,500	1,500
Travel		2,010	2,010
Board expenses		467	467
Training and education		290	290
Telephone		1,234	1,234
Printing and postage		4,847	4,847
Supplies		2,625	2,625
Equipment lease		1,453	1,453
Insurance		7,683	7,683
Dues and subscriptions		316	316
Advertising		3,428	3,428
Contractors and laborers		74,792	74,792
Office expense		7	7
Repairs and maintenance	639	71	710
Taxes		3,060	3,060
Rent		2,988	2,988
Professional fees		1,141	1,141
Capital outlay		29,804	29,804
Total	<u>639</u>	<u>178,076</u>	<u>178,715</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	2,757	(21,670)	(18,913)
OTHER FINANCING SOURCES (USES) - Operating transfers in (out)	<u>(650)</u>	<u>650</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	2,107	(21,020)	(18,913)
FUND BALANCE - Beginning of year, as restated	<u>92,756</u>	<u>68,220</u>	<u>160,976</u>
FUND BALANCE - End of year	<u>\$ 94,863</u>	<u>\$ 47,200</u>	<u>\$ 142,063</u>

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See Notes to Financial Statements.

**REGION D RECYCLING & WASTE MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Region D Recycling & Waste Management District (the District) is organized under Chapter 260 (Environmental Control), Section 300 RSMo and serves the Missouri counties of Andrew, Clinton, and DeKalb. The District operates under the direction of an executive board appointed by a solid waste management council primarily composed of members who represent the political subdivisions within the boundaries of the region. The District provides the following services as authorized by its charter: review applications for permits for solid waste processing facilities and solid waste disposal areas, prepare a solid waste management plan for the District, identify illegal dump sites, educate the public of responsible waste management practices, establish procedures to minimize the introduction of small quantities of hazardous waste into the solid waste stream, and to assure adequate capacity to manage waste which is not otherwise removed from the solid waste stream.

A. Principles Determining Scope of Reporting Entity:

The District's reporting entity includes the District's governing board and all related organizations for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District would include in its financial reporting entity an organization where the District appoints a voting majority of the organization's governing body and it is either able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component in the District's financial statements. In addition, the District is not aware of any entity which would exercise such oversight resulting in the District being considered a component unit of another entity.

B. Basis of Accounting:

The accounting records are maintained on the cash basis of accounting. The cash basis of accounting generally omits recognition of accounts receivable, pre-paid expenses, accounts payable, and accrued expenses. These items would need to be recognized for the financial statements to be in accordance with accounting principles generally accepted in the United States of America.

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities. Governmental activities include programs supported primarily by taxes, state and federal grants, local sources, and other intergovernmental revenues. The District has no business-type activities that rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program receipts are reported instead as general receipts.

REGION D RECYCLING & WASTE MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

B. Basis of Accounting, Continued:

The accounts of the District are organized on the basis of funds, each of which is a separate accounting entity. The operations of each fund are accounted for through a set of self-balancing accounts which comprise its assets, liabilities, fund equity, receipts, and disbursements. The following funds are used by the District:

Governmental Funds:

General Fund - The General Fund is the main operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - The Special Revenue Fund is used to account for receipts derived from earmarked receipt sources that are reserved for disbursement for specified purposes.

The major sources of receipts are grants, state financial assistance, local contributed cash, and other receipts as discussed below:

State Grant Receipts - Grant receipts are recognized in the period received, regardless of the period it is related to. Such receipts are subject to review by the funding agency and may result in disallowance in subsequent periods.

Other Receipts - Other receipts are composed primarily of interest and charges for services. Interest income and charges for services are recorded as receipts when received.

C. Capital Assets:

Capital acquisitions are reflected as disbursements at cost when paid in governmental funds. Since accounting records are maintained on the cash basis of accounting, capital acquisitions are also reflected as disbursements on the government-wide statement of activities. No depreciation has been provided in conformity with the cash basis of accounting.

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 that cost more than \$5,000. The security interest is decreased at a rate of 25% per year. The District is obligated, under state statutes, to keep and update an inventory listing of all equipment in which the District has a security interest. The District is also obligated to conduct a physical inventory at least every two years to verify grant recipients have maintained the equipment according to the grant agreements. 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.

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

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Vehicles and equipment	\$51,380	\$54,189

REGION D RECYCLING & WASTE MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Accumulated Compensated Absences:

Vacation time and sick leave are considered disbursements in the period paid. Vacation amounts which are unused and vested in the employee are payable upon termination. Sick leave amounts up to forty hours which are unused and vested in the employee are payable upon termination.

E. Budgets and Budgetary Accounting:

The budget committee submits to the full District membership a proposed annual operating budget for adoption at the District's annual meeting. The operating budget covers all funds and includes proposed revenues and expenditures for the upcoming year.

The District's primary funding source is state grants which have grant periods that may or may not coincide with the District's fiscal year. These grants normally are for a twelve-month period; however, they can be awarded for periods shorter or longer than twelve months.

Because of the District's dependency on federal, state and local budgetary decisions, receipts estimates are based upon the best available information as to potential sources of funding at the time the budget is adopted.

The resultant annual budget is subject to change within the fiscal year due to: increases or decreases in actual grant awards from those estimated, changes in grant periods, unanticipated grant awards not included in the budget, and expected grant awards which fail to materialize.

F. Transfers:

Operating transfers are the distribution of local cash resources to grant projects requiring local cash match in accordance with the terms and conditions of the grant contract. Local funds are derived from state financial assistance received from annual state legislature appropriations and other receipts.

G. Fair Value:

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably approximates fair value.

H. Restricted Resources:

It is the District's policy to use restricted resources first, and then unrestricted as needed, when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**REGION D RECYCLING & WASTE MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010 AND 2009**

2. CASH AND INVESTMENTS

Missouri statutes require that all deposits with financial institutions must be collateralized in an amount at least equal to uninsured deposits. The District does not have a formally adopted deposit policy, but follows the requirements set forth in the state statutes. At June 30, 2010 and 2009, the District's deposits were fully covered by FDIC insurance, and thus no custodial credit risk exists.

The District may invest in certificates of deposit, bonds of the State of Missouri, any wholly-owned corporation of the United States, or in other short-term obligations of the United States. The District does not have a formally adopted investment policy, but follows the requirements set forth in the state statutes. The District had \$103,111 and \$102,256 invested in certificates of deposit at June 30, 2010 and 2009, respectively. All certificates of deposit were covered by federal depository insurance at June 30, 2010 and 2009.

3. TRANSFERS

The following is a summary of transfers in and out for all funds for the year ending June 30, 2010:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund		\$ 805
Special Revenue Fund	\$ 805	—
Totals	<u>\$ 805</u>	<u>\$ 805</u>

The following is a summary of transfers in and out for all funds for the year ending June 30, 2009:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund		\$ 650
Special Revenue Fund	\$ 650	—
Totals	<u>\$ 650</u>	<u>\$ 650</u>

The District must match certain State awards with local monies.

4. FUND BALANCE RESERVES AND NET ASSET RESTRICTIONS

The District receives money allocated to specific grants from the Missouri Department of Natural Resources. The District is obligated to use the resources solely for the intended grants. The grant allocations remaining to be spent at the June 30, 2010 and 2009 are accounted for as reserved fund balance and restricted net assets.

5. RELATED PARTY TRANSACTION

The District has entered into an operating lease for office space from the City of Clarksdale, Missouri. The lease went into effect November, 1995, and is renewed on a month-to-month basis. The District disbursed \$2,988 and \$2,988, respectively, for rent to the City of Clarksdale, Missouri, during the years ended June 30, 2010 and 2009.

**REGION D RECYCLING & WASTE MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010 AND 2009**

6. LEASING ACTIVITY

The District leases equipment for use in its operations. None of these leases have non-cancellable lease terms in excess of one year. Equipment rental disbursements for the years ended June 30, 2010 and 2009, were \$1,206, and \$1,453, respectively.

7. DEFERRED COMPENSATION PLAN

Following six months of employment, full-time employees are eligible to participate in the District's deferred compensation program. The District can contribute to a full-time employee's program. The plan is administered by Nationwide Life Insurance Company. Employee contributions were \$1,200 for each of the years ended June 30, 2010 and 2009. Employer contributions were \$1,500 for each of the years ended June 30, 2010 and 2009.

8. ECONOMIC DEPENDENCY

The District receives a substantial amount of its support from the Missouri Department of Natural Resources. If a significant reduction in this level of government support were to occur, it may have an effect on the District's programs.

9. CONTINGENCY

The District receives state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures disallowed under, or other noncompliance with, the terms of the grants and funding.

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by the purchase of commercial insurance by subgrantees for property and equipment purchased and transferred by the District to subgrantees. Public officials' errors and omissions insurance is obtained through Missouri Public Entity Risk Management.

11. ENVIRONMENTAL CLEANUP RESPONSIBILITIES

In July 2009, a contractor used by the District for transportation of materials collected at household hazardous waste collections, filed for bankruptcy. An inspection conducted by the Arkansas Department of Environmental Quality discovered leaking containers of hazardous waste at the contractor's facility. The cities of Cameron and Maysville, Missouri have been listed as potentially responsible parties for the clean-up of the facility. The household hazardous waste hauled from the cities of Cameron and Maysville were collected at events sponsored and paid for by the District. Any contingent liability that the District might have is uncertain.

**REGION D RECYCLING & WASTE MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010 AND 2009**

12. RESTATEMENT OF FUND BALANCE

It has been determined that a portion of the fund balance included in the general fund at June 30, 2008, should have been included in the special revenue fund. The remaining grant balances of the special revenue projects should have been included as reserved fund balance in the special revenue fund, but were instead included in the general fund. The fund balance at June 30, 2008, has been restated as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Fund balance, as previously stated	\$160,976		\$160,976
Restatement	<u>(68,220)</u>	<u>\$68,220</u>	<u>-0-</u>
Fund balance, as restated	<u>\$ 92,756</u>	<u>\$68,220</u>	<u>\$160,976</u>

SECTION II

INTERNAL CONTROL AND COMPLIANCE

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street
Tarkio, Missouri 64491
Telephone (660) 736-5811
Fax (660) 736-4364

2400 Frederick, Suite 500
St. Joseph, Missouri 64506
Telephone (816) 233-2855
Fax (816) 233-8238

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

December 7, 2010

Board of Directors
Region D Recycling &
Waste Management District
Clarksdale, Missouri 64430

We have audited the financial statements of the governmental activities and each major fund of Region D Recycling & Waste Management District as of and for the years ended June 30, 2010 and 2009, which collectively comprise the Region D Recycling & Waste Management District's basic financial statements and have issued our report thereon dated December 7, 2010. We conducted our audits 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 audits, we considered the Region D Recycling & Waste Management District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Region D Recycling & Waste Management District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Region D Recycling & Waste Management District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described below, we identified a certain deficiency in internal control over financial reporting that we consider to be material weakness.

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. We consider the deficiency described below as finding 10-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Region D Recycling & Waste Management District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards as item 10-1.

10-1 INACCURATE QUARTERLY REPORT

Condition: The quarterly reports for June 30, 2010 and 2009, did not accurately report the amounts of unobligated interest, unobligated grant carryover, and project balances.

Criteria: Section I.E.1 of the Missouri Department of Natural Resources' (MDNR) General Terms and Conditions states that accurate, current, and complete disclosure of financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the subgrant.

Effect: The District is not in compliance with MDNR's General Terms and Conditions.

Cause: Management oversight.

Recommendation: We recommend that the District check quarterly reports for accuracy to ensure amounts listed on the reports are accurate.

District Response: The District will correct and resubmit the quarterly reports to the Missouri Department of Natural Resources Solid Waste Management Program.

Region D Recycling & Waste Management District's response to the finding identified in our audit is described above. We did not audit Region D Recycling & Waste Management District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management, others within the entity, and the state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Arthur White & Associates, L.L.C.

ARTHUR WHITE & ASSOCIATES, L.L.C.

SECTION III
REQUIRED SUPPLEMENTARY INFORMATION

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street
Tarkio, Missouri 64491
Telephone (660) 736-5811
Fax (660) 736-4364

2400 Frederick, Suite 500
St. Joseph, Missouri 64506
Telephone (816) 233-2855
Fax (816) 233-8238

**INDEPENDENT AUDITORS' REPORT ON
REQUIRED SUPPLEMENTARY INFORMATION**

December 7, 2010

Board of Directors
Region D Recycling &
Waste Management District
Clarksdale, Missouri 64430

Our report on our audits of the basic financial statements - cash basis of Region D Recycling & Waste Management District for the years ended June 30, 2010 and 2009, appears on page 1. These audits were conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The required supplementary information on pages 17 and 18 is not a required part of the basic financial statements, but is supplementary information required by the cash basis of accounting. Such information has been subjected to the auditing procedures applied in the audits 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.

Arthur White & Associates, L.L.C.

ARTHUR WHITE & ASSOCIATES, L.L.C.

**REGION D RECYCLING & WASTE MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI**

**SUPPLEMENTAL SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND NET
CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS -
BUDGET AND ACTUAL - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2010**

	Governmental Funds			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
RECEIPTS:				
State grants	\$ 156,383	\$ 156,383	\$ 156,383	\$ -
Interest income			2,719	2,719
Miscellaneous			802	802
Total	<u>156,383</u>	<u>156,383</u>	<u>159,904</u>	<u>3,521</u>
DISBURSEMENTS - by program:				
2008-2 District operations	-	-	22	(22)
2008-3 Education	-	-	149	(149)
2008-4 District collections	5,774	5,774	13,237	(7,463)
2009-1 City of Cameron	15,000	15,000	15,000	-
2009-2 Clinco	1,138	1,138	1,138	-
2009-3 Andrew County	422	422	422	-
2010-1 District operations	75,898	75,898	68,867	7,031
2010-2 City of Stewartsville	3,500	3,500	2,975	525
2010-3 Andrew County	2,000	2,000	1,700	300
2010-4 Clinco	10,000	10,000	8,491	1,509
2010-5 City of Plattsburg	3,500	3,500	2,975	525
2010-6 Clinton County	4,500	4,500	3,825	675
2010-7 District collections	60,331	60,331	31,171	29,160
2010-8 Education	1,500	1,500	1,275	225
Total	<u>183,563</u>	<u>183,563</u>	<u>151,247</u>	<u>32,316</u>
NET CHANGE IN FUND BALANCE	<u>\$ (27,180)</u>	<u>\$ (27,180)</u>	8,657	<u>\$ 35,837</u>
FUND BALANCE - Beginning of year			<u>142,063</u>	
FUND BALANCE - End of year			<u>\$ 150,720</u>	

**REGION D RECYCLING & WASTE MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI**

**SUPPLEMENTAL SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND NET
CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS -
BUDGET AND ACTUAL - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2009**

	Governmental Funds			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
RECEIPTS:				
State grants	\$ 155,905	\$ 155,905	\$ 155,905	\$ -
Interest income			3,396	3,396
Miscellaneous			501	501
Total	<u>155,905</u>	<u>155,905</u>	<u>159,802</u>	<u>3,897</u>
DISBURSEMENTS - by Program:				
2007-7 District collections	27,671	27,671	18,464	9,207
2007-8 Clinco	12,000	12,000	12,000	-
2007-9 City of Savannah	1,350	1,350	1,350	-
2007-10 City of Maysville	713	713	201	512
2008-1 District operations	773	773	773	-
2008-2 District operations	57,376	57,376	58,315	(939)
2008-3 Education	6,861	6,861	6,933	(72)
2008-4 District collections	60,000	60,000	62,701	(2,701)
2009-1 City of Cameron	15,000	15,000	-	15,000
2009-2 Clinco	7,587	7,587	6,449	1,138
2009-3 Andrew County	2,812	2,812	2,390	422
2009-4 City of Savannah	8,500	8,500	8,500	-
Non-program			639	(639)
Total	<u>200,643</u>	<u>200,643</u>	<u>178,715</u>	<u>21,928</u>
NET CHANGE IN FUND BALANCE	<u>\$ (44,738)</u>	<u>\$ (44,738)</u>	<u>(18,913)</u>	<u>\$ 25,825</u>
FUND BALANCE - Beginning of year			<u>160,976</u>	
FUND BALANCE - End of year			<u>\$ 142,063</u>	

SECTION IV

SUPPLEMENTAL SCHEDULES

**REGION D RECYCLING & WASTE MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI**

**SUPPLEMENTAL SCHEDULE OF RECEIPTS, DISBURSEMENTS AND NET
CHANGE IN FUND BALANCE - ALL SPECIAL REVENUE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2010**

PROJECT	2008-2	2008-3	2008-4	2009-1
	<u>District Operations</u>	<u>Education</u>	<u>District Collections</u>	<u>City of Cameron</u>
RECEIPTS:				
Miscellaneous		\$ 323	\$ 151	
Intergovernmental revenue:				
State grants	<u>\$ -</u>			<u>\$ -</u>
Total	<u>-</u>	<u>323</u>	<u>151</u>	<u>-</u>
DISBURSEMENTS:				
Current:				
Salaries and wages				
Deferred compensation				
Travel		149	395	
Board expenses				
Training and education				
Telephone				
Printing and postage				
Supplies			31	
Equipment lease				
Insurance				
Dues and subscriptions				
Advertising			775	
Contractors and laborers			12,036	
Office expense				
Repairs and maintenance	22			
Taxes				
Rent				
Professional fees				
Capital outlay				<u>15,000</u>
Total	<u>22</u>	<u>149</u>	<u>13,237</u>	<u>15,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>\$ (22)</u>	<u>\$ 174</u>	<u>\$ (13,086)</u>	<u>\$ (15,000)</u>

2009-2	2009-3	2010-1	2010-2	2010-3	2010-4	2010-5	2010-6	2010-7	2010-8	
Clinco	Andrew County	District Operations	City of Stewartsville	Andrew County	Clinco	City of Plattsburg	Clinton County	District Collections	Education	Total
		\$ 151						\$ 177		\$ 802
\$ -	\$ -	75,898	\$ 3,500	\$ 2,000	\$ 10,000	\$ 3,500	\$ 4,500	55,485	\$ 1,500	156,383
-	-	76,049	3,500	2,000	10,000	3,500	4,500	55,662	1,500	157,185
		40,390								40,390
		1,500								1,500
		1,691						48		2,283
		575								575
		392								392
		1,133								1,133
		302						4,995		5,297
		1,790						59		1,880
		1,206								1,206
		7,844								7,844
		378								378
		1,088						588	1,275	3,726
	422		2,975					25,481		40,914
		283								283
		42								64
		3,060								3,060
		2,988								2,988
		4,205								4,205
1,138				1,700	8,491	2,975	3,825			33,129
1,138	422	68,867	2,975	1,700	8,491	2,975	3,825	31,171	1,275	151,247
\$ (1,138)	\$ (422)	\$ 7,182	\$ 525	\$ 300	\$ 1,509	\$ 525	\$ 675	\$ 24,491	\$ 225	\$ 5,938

**REGION D RECYCLING & WASTE MANAGEMENT DISTRICT
CLARKSDALE, MISSOURI**

**SUPPLEMENTAL SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
NET CHANGE IN FUND BALANCE - ALL SPECIAL REVENUE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2009**

PROJECT	2007-7	2007-8	2007-9	2007-10
	<u>District Collections</u>	<u>Clinco</u>	<u>City of Savannah</u>	<u>City of Maysville</u>
RECEIPTS:				
Miscellaneous				
Intergovernmental revenue:				
State grants	\$ -	\$ -	\$ -	\$ -
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS:				
Current:				
Salaries and wages				
Deferred compensation				
Travel	438			
Board expenses				
Training and education				
Telephone				
Printing and postage	42			
Supplies	116			
Equipment lease				
Insurance				
Dues and subscriptions				
Advertising	860			
Contractors and laborers	17,008			
Office expense				
Repairs and maintenance				
Taxes				
Rent				
Professional fees				
Capital Outlay		12,000	1,350	201
Total	<u>18,464</u>	<u>12,000</u>	<u>1,350</u>	<u>201</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>\$ (18,464)</u>	<u>\$ (12,000)</u>	<u>\$ (1,350)</u>	<u>\$ (201)</u>

2008-1	2008-2	2008-3	2008-4	2009-1	2009-2	2009-3	2009-4	Total
District Operations	District Operations	Education	District Collections	City of Cameron	Clinco	Andrew County	City of Savannah	
	\$ 24	\$ 18	\$ 459					\$ 501
\$ -	57,486	6,520	58,000	\$ 15,000	\$ 7,587	\$ 2,812	\$ 8,500	155,905
-	57,510	6,538	58,459	15,000	7,587	2,812	8,500	156,406
	40,360							40,360
125	1,375							1,500
38		1,361	173					2,010
		467						467
		290						290
138	1,096							1,234
	259	146	4,400					4,847
	295	1,271	943					2,625
	1,453							1,453
332	7,351							7,683
		316						316
		927	1,641					3,428
			55,394					74,792
	7					2,390		7
	71							71
	3,060							3,060
	2,988							2,988
140		851	150					1,141
		1,304			6,449		8,500	29,804
773	58,315	6,933	62,701	-	6,449	2,390	8,500	178,076
\$ (773)	\$ (805)	\$ (395)	\$ (4,242)	\$ 15,000	\$ 1,138	\$ 422	\$ -	\$ (21,670)