

MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
COLUMBIA, MISSOURI

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December 14, 2011

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and General Fund of Mid-Missouri Solid Waste Management District – Region H (the "District"), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Mid-Missouri Solid Waste Management District – Region H as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2011 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

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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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit or the basic financial statements. 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 financial statements that collectively comprise Mid-Missouri Solid Waste Management District - Region H's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Our discussion and analysis of the Mid-Missouri Solid Waste Management District’s (the “District” or “MMSWMD”) financial performance provides an overview of the District’s financial activities for the year ended June 30, 2011. Please read in conjunction with the District’s financial statements which begin on page 9.

FINANCIAL HIGHLIGHTS

- The District’s net assets totaled \$69,010 on June 30, 2011.
- The District’s funding comes from the Solid Waste Management Fund (the Fund) through the Missouri Department of Natural Resources. Tonnage fees from landfills in the state are deposited into this fund. The current tip fee is \$2.11/ton. A formula for annually dividing the Fund between the 20 districts of the state and Department of Natural Resources is set through legislation. A district’s allotment is dependent on the location of a landfill(s) within the district, the activity of the landfill(s) within the district and the population of the district. The District’s allotment for the four quarters of FY2011 totaled \$360,283, a 5.02% increase from FY2010 total allotment of \$343,053.
- The District used 44% of the funds for administration of the District and to provide technical assistance to the cities and counties of the District.
- The remaining 56% of the grant funds were used for projects of the cities and counties of the District.
- District expenditures totaled \$393,079 during the fiscal year.

USING THIS ANNUAL REPORT

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

Report Components

This annual report consists of four parts as follows:

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

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

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

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**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Notes to the Basic Financial Statements: The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements. The notes to the basic financial statements are on pages 13-20 of this report.

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

Basis of Accounting

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

Statement of Net Assets

The net assets of MMSWMD are summarized as follows:

	June 30, 2011	June 30, 2010	June 30, 2009
ASSETS:			
Cash	\$ 580,448	\$ 643,678	\$ 564,729
Grants receivable	40,000	-	-
Equipment, fixtures, furnishings	22,904	22,904	22,904
Less: Accumulated depreciation	(11,948)	(9,658)	(7,367)
Total Assets	<u>\$ 631,404</u>	<u>\$ 656,924</u>	<u>\$ 580,266</u>
LIABILITIES:			
Accounts payable	\$ 14,036	\$ 57,657	\$ 34,781
Retainage payable	15,076	30,233	2,049
Deferred revenue (Unearned grant revenue)	533,282	489,075	467,229
Total Liabilities	<u>\$ 562,394</u>	<u>\$ 576,965</u>	<u>\$ 504,059</u>
NET ASSETS:			
Invested in capital assets	\$ 10,956	\$ 13,246	\$ 15,537
Unrestricted	58,054	66,713	60,670
Total Net Assets	<u>\$ 69,010</u>	<u>\$ 79,959</u>	<u>\$ 76,207</u>

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**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

MMSWMD’s net assets were \$69,010 as of June 30, 2011. Total reserves of restricted funds reached \$58,054, a decrease of \$8,659 or a 12.98% decrease from the previous year.

In April of 2004, the Executive Board adopted MMSWMD’s Policies and Administrative Rules (PAR). The PAR states that “MMSWMD shall maintain an unreserved fund balance that is equal to at least 25% of the average operating budget for the prior three fiscal years but no more than 33% of the average operating budget for the prior three fiscal years.” When all MMSWMD activities, including tire collections, HHW, salaries, and other administrative costs are added together for the last three years, the average expenditure for MMSWMD is \$182,002. The target fund balance should therefore be between \$45,501 and \$60,061. Our current fund balance of \$58,054 (31.9%) falls within the allowable level. In order to maintain the target fund balance of less than 33%, interest revenues and program income will be obligated in FY 2012 District Grants.

Revenues and Expenses (excluding intergovernmental contributions)

	June 30, 2011	June 30, 2010	June 30, 2009
Subgrantee grants (DNR Solid Waste Grants)	\$ 193,009	\$ 269,908	\$ 263,479
PI-DO grants (DNR Administrative Grants)	134,309	166,307	215,441
Other grants (DNR State Grant)	-	-	-
Charges for services	1,335	4,091	4,060
Total Revenues	\$ 328,653	\$ 440,306	\$ 482,980
Subgrantee grant expenses	\$ 198,547	\$ 269,627	\$ 278,165
Personnel	69,162	89,077	80,688
Contracted services	53,965	50,350	105,397
Depreciation	2,290	2,291	2,290
Other	20,529	29,162	35,053
Total Expenses	\$ 344,493	\$ 440,507	\$ 501,593
Operating surplus/(deficit)	(15,190)	(201)	(18,613)
Investment and other revenue	4,891	3,953	7,681
Increase (Decrease) in Net Assets	\$ (10,949)	\$ 3,752	\$ (10,932)

The decrease in total revenues in FY2011 from FY2010 is partly due to grant funds not fully expended in the administrative grants and not as many applicants for grant funds. The District continues to be more aggressive with the number of one-day collection events for HHW, tires, and electronics to ensure each Region H county had at least one collection event for the year; which impacts contractual services and advertising budget line items. Program income is derived from fees charged at county one-day tire collection events.

**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

Budgetary Highlights

	Actual	Budget
	June 30, 2011	June 30, 2011
Grants	\$ 327,318	\$ 354,010
Interest revenue	4,241	3,800
Charges for services and other revenue	1,985	1,900
Total Revenues	\$ <u>333,544</u>	\$ <u>359,710</u>
Solid waste (sub-grantee) grant expenses	\$ 198,548	\$ 177,013
Personnel	69,162	104,196
Contracted services	53,965	43,300
Other	20,529	29,501
Total Expenses	\$ <u>342,203</u>	\$ <u>354,010</u>

Not as many grant applications were received in FY 2011 than anticipated. Unobligated carryover funds were obligated by June 30, 2011. During FY2011, tonnage fees and interest rates remained fixed, which affected the District’s quarterly allotment and interest revenue. Overall, expenditures for FY 2011 were conservative.

Contacting MMSWMD’s Financial Management

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

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BASIC FINANCIAL STATEMENTS

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MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
STATEMENT OF NET ASSETS
JUNE 30, 2011

		Governmental Activities
ASSETS:		
Cash	\$	580,448
Grants receivable		40,000
Capital assets, net of accumulated depreciation		10,956
Total Assets	\$	631,404
LIABILITIES:		
Accounts payable	\$	14,036
Retainage payable		15,076
Deferred revenues		533,282
Total Liabilities	\$	562,394
NET ASSETS:		
Invested in capital assets	\$	10,956
Restricted		58,054
Total Net Assets	\$	69,010

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

MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Governmental Activities
Governmental Activities:				
Program and subgrant expenditures -				
Solid Waste Services	\$ (344,493)	\$ 1,335	\$ 327,318	\$ (15,840)
Intergovernmental-contributions	<u>(50,876)</u>	<u>-</u>	<u>50,876</u>	<u>-</u>
Total Governmental Activities	<u>\$ (395,369)</u>	<u>\$ 1,335</u>	<u>\$ 378,194</u>	<u>(15,840)</u>
		General Revenues:		
			\$ 4,241	
			<u>650</u>	
			Total General Revenues	4,891
			Change in net assets	\$ (10,949)
Net assets at beginning of year				\$ <u>79,959</u>
Net assets at end of year				\$ <u><u>69,010</u></u>

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MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
BALANCE SHEET
JUNE 30, 2011

	General Fund
Assets:	
Cash	\$ 580,448
Grants receivable	40,000
Total Assets	\$ 620,448
Liabilities and Fund Balance:	
Liabilities:	
Accounts payable	\$ 14,036
Retainage payable	15,076
Deferred revenues	533,282
Total Liabilities	\$ 562,394
Fund balance - restricted	\$ 58,054
Total Liabilities and Fund Balance	\$ 620,448
 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	
Total fund balance - governmental fund	\$ 58,054
 Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in the operation of governmental funds are not financial resources and, therefore, are not reported in the funds.	
These assets consist of:	
Trailer and equipment	\$ 22,904
Accumulated depreciation	(11,948)
Total capital assets, net	\$ 10,956
Total net assets - governmental activities	\$ 69,010

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**MID - MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2011**

	General Fund
Revenues:	
Intergovernmental	\$ 327,318
Intergovernmental - contributions	50,876
Charges for services	1,335
Other revenue	650
Interest income	4,241
 Total Revenues	 \$ 384,420
 Expenditures:	
Administration-	
Personnel expense	\$ 70,658
Fringe benefits	23,446
Contractual services	53,963
Supplies and materials	14,965
Travel	8,043
Contest expense	150
Other	23,306
District grant expenditures-	
Contractual services	2,437
Supplies and materials	16,107
Operating	414
Other	7,965
Equipment	170,732
Travel	893
 Total Expenditures	 \$ 393,079
 Excess (deficiency) of revenues over expenditures	 (8,659)
 Fund balance - beginning of year	 \$ 66,713
 Fund balance - end of year	 \$ 58,054
 Total net change in fund balance - governmental fund	 \$ (8,659)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays.

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Change in net assets of governmental activities

APR 17 2012 \$ (10,949)

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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1.A. Financial Reporting Entity

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

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1.B. Basis of Presentation

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

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

1.C. Measurement Focus and Basis of Accounting

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

Measurement Focus

In the Statement of Net Assets and the Statement of Activities, the governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental funds utilize a “current financial resources” measurement focus and the accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Grant revenue and accounts receivable associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available when the District receives cash.

1.D. Assets, Liabilities, and Equity

Cash

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

Grants Receivable

Grants receivable represents invoices to the Department of Natural Resources that have not been received as of June 30, 2011.

Capital Assets

The District's accounting reports capital assets and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements. All capital assets are used in governmental operations and represent those assets owned by the District. Capital assets purchased through state grants by subgrantees are not included in the basic financial statements. The District must file a UCC-1 form; or, for those items that require a title through the Department of Revenue the District must be listed as the lien holder to perfect its security interest for all assets in excess of \$5,000 purchased by subgrantees. The security interest in the equipment shall be equivalent to the amount of funding provided for the purchase of the equipment. The security interest period begins on the start date of the project for a period of four years that will decrease at the rate of 25% per year until the period is up and then the security interest is relinquished on the part of the state. The capital asset then belongs to the subgrantee. The District has not calculated the amount of security interest held in these capital assets as of June 30, 2011.

Government-Wide Statements

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

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**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The District has established a capitalization threshold of \$5,000 for recording its capital assets. The estimated useful life used on the District's equipment items is 10 years.

Fund Financial Statements

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

Accounts Payable

Accounts payable represent invoices received after June 30, 2011 for goods and services received prior to year end.

Retainage Payable

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

Deferred Revenues

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

Equity Classification

Government-Wide Statements

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

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

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**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

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

Fund Financial Statements

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

1.E. Revenues and Expenditures

Program Revenues

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

Solid Waste Services	Program revenues are intergovernmental revenues from the state of Missouri for solid waste services and charges for services for tire collections and household hazardous waste collections.
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All other governmental revenues are reported as general.

1.F. Use of Estimates

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

2.A. Insured and Collateralized Deposits

In accordance with state law, all uninsured deposits of municipal and state funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit. At June 30, 2011 the District's deposits were entirely insured and collateralized.

**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

2.B. Budgetary Compliance

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

NOTE 3. CASH AND INVESTMENTS

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

The District's deposits at June 30, 2011 were not exposed to custodial credit risk because they were entirely covered by federal depositary insurance.

Investments and Custodial Credit Risk

Investments are limited by State law to the following:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper, and repurchase agreements with certain limitations.
- d. County, municipal, or school district tax-supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the Securities and Exchange Commission and in which investments consist of the investments mentioned in the previous paragraphs a, b, c, and d.

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**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

The District did not have any investments during the year ended June 30, 2011 or at June 30, 2011.

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011, is as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Trailer and equipment	\$ 22,904	\$ -	\$ -	\$ 22,904
Total	\$ 22,904	\$ -	\$ -	\$ 22,904
Less accumulated depreciation:				
Trailer and equipment	\$ (9,658)	\$ (2,290)	\$ -	\$ (11,948)
Total accumulated depreciation	\$ (7,367)	\$ (2,290)	\$ -	\$ (11,948)
Capital assets, net	\$ 13,246	\$ (2,290)	\$ -	\$ 10,956

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

NOTE 5. RISK MANAGEMENT

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

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MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 6. RELATED ORGANIZATION

The District contracts with the City of Columbia to provide for the District's administration. The District receives in-kind contributions from the city through the payment of personnel costs, intergovernmental services, rent and utilities. The value of the contribution totaled \$50,876 during the year ended June 30, 2011. The revenues and expenditures have been adjusted accordingly as follows:

Revenues	Intergovernmental – contributions	\$50,876
Expenditures:	Personnel	\$17,258
	Fringe benefits	7,684
	Supplies and Materials	13,708
	Travel	461
	Other	<u>11,765</u>
	Total Expenditures	<u>\$50,876</u>

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December 14, 2011

**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***

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

We have audited the financial statements of the governmental activities and General Fund of Mid-Missouri Solid Waste Management District – Region H (the "District"), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Mid-Missouri Solid Waste Management District – Region H's internal control over financial reporting 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 Mid-Missouri Solid Waste Management District – Region H's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mid-Missouri Solid Waste Management District – Region H's internal control over financial reporting.

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 over financial reporting 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.

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However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a deficiency in compliance and other matters.

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 a 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 in the accompanying schedule of findings and responses (2011-01) to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mid-Missouri Solid Waste Management District – Region H's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 or other matter (2011-02) that is required to be reported under *Government Auditing Standards*.

Mid-Missouri Solid Waste Management District – Region H's responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Mid-Missouri Solid Waste Management District – Region H's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, Executive Board and District Council, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.



Casey-Beard-Boehmer PC
Certified Public Accountants

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**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENT FINDINGS:

Finding 2011-01 Trial Balance of District Not Properly Stated

Condition: The trial balance maintained by the District was not accurately prepared as of June 30, 2011. The trial balance did not state the accounts receivable balance of \$40,000 and understated the retainage payable balance by \$2,402.

Criteria: Employees assigned responsibility for recording and reporting financial transactions should have adequate knowledge of accounting procedures and concepts.

Cause: Transactions were not posted or improperly posted and there was a lack of proper oversight and review of the financial statements.

Effect: The financial statements prepared monthly and presented to the Executive Board were materially misstated and the error was not detected by the District.

Recommendation:

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

Response: The District concurs and notes there were errors made in posting to the trial balance and quarterly financial summary reports due to the change over from the previous District Coordinator to the current Coordinator. Corrections have been made and future entries will be more thoroughly reviewed to ensure the financial statements are accurately presented.

Finding 2011-02 Quarterly Project Financial Summary Reports Not Accurately Prepared

Condition: The quarterly project financial summary reports filed with the Department of Natural Resources for the year ending June 30, 2011, were not accurately prepared and did not properly reconcile with the total cash balance held by the District. Each quarterly report had an unreconciled difference and a revised report for the quarter ending June 30, 2011, did not present the interest income unobligated or carryover unobligated amounts. The total of all awards remaining at the District therefore did not reconcile to the ending cash balance by \$41,122.

Criteria: Employees should have adequate knowledge of the proper recording of transactions for proper reporting of quarterly reports.

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**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2011**

Cause: The prior District Coordinator terminated her position and the present district employees did not know specifically how to record these entries on the quarterly reports.

Effect: The quarterly reports filed with the Department of Natural Resources did not properly report all information required and, therefore did not agree to the total cash balance as of June 30, 2011.

Recommendation:

The District should consult with the Department of Natural Resources to properly revise the quarterly project summary reports to include unobligated interest income and carryover grant funds not obligated to other grants and to properly reconcile with the total cash balance held by the District.

Response: *The District concurs and notes there were errors made in posting to the trial balance and quarterly financial summary reports due to the change over from the previous District Coordinator to the current Coordinator. Corrections have been made and future entries will be more thoroughly reviewed to ensure the financial statements are accurately presented.*

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

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Mid-Missouri Solid Waste Management District – Region H on the applicable findings in the prior audit report for the year ended June 30, 2010.

The audit report did not disclose any noncompliance and internal control findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

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SUPPLEMENTARY INFORMATION

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MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
Revenues:				
Solid waste grants from state	\$ 177,013	\$ 177,013	\$ 193,009	\$ 15,996
Administrative grants from state	176,997	176,997	134,309	(42,688)
Interest income	3,800	3,800	4,241	441
Charges for services	1,900	1,900	1,335	(565)
Other revenue	-	-	650	(650)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 359,710	\$ 359,710	\$ 333,544	\$ (26,166)
Expenditures:				
Administration-				
Personnel expense	\$ 71,800	\$ 71,800	\$ 53,400	\$ (18,400)
Fringe benefits	32,396	32,396	15,762	(16,634)
Contractual services	43,300	43,300	53,965	10,665
Supplies and materials	2,950	2,950	1,257	(1,693)
Travel	9,556	9,556	7,582	(1,974)
Other	16,995	16,995	11,690	(5,305)
District grant expenditures-				
Personnel	1,506	1,506	-	(1,506)
Contractual services	28,061	28,061	2,437	(25,624)
Equipment	122,492	122,492	170,731	48,239
Supplies	8,709	8,709	16,107	7,398
Other	13,710	13,710	7,965	(5,745)
Management	-	-	414	414
Travel	2,535	2,535	893	(1,642)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ 354,010	\$ 354,010	\$ 342,203	\$ (11,807)
Excess (deficiency) of Revenues over Expenditures	\$ 5,700	\$ 5,700	\$ (8,659)	\$ (14,359)
Fund balance, beginning of year	\$ 68,070	\$ 68,070	\$ 66,713	\$ (1,357)
Fund balance, end of year	<u>\$ 73,770</u>	<u>\$ 73,770</u>	<u>\$ 58,054</u>	<u>\$ (15,716)</u>

Note: The budget information presented does not include the in-kind contributions provided by the city of Columbia for the fiscal year.

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**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
SCHEDULE OF SUBGRANT EXPENDITURES BY GRANT NUMBER (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2011**

Grant Number	Project Grant Description	Expenditures
H2008-07	Balers and Compactors	\$ 53,172
H2009-04	Increase E-Scrap and Aluminum Collection	1,150
H2009-08	Improving Processing of Commodities	1,402
H2009-09	Dual Chamber Compactor	20,608
H2009-11	Rear Loading Containers	16,426
H2009-12	Office Recycling Gone Wild	3,300
H2009-14	Containers for Paper Recycling	3,780
H2010-01	Region H District Operations FY 2010	32,273
H2010-02	Region H Plan Implementation FY 2010	40,470
H2010-05	Composting Tour at Busby Farm	1,874
H2010-07	Tri-County Park Recycling Equipment	5,000
H2010-08	Cole County Hazardous Waste Collection	8,909
H2010-11	EO Recycles Expansion	7,965
H2010-12	Boonslick Industries Truck	49,040
H2010-17	EO Recycles Expansion	634
H2010-18	Building Materials for Can Cottage	785
H2010-19	Boat and Trailer	6,000
H2010-20	IMS Shredder	10,109
H2011-01	Region H District Operations FY 2011	28,575
H2011-02	Region H Plan Implementation FY 2011	47,876
H2011-04	EO Recycles Expansion	982
H2011-05	Yard Containers and Bins	1,873
	Total Subgrant Expenditures	\$ 342,203
	Expenditure contributions provided by City of Columbia	<u>50,876</u>
	Total Expenditures	<u>\$ 393,079</u>

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**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
SCHEDULE OF CAPITAL ASSETS HELD BY SUBGRANTEES (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2011**

ASSET	GRANT AMOUNT EXPENDED	GRANT NUMBER	SUBGRANTEE
2 - Vertical balers	\$ 9,003	H2005155	City of Columbia
Horizontal Baler	52,360	H2006002	Boonslick Industries, Inc.
Box Truck	46,898	H2006004	City of Columbia
Mini Recycling Roll off Truck	36,250	H2006005	City of Columbia
5 - 20 yd Recycling Roll off Containers	33,720	H2006006	City of Jefferson City
Spring Mounted Truck Scale	11,250	H2006007	City of Columbia
Water Reel w/SimeHydra Sprinkler	5,000	H2007002	Loganbill Enterprises, Inc.
2007 Mercury Motor	7,500	H2007004	River Relief, Inc.
24 ft aluminum plate boat with trailer	8,495	H2007004	River Relief, Inc.
Compactor Truck	43,000	H2007006	Boonslick Industries, Inc.
Eddy Current Separator	45,000	H2007009	City of Columbia
Reconditioned Fox 60" Baler	5,000	H2007014	City of Columbia
Asphalt base, tire tiles for playground	17,087	H2008006	City of Holts Summit
Balers and compactors	52,419	H2008007	City of Columbia
Self-cleaning Magnet	11,663	H2008009	City of Columbia
Conveyor Belt System, Baler	22,957	H2008009	Boonslick Industries, Inc.
40X80 ft Canopy Structure	22,554	H2008010	River City Habitat 4-H
Dual Chamber Rear Loader	100,000	H2009006	City of Fulton
Horizontal Baler	51,298	H2009008	Boonslick Industries, Inc.
Dual Chamber Compactor	20,608	H2009009	City of Columbia
2,4,6 yard real load containters	16,427	H2009011	City of Columbia
HHW Satellite Collection Facility	7,600	H2010008	Cole Co/JC
2010 Alleycate recycle trailer	12,739	H2010010	Handi-Shop, Inc.
25-yard compactor truck	45,000	H2010012	Boonslick Industries, Inc.
11' Incline conveyor baler	10,109	H2010020	IMS, LLC
Total	\$ <u>693,937</u>		

Notes:

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

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