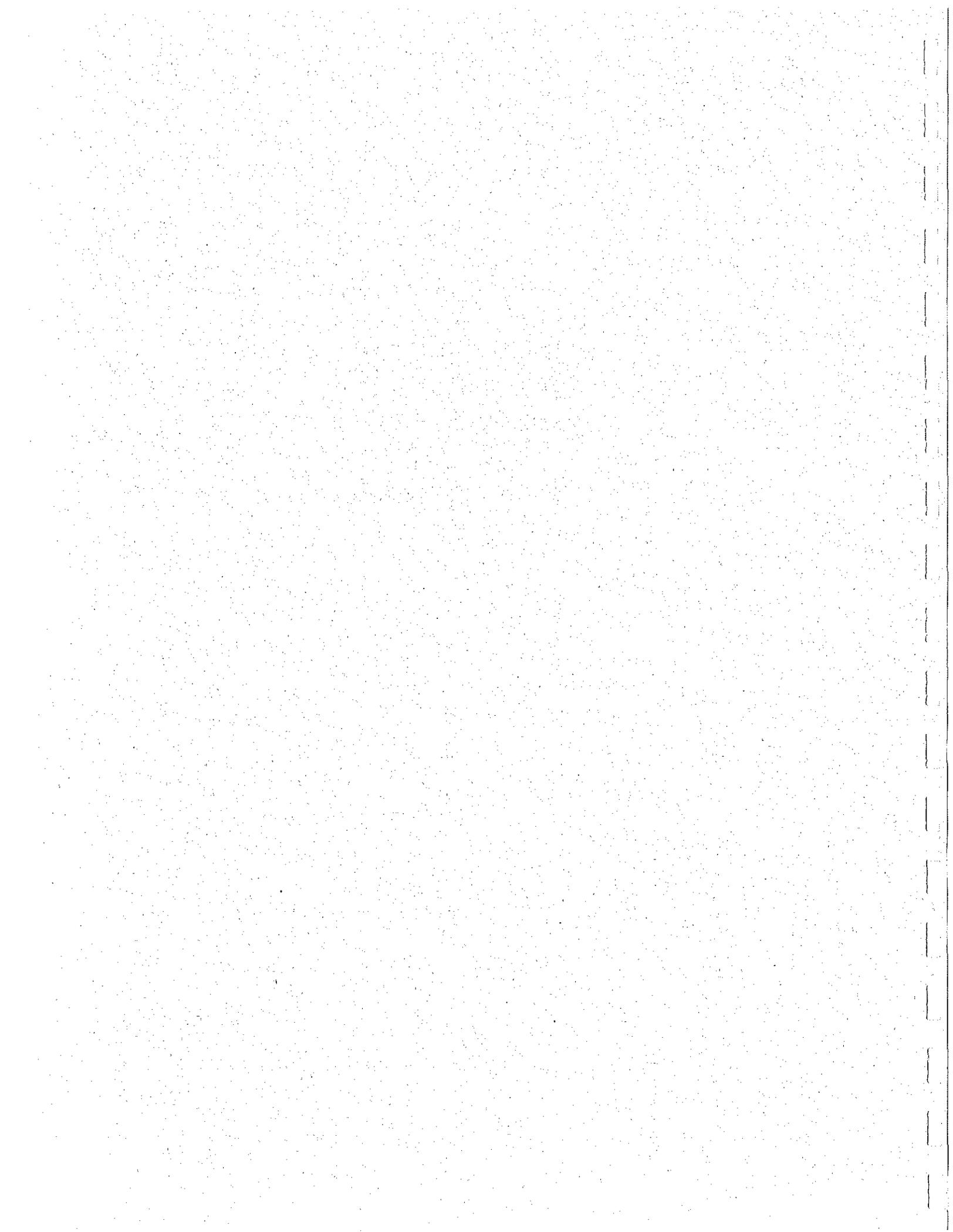


**QUAD-LAKES SOLID WASTE
MANAGEMENT DISTRICT
CLINTON, MISSOURI
FINANCIAL STATEMENTS
(With Independent Auditors'
Reports Thereon)
JUNE 30, 2011 AND 2010**

RECEIVED BY

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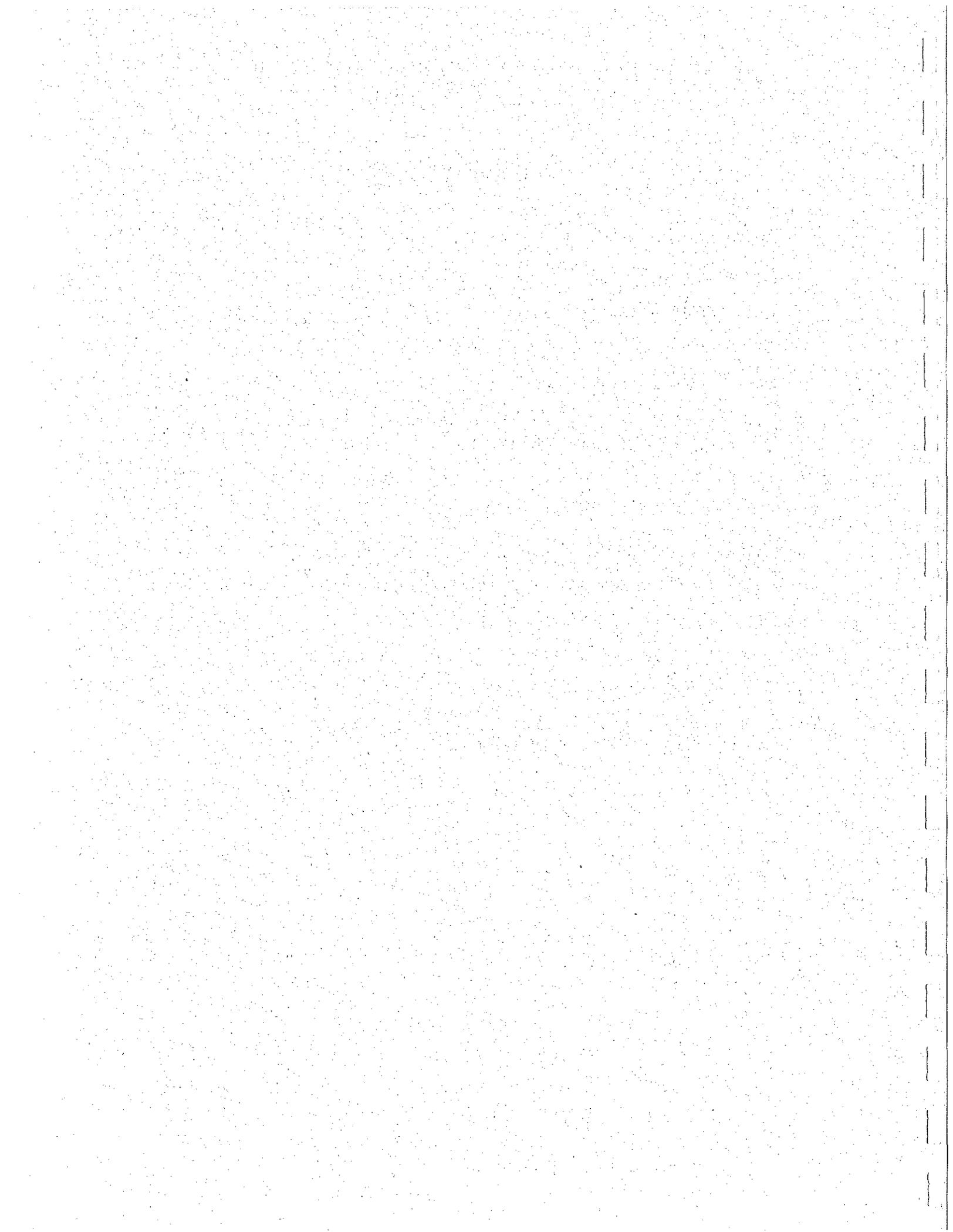
SWMP OPERATIONS



**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT
CLINTON, MISSOURI**

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SECTION I
FINANCIAL STATEMENTS

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

December 29, 2011

Executive Committee
Quad-Lakes Solid Waste
Management District
Clinton, Missouri

We have audited the accompanying financial statements of the governmental activities and each major fund of Quad-Lakes Solid Waste Management District as of and for the years ended June 30, 2011 and 2010, which collectively comprise Quad-Lakes Solid Waste Management District's financial statements as listed in the table of contents. These financial statements are the responsibility of Quad-Lakes Solid 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 the 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.

As described in Note 1D, Quad-Lakes Solid Waste Management District prepares its financial statements using 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.

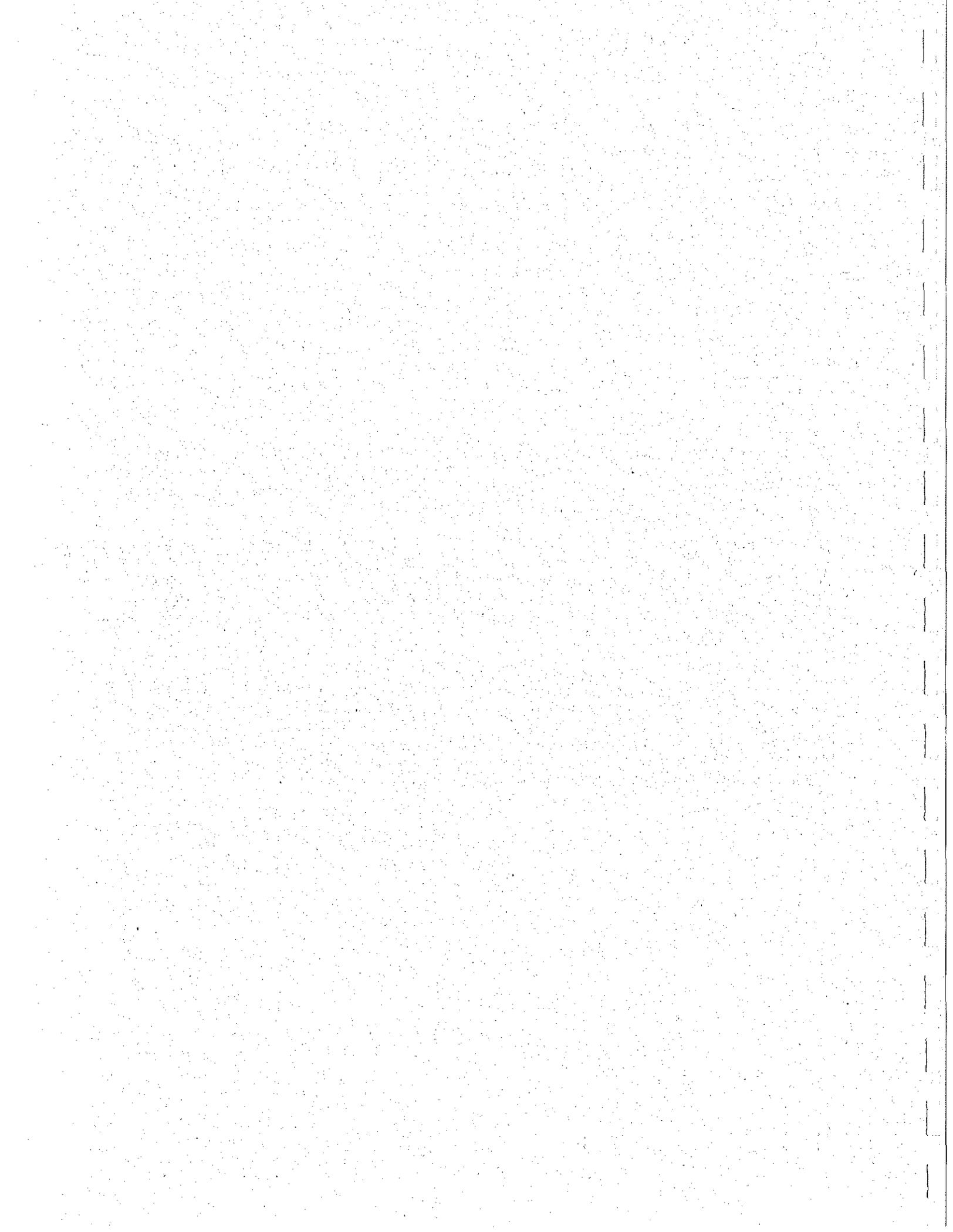
In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of the governmental activities and each major fund of Quad-Lakes Solid Waste Management District as of June 30, 2011 and 2010, and the revenues received and disbursements paid for the years then ended on the basis of accounting described in Note 1D.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

In accordance with Government Auditing Standards, we have also issued a report dated December 29, 2011, on our consideration of Quad-Lakes 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 grants. 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 audits.

Arthur White & Associates, L.L.C.

ARTHUR WHITE & ASSOCIATES, L.L.C.



**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT
CLINTON, MISSOURI**

**STATEMENTS OF NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2011 AND 2010**

	Primary Government Governmental Activities	
	2011	2010
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 127,947	\$ 88,206
Note receivable - related party		15,000
Total current assets	127,947	103,206
TOTAL ASSETS	\$ 127,947	\$ 103,206
<u>NET ASSETS</u>		
NET ASSETS - MODIFIED CASH BASIS:		
Unrestricted	\$ 127,947	\$ 103,206
TOTAL NET ASSETS - MODIFIED CASH BASIS	\$ 127,947	\$ 103,206

See Notes to Financial Statements.

**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT
CLINTON, MISSOURI**

**STATEMENTS OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

Functions and Programs	2011			Net Revenue and Change in Net Assets Primary Governmental Activities
	<u>Expenditures</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary Government: Governmental Activities:				
Waste management	<u>\$ 105,589</u>	<u>\$ -</u>	<u>\$ 113,796</u>	<u>\$ 8,207</u>
General Revenues:				
Interest				2,881
Repayments				<u>13,653</u>
Total general revenues				<u>16,534</u>
Change in net assets				24,741
Net Assets - Modified Cash Basis - Beginning of year				<u>103,206</u>
Net Assets - Modified Cash Basis - End of year				<u>\$ 127,947</u>

2010				Net Revenue and Change in Net Assets
Functions and Programs	<u>Expenditures</u>	<u>Program Revenues</u>		<u>Primary Government Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary Government: Governmental Activities:				
Waste management	<u>\$ 88,658</u>	<u>\$ -</u>	<u>\$ 90,061</u>	<u>\$ 1,403</u>
General Revenues:				
Interest				<u>2,564</u>
Total general revenues				<u>2,564</u>
Change in net assets				3,967
Net Assets - Modified Cash Basis - Beginning of year				<u>99,239</u>
Net Assets - Modified Cash Basis - End of year				<u>\$ 103,206</u>

See Notes to Financial Statements.

**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT
CLINTON, MISSOURI**

**BALANCE SHEETS - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
JUNE 30, 2011 AND 2010**

	<u>2011</u>		
	<u>Governmental Funds</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<u>ASSETS</u>			
ASSETS:			
Cash	<u>\$ 50,612</u>	<u>\$ 77,335</u>	<u>\$ 127,947</u>
TOTAL ASSETS	<u>\$ 50,612</u>	<u>\$ 77,335</u>	<u>\$ 127,947</u>
<u>FUND EQUITY</u>			
FUND EQUITY:			
Fund balance - unreserved and undesignated	<u>\$ 50,612</u>	<u>\$ 77,335</u>	<u>\$ 127,947</u>
TOTAL FUND EQUITY	<u>\$ 50,612</u>	<u>\$ 77,335</u>	<u>\$ 127,947</u>

				<u>2010</u>		
				<u>Governmental Funds</u>		
				<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<u>ASSETS</u>						
ASSETS:						
	Cash			\$ 51,819	\$ 36,387	\$ 88,206
	Note receivable - related party			15,000		15,000
	TOTAL ASSETS			<u>\$ 66,819</u>	<u>\$ 36,387</u>	<u>\$ 103,206</u>
<u>FUND EQUITY</u>						
FUND EQUITY:						
	Fund balance - unreserved and undesignated			\$ 66,819	\$ 36,387	\$ 103,206
	TOTAL FUND EQUITY			<u>\$ 66,819</u>	<u>\$ 36,387</u>	<u>\$ 103,206</u>

See Notes to Financial Statements.

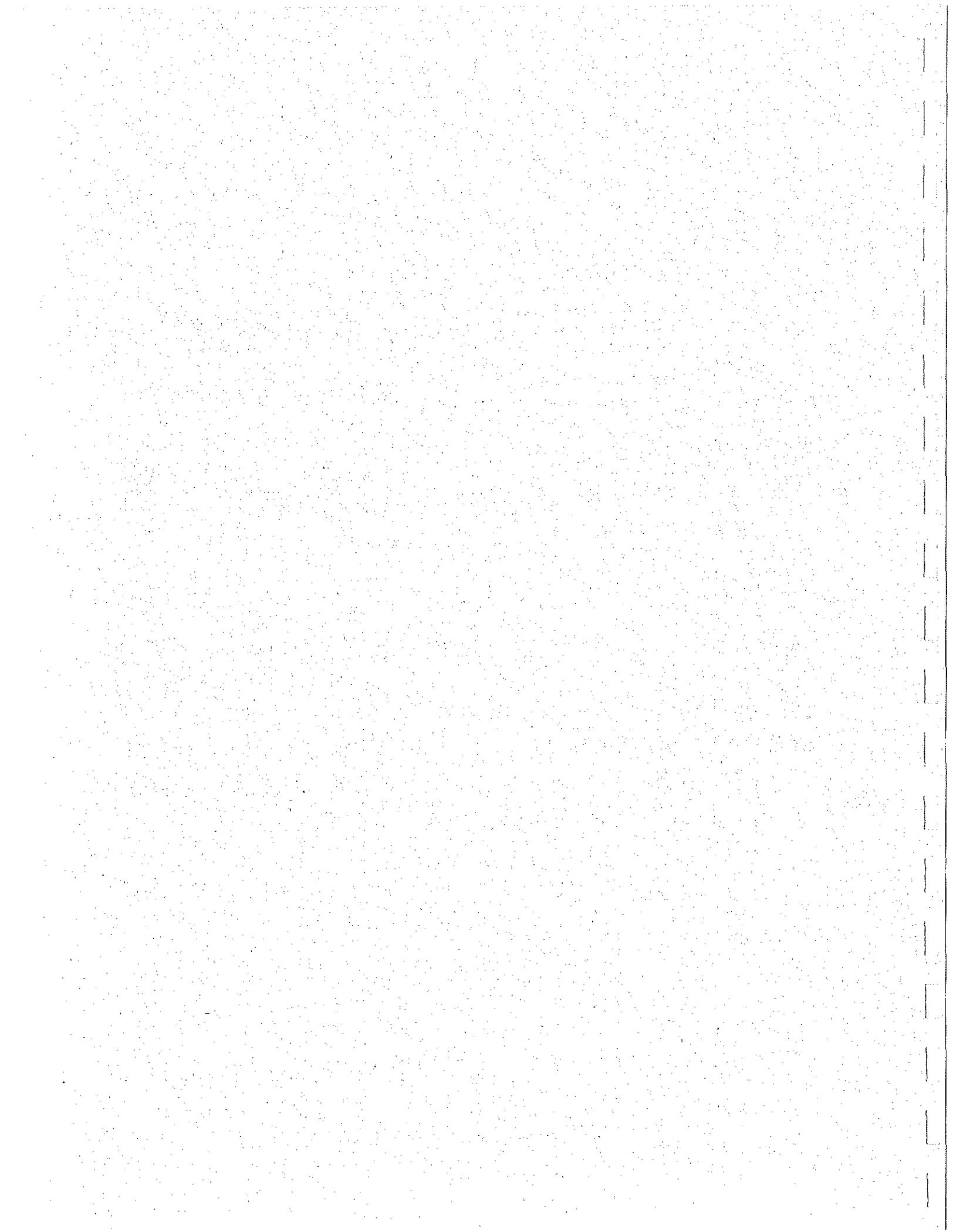
**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT
CLINTON, MISSOURI**

**STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL
FUNDS - MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	2011		
	Governmental Funds		
	General	Special Revenue	Total
REVENUES:			
Intergovernmental revenue:			
State revenue		\$ 111,456	\$ 111,456
Member assessments	\$ 2,340		2,340
Repayments		13,653	13,653
Interest	400	2,481	2,881
Total	<u>2,740</u>	<u>127,590</u>	<u>130,330</u>
EXPENDITURES:			
Current:			
District operations:			
Administration		610	610
Insurance		1,669	1,669
Miscellaneous	1,866		1,866
Subgrants		101,444	101,444
Total	<u>1,866</u>	<u>103,723</u>	<u>105,589</u>
TRANSFERS	<u>(17,081)</u>	<u>17,081</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(16,207)	40,948	24,741
FUND BALANCE - Beginning of year	<u>66,819</u>	<u>36,387</u>	<u>103,206</u>
FUND BALANCE - End of year	<u>\$ 50,612</u>	<u>\$ 77,335</u>	<u>\$ 127,947</u>

	2010		
	Governmental Funds		
	General	Special Revenue	Total
REVENUES:			
Intergovernmental revenue:			
State revenue		\$ 78,995	\$ 78,995
Member assessments	\$ 11,066		11,066
Interest	1,438	1,126	2,564
Total	<u>12,504</u>	<u>80,121</u>	<u>92,625</u>
EXPENDITURES:			
Current:			
District operations:			
Administration		2,987	2,987
Insurance	1,669		1,669
Miscellaneous		2,172	2,172
Subgrants		81,830	81,830
Total	<u>1,669</u>	<u>86,989</u>	<u>88,658</u>
NET CHANGE IN FUND BALANCE	10,835	(6,868)	3,967
FUND BALANCE - Beginning of year	<u>55,984</u>	<u>43,255</u>	<u>99,239</u>
FUND BALANCE - End of year	<u>\$ 66,819</u>	<u>\$ 36,387</u>	<u>\$ 103,206</u>

See Notes to Financial Statements.



**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT
CLINTON, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization:

The Quad-Lakes Solid Waste Management District (the District) is organized under the Missouri Solid Waste Management Law (Senate Bill 530, RSMo Chapter 260.200 through 260.432 and Chapter 477.071). The District operates under the direction of an Executive Board primarily composed of members who represent the local units of government within the boundaries of the region. The District provides the following services as authorized by its charter: cooperation for the planning, development, operation, and maintaining of solid waste disposal services and facilities for and on the behalf of the counties of Bates, Benton, Cedar, Henry, Hickory and St. Clair and the cities within these counties.

B. 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 exercises oversight responsibility.

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

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component 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.

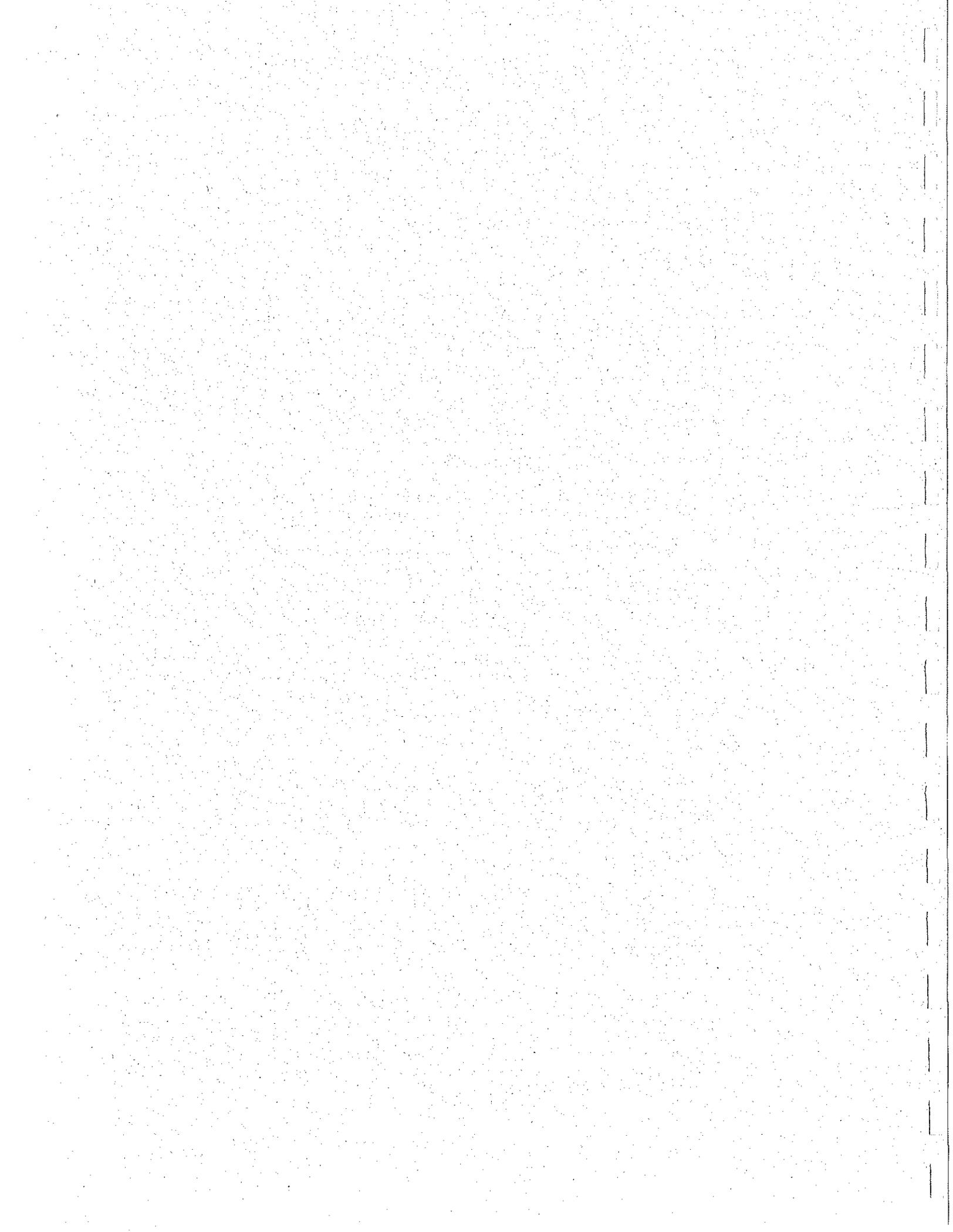
C. Accounting Estimates:

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

D. Basis of Presentation:

The accounting records are maintained on the modified cash basis of accounting. The modified 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, with interfund activities removed. 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.



**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT
CLINTON, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Basis of Presentation, Continued:

The Statement of Activities demonstrates the degree to which the direct expenditures of a given function are offset by program revenues. Direct expenditures are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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, revenues, and expenditures. 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 revenues derived from earmarked revenue sources that are restricted to disbursement for specified purposes.

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

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

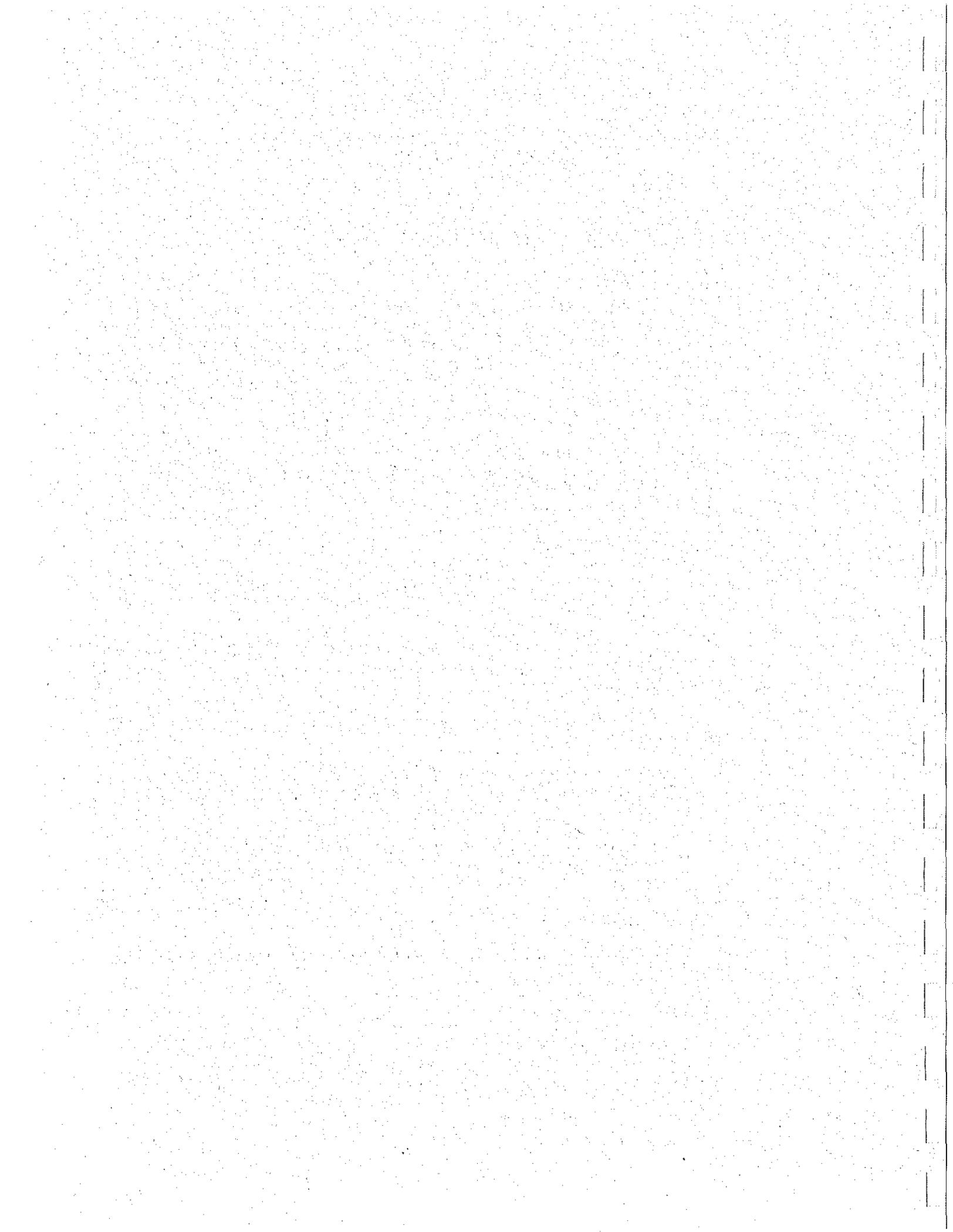
Other Revenues - Other revenues are composed primarily of interest and charges for services. Interest income and charges for services are recorded as revenue when received.

E. Allowance for Doubtful Accounts:

No allowance for doubtful accounts has been provided, as the District believes the receivable will be collected.

F. Capital Assets:

Purchased capital assets are recorded as expenditures in the fund for which the item is intended to be used. Since accounting records are maintained on the modified cash basis of accounting, capital acquisitions are also reflected as expenditures on the government-wide statement of activities. No depreciation has been provided on capital assets.



**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT
CLINTON, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

G. Restricted Resources:

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

H. Budgets and Budgetary Accounting:

The District planner submits to the executive committee a proposed annual operating budget for adoption by the executive committee prior to the beginning of the fiscal year. The executive committee will also approve the budget and any budget amendments. 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, revenue 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 constant 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.

I. Fair Value:

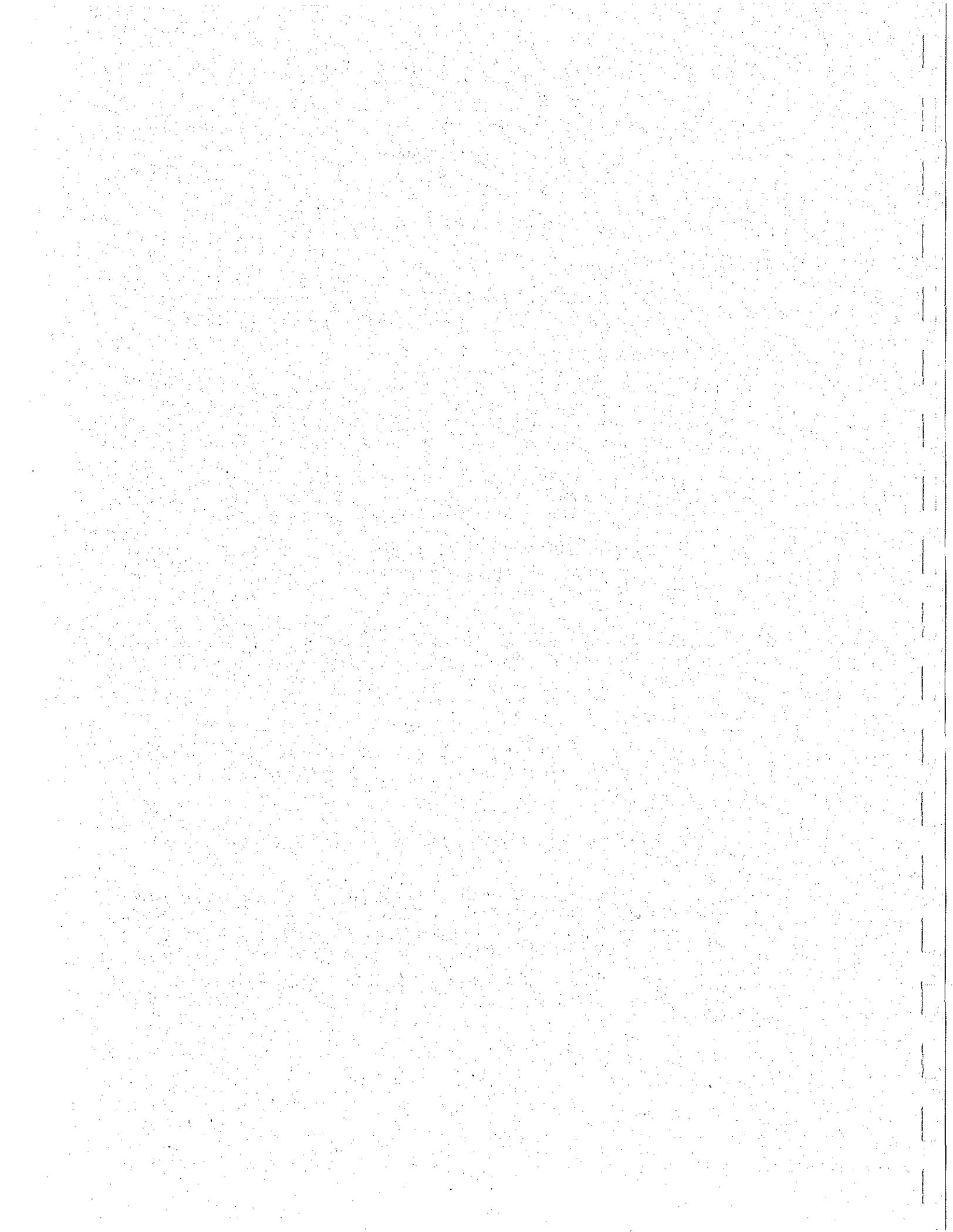
Cash deposits are reported at carrying amount, which reasonably approximates fair value. The note receivable is carried at cost which reasonably approximates fair value.

2. CASH AND INVESTMENTS

The District complies with various restrictions on deposits and investments which are imposed by state statute as follows:

All deposits with financial institutions must be collateralized in an amount at least equal to uninsured deposits. At June 30, 2011, the bank balance of the District's deposits was \$143,322, which was covered by federal depository insurance. At June 30, 2010, the bank balance of the District's deposits was \$88,206, which was covered by federal depository insurance.

The District may invest in certificates of deposit, bonds of the State of Missouri or any wholly owned corporation of the United States, or in other short-term obligations of the United States.



**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT
CLINTON, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 AND 2010**

3. NOTE RECEIVABLE

The District had a \$15,000 note receivable from the Kaysinger Basin Regional Planning Commission (the Commission) as of June 30, 2010. This note bore an interest rate of 4.5% and had no maturity date. The note was unsecured.

4. RELATED PARTY TRANSACTIONS

The District is related to Kaysinger Basin Regional Planning Commission by having the Commission provide administration services for the District's operations. Administration expenses of \$27,880 and \$30,000 were paid to the Commission in the years ended June 30, 2011 and 2010, respectively.

The note receivable discussed in Note 3 was also a related party transaction with the Commission.

5. ECONOMIC DEPENDENCY

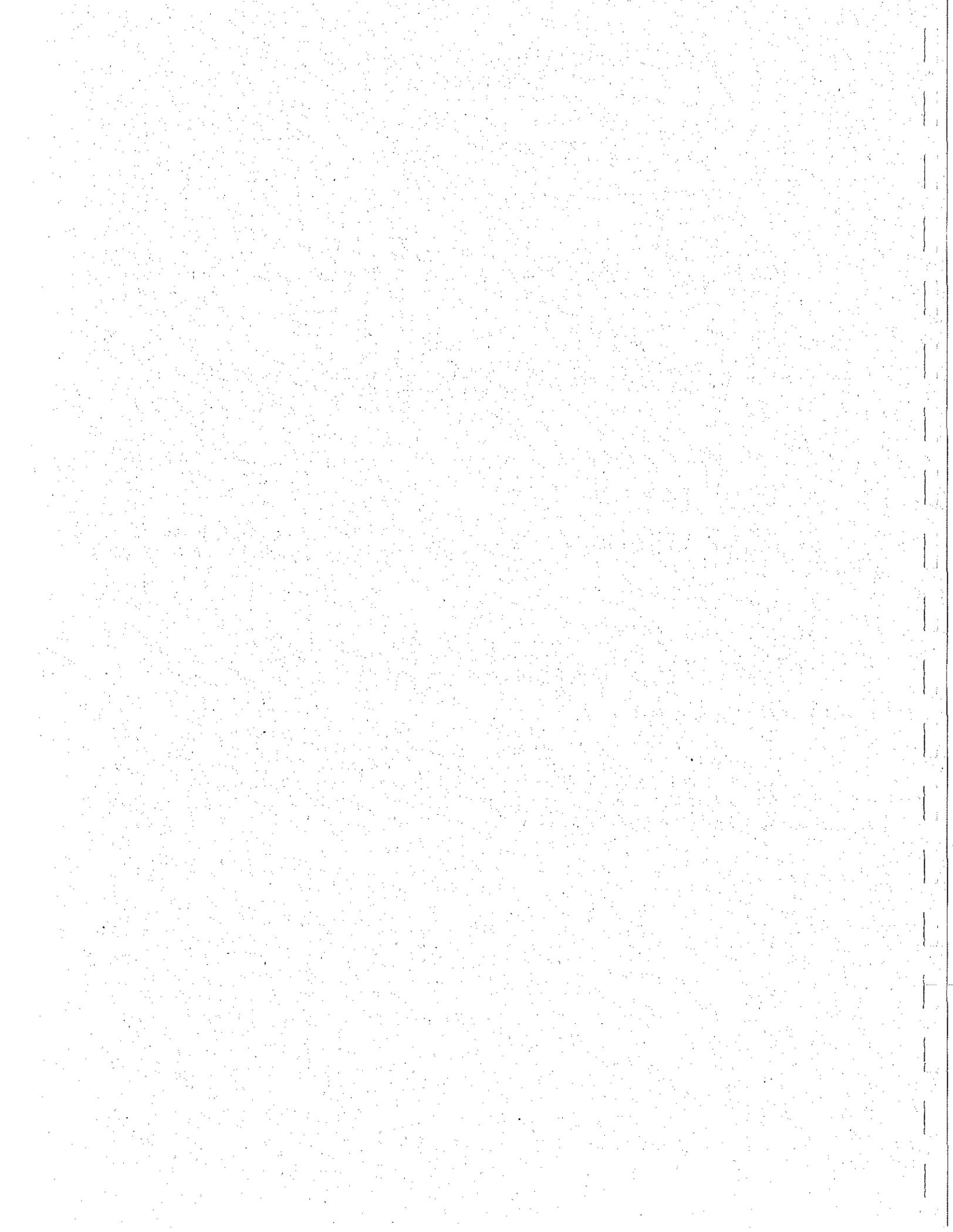
The District receives a substantial amount of its support from the state government. If a significant reduction in this level of government support were to occur, it may have an effect on the District's programs.

6. 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.

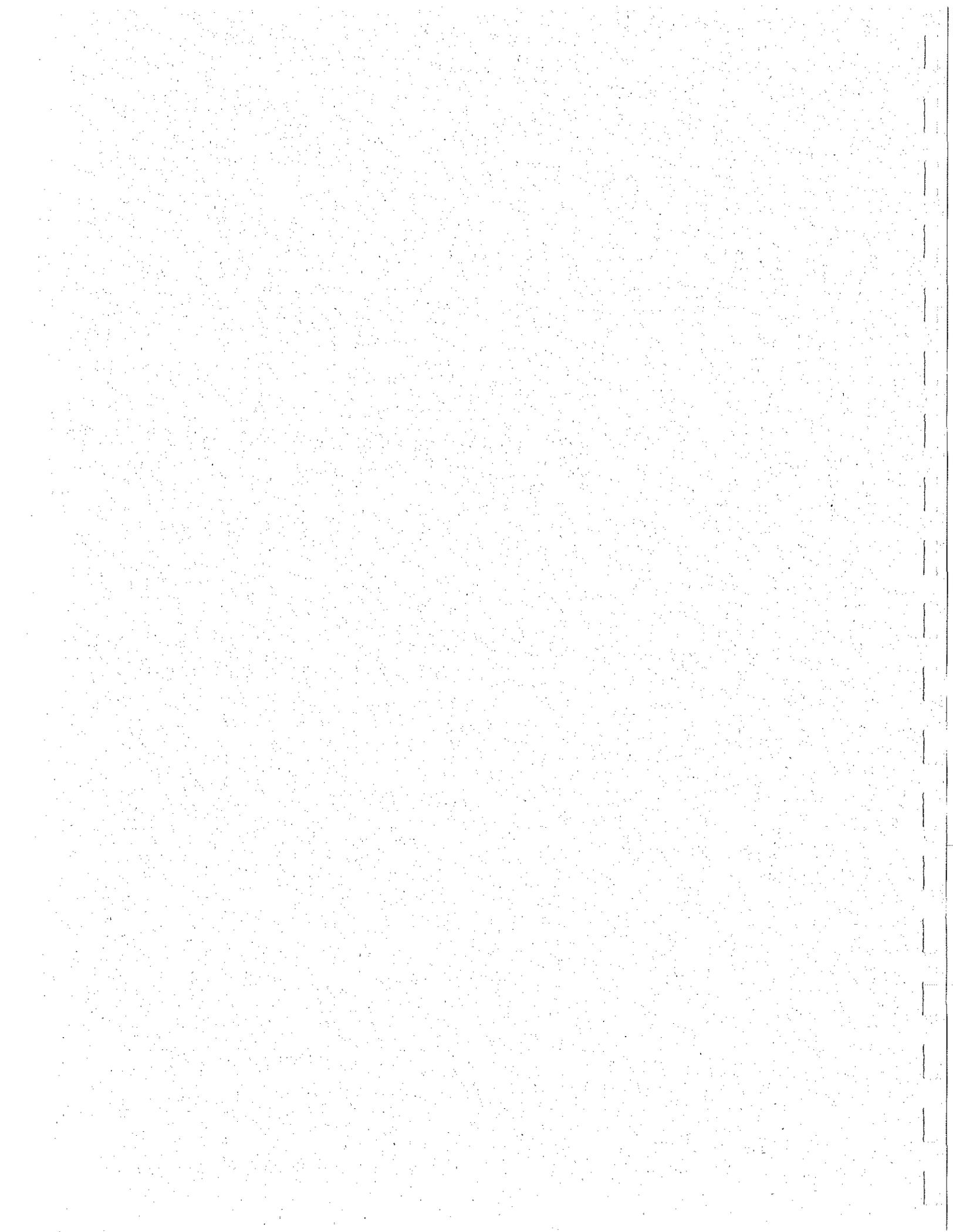
7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in the years ended June 30, 2011 and 2010.



SECTION II

COMPLIANCE AND INTERNAL CONTROL



ARTHUR WHITE & ASSOCIATES, L.L.C.

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**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 29, 2011

Executive Committee
Quad-Lakes Solid Waste
Management District
Clinton, Missouri

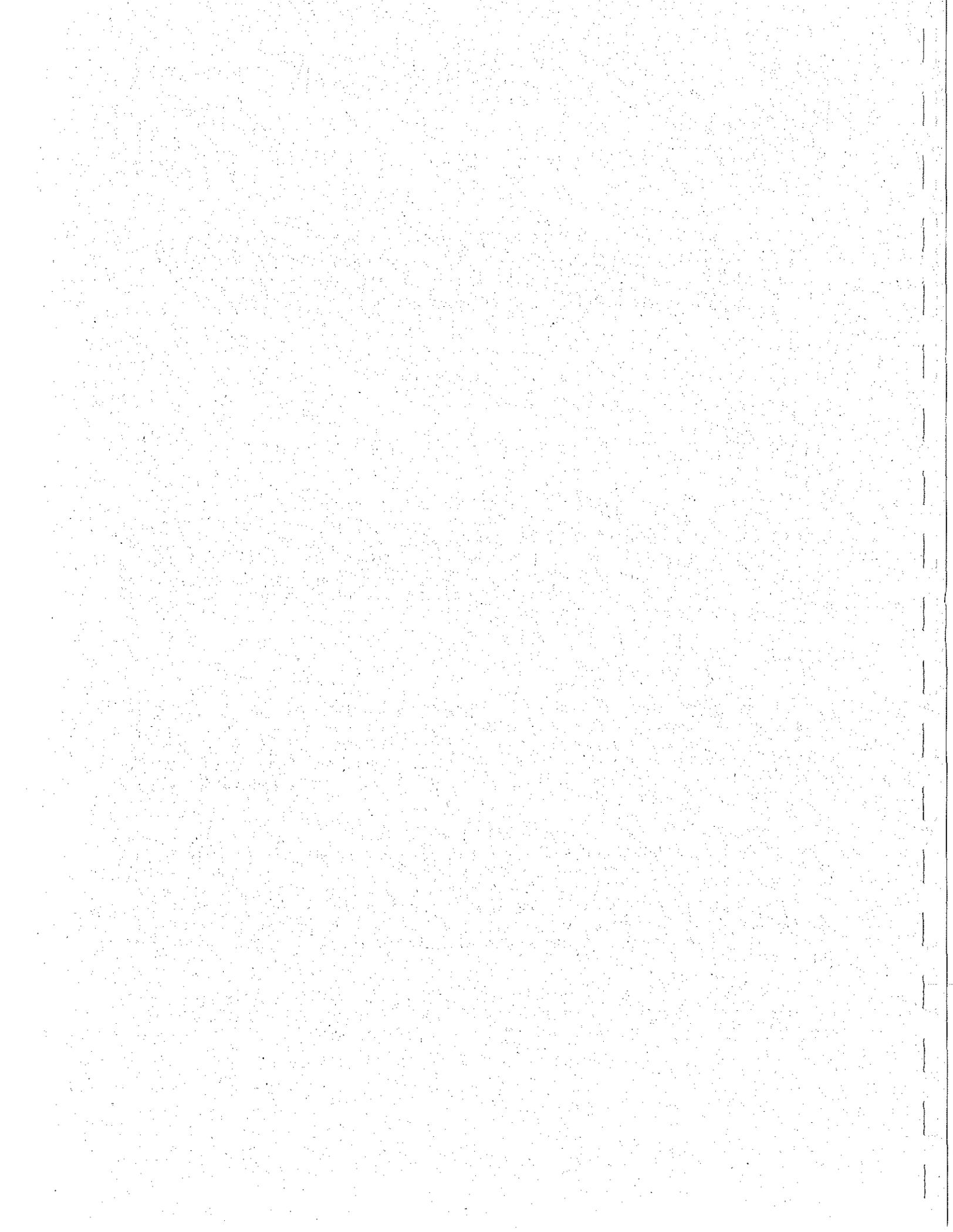
We have audited the financial statements of the governmental activities and each major fund of Quad-Lakes Solid Waste Management District as of and for the years ended June 30, 2011 and 2010, which collectively comprise Quad-Lakes Solid Waste Management District's financial statements and have issued our report thereon dated December 29, 2011. 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 audit, we considered Quad-Lake Solid 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 Quad-Lake Solid Waste Management District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Quad-Lake Solid Waste Management District's internal control over financial reporting.

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 Quad-Lake Solid Waste Management District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Quad-Lake Solid Waste Management District's financial statements that is more than inconsequential will not be prevented or detected by Quad-Lake Solid Waste Management District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Quad-Lake Solid Waste Management District's internal control.



Our consideration of the 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 the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Quad-Lakes Solid 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 instances of noncompliance or other matters, as described below, which are required to be reported under Government Auditing Standards.

UNAPPROVED LOAN TO KAYSINGER BASIN REGIONAL PLANNING COMMISSION

Condition: In September, 2005, Quad-Lakes Solid Waste Management District extended a \$20,000 loan to the Kaysinger Basin Regional Planning Commission. This note had a \$15,000 outstanding balance at June 30, 2010. The parties to the loan did not create and sign a legally binding agreement. No documentation is available showing approval by Missouri Department of Natural Resources. This loan has since been repaid.

Criteria: 10 CSR 80-9.050(4)(B) states that "Accounting records must be supported by source documentation such as cancelled checks, paid bills, payrolls, time and attendance records, contract, and agreement award documents."

Effect: Quad-Lakes Solid Waste Management District is not in compliance with 10CSR 80-9.050(4)(B).

Cause: District oversight.

Recommendation: We recommend Quad-Lakes Solid Waste Management District not make unapproved, undocumented loans.

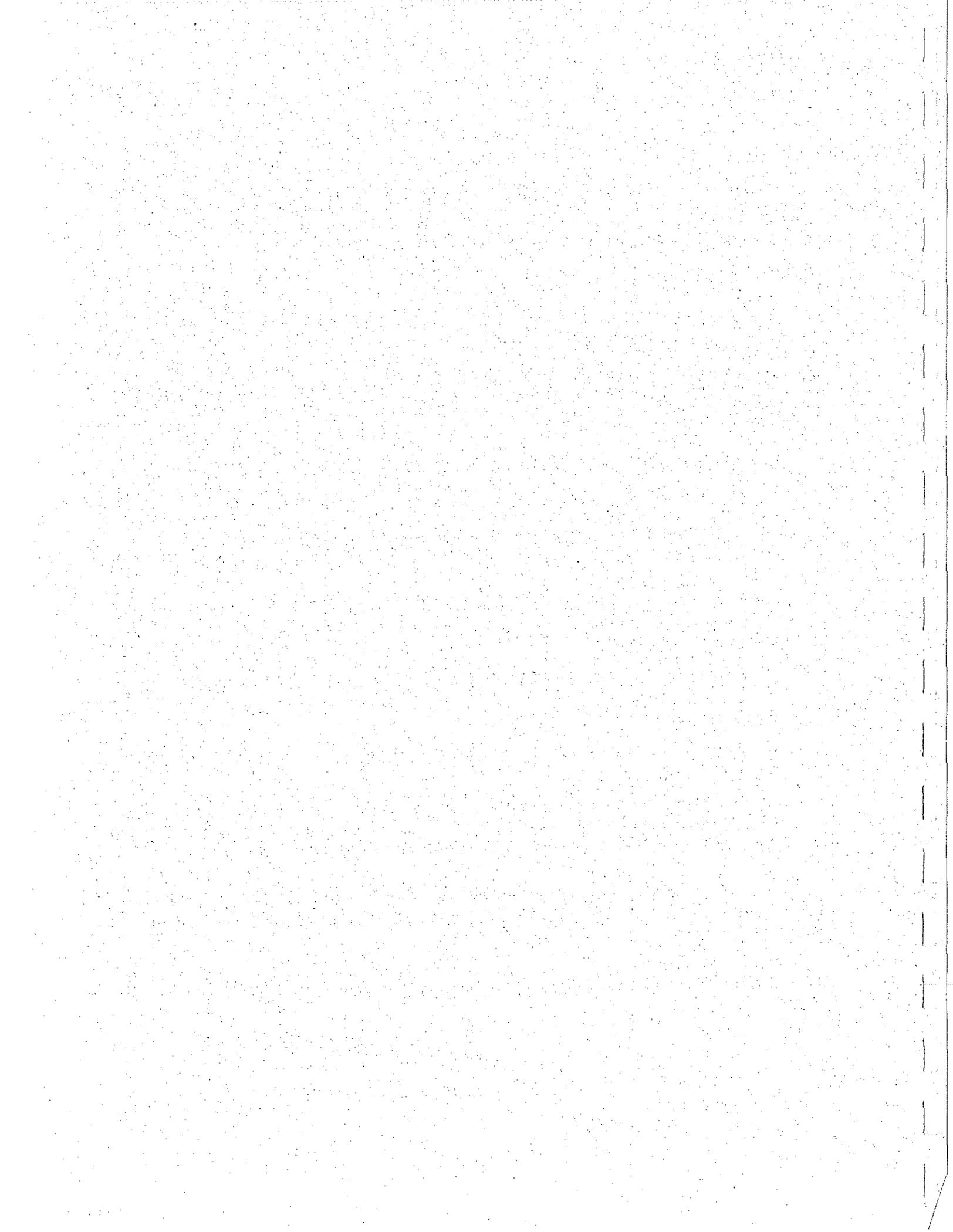
Response: Quad-Lakes Solid Waste Management District did obtain a promissory note though it was deemed inadequate in identifying repayment terms and other important information. Quad-Lakes Solid Waste Management District has received repayment of this loan and will not make loans of this type in the future.

Quad-Lakes Solid Waste Management District's responses to the findings identified in our audit are described above. We did not audit Quad-Lakes Solid Waste Management District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the executive committee, management, 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.



**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT
CLINTON, MISSOURI**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

BUDGETARY PRACTICES

Condition: As discussed in note 1H in the notes to the financial statements, expenditures were in excess of the approved budget for the year ended June 30, 2008.

Criteria: Section 67.080, RSMo, prohibits expenditures in excess of the approved budget

Effect: Quad-Lakes Solid Waste Management District was not in compliance with Section 67.080 RSMo.

Cause: District oversight.

Recommendation: We recommended Quad-Lakes Solid Waste Management District review the budget and make amendments so that expenditures will not be in excess of budgeted amounts.

Current Status: Expenditures were not in excess of the approved budgets for the years ended June 30, 2011 and 2010.

CONFLICT OF INTEREST

Condition: Several members of the executive board and management council also are a part of the management structure of Kaysinger Basin Regional Planning Commission and Kaysinger Recycling and Disposal, Inc. These two entities receive a substantial portion of the District's funding. There was no documentation in the minutes of the board meetings that these members abstained from evaluating and voting on projects awarded to the two entities.

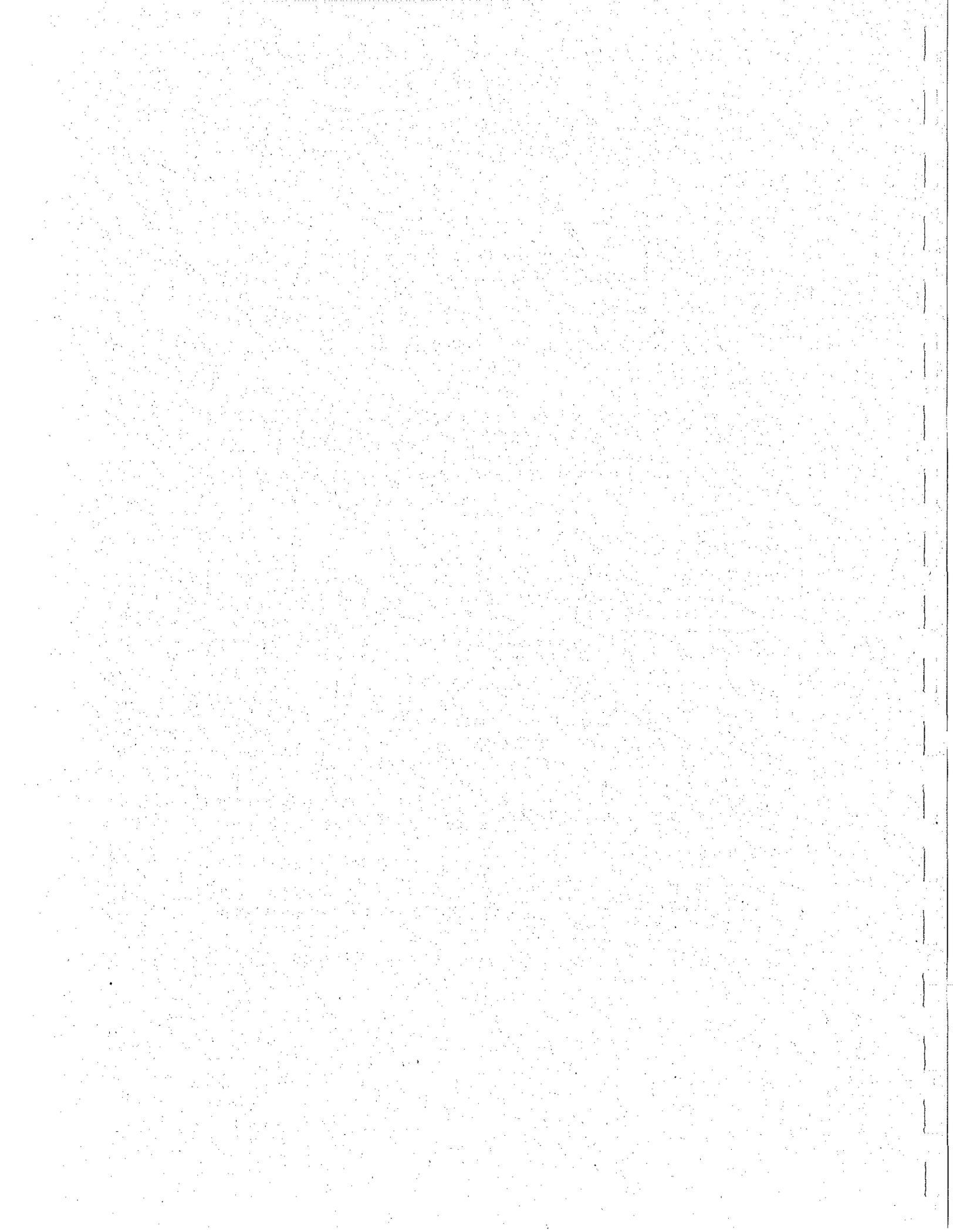
Criteria: 10 CSR 80-9.050(1) (C) 4 states that funds are not to be awarded to a project whose applicant is directly involved in the evaluation and selection of that project. Additionally, Missouri Department of Natural Resources General Terms and Conditions does not allow an applicant to participate in any decision related to a subgrant which could result in a real or apparent conflict of interest including "any decision which would affect their personal or pecuniary interest, directly or indirectly."

Effect: The District was not in compliance with the district grant rule and the Missouri Department of Natural Resources General Terms and Conditions with regard to the conflict of interest.

Cause: District oversight.

Recommendation: We recommended Quad-Lakes Solid Waste Management District update their conflict of interest policy to be in compliance with the district grant rule and Missouri Department of Natural Resources General Terms and Conditions.

Current Status: Quad-Lakes Solid Waste Management District has updated their conflict of interest policy.



**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT
CLINTON, MISSOURI**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, CONTINUED
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

UNAPPROVED LOAN TO KAYSINGER BASIN REGIONAL PLANNING COMMISSION

Condition: Quad-Lakes Solid Waste Management District extended a \$20,000 loan to the Kaysinger Basin Regional Planning Commission in September, 2005. The parties to the loan did not create and sign a legally binding agreement. No documentation is available showing approval by Missouri Department of Natural Resources.

Criteria: 10 CSR 80-9.050(4)(B) states that "Accounting records must be supported by source documentation such as cancelled checks, paid bills, payrolls, time and attendance records, contract, and agreement award documents."

Effect: Quad-Lakes Solid Waste Management District is not in compliance with 10CSR 80-9.050(4)(B).

Cause: District oversight.

Recommendation: We recommended Quad-Lakes Solid Waste Management District recover these funds.

Current Status: Kaysinger Basin Regional Planning Commission has repaid the loan.

INADEQUATE COLLATERALIZATION OF BANK ACCOUNTS

Condition: Quad-Lakes Solid Waste Management District at various times had bank deposits in excess of the FDIC depository insurance.

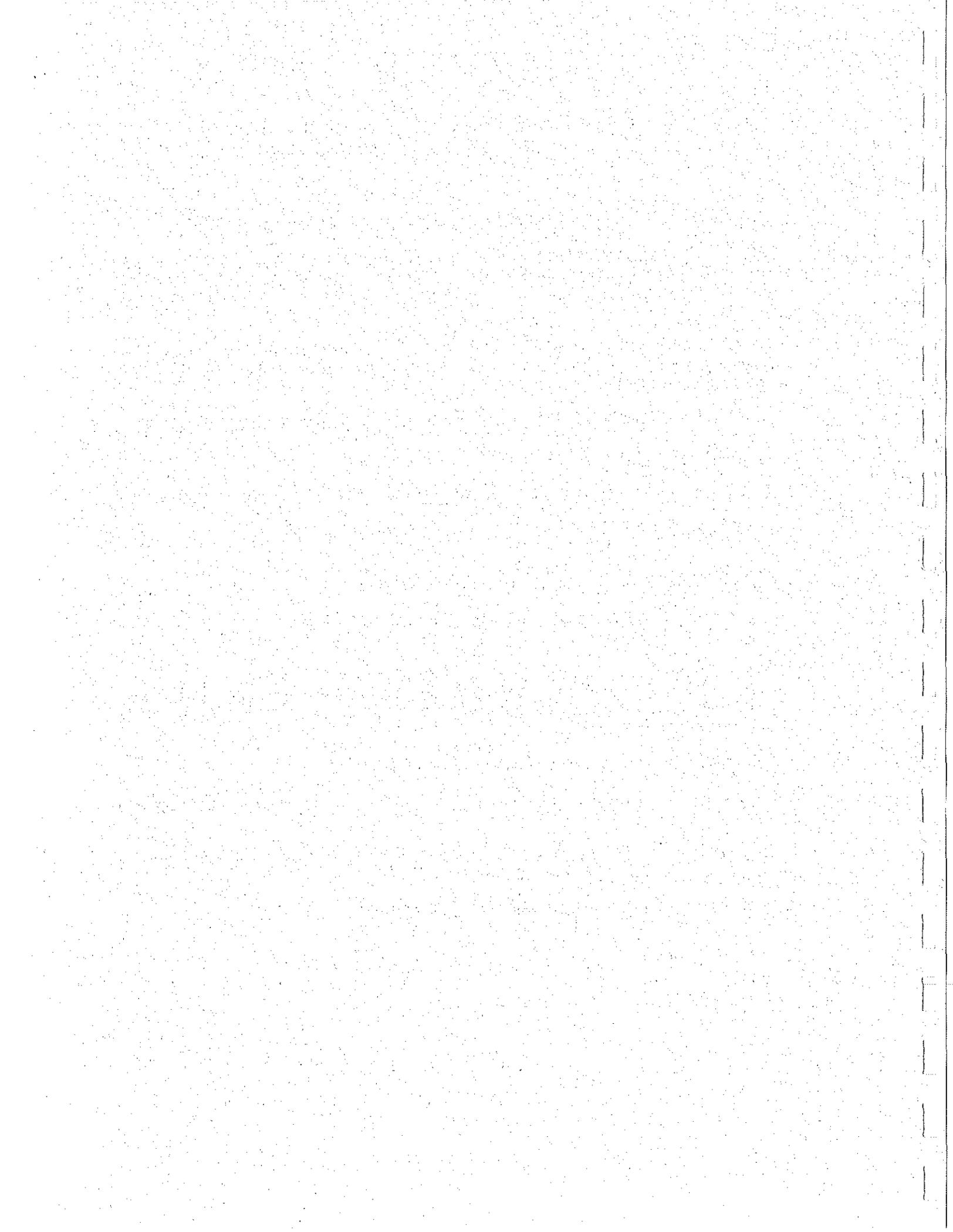
Criteria: Missouri Department of Natural Resources General Terms and Conditions state that "Effective control and accountability must be maintained for all subgrantee cash, real and personal property, and other assets. Subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes."

Effect: Quad-Lakes Solid Waste Management District was at risk of loss.

Cause: District was unaware of how to secure collateralization of funds in excess of FDIC depository insurance.

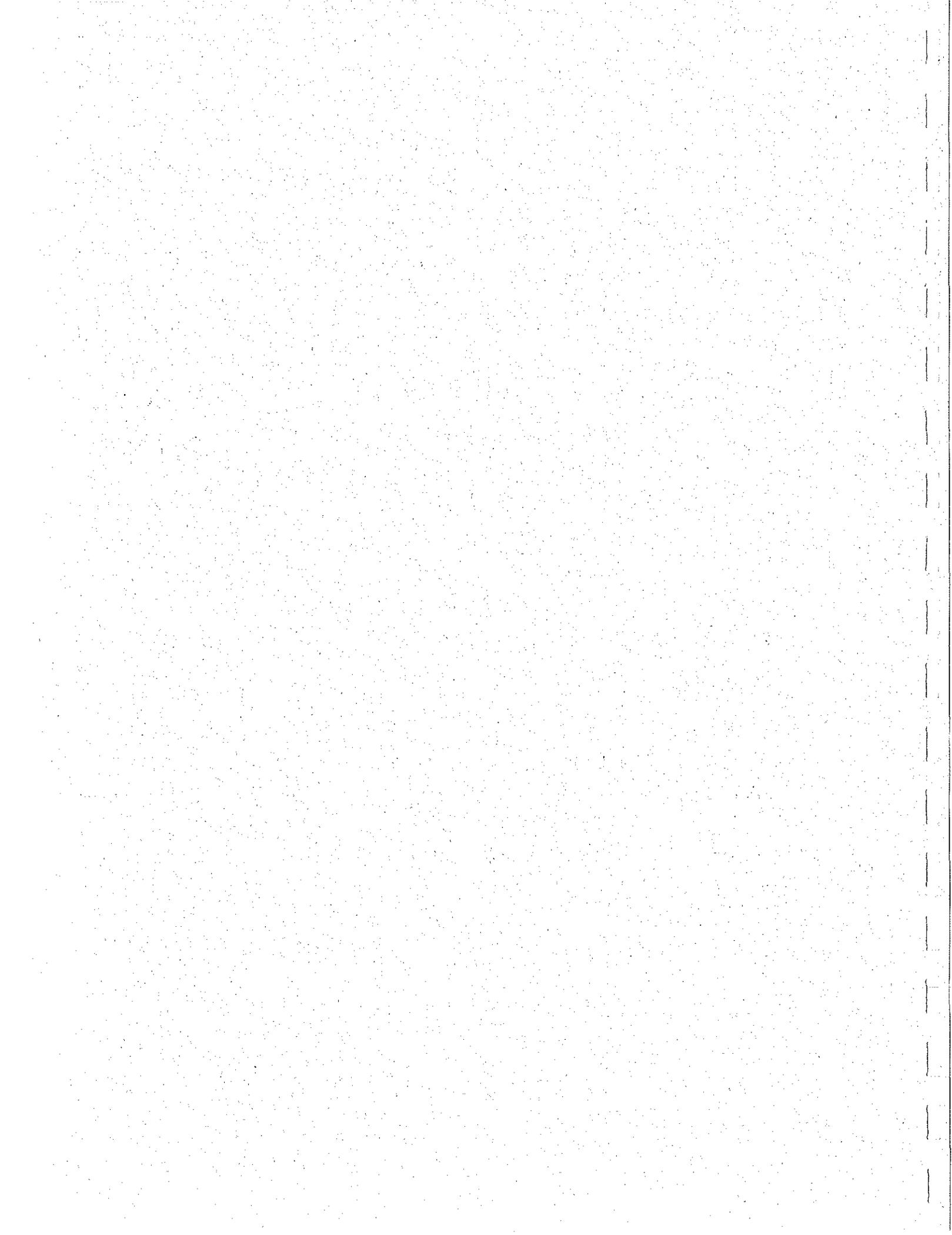
Recommendation: We recommended Quad-Lakes Solid Waste Management District monitor bank balances and safeguard balances in excess of FDIC coverage.

Current Status: No deposits in excess of FDIC coverage were noted.



SECTION III

SUPPLEMENTAL SCHEDULES



ARTHUR WHITE & ASSOCIATES, L.L.C.

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

December 29, 2011

Executive Committee
Quad-Lakes Solid Waste
Management District
Clinton, Missouri

Our report on our audit of the basic financial statements – modified cash basis of Quad-Lakes Solid Waste Management District for the years ended June 30, 2011 and 2010, appears on page 1. This audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The required supplementary information on page 15 is not a required part of the basic financial statements, but is supplementary information required by the modified cash basis of accounting. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Arthur White & Associates, L.L.C.

ARTHUR WHITE & ASSOCIATES, L.L.C.

**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT
CLINTON, MISSOURI**

**SUPPLEMENTAL SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET VS. ACTUAL -
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	2011		
	Original & Final Budget	Actual	Variance
REVENUES:			
Intergovernmental revenue:			
State revenue	\$ 95,000	\$ 111,456	\$ 16,456
Membership assessments		2,340	2,340
Repayments		13,653	13,653
Interest	7,967	2,881	(5,086)
Total	<u>102,967</u>	<u>130,330</u>	<u>27,363</u>
EXPENDITURES:			
Current:			
Administration	2,300	610	1,690
Insurance	1,669	1,669	-
Miscellaneous	2,175	1,866	309
Subgrants	122,154	101,444	20,710
Total	<u>128,298</u>	<u>105,589</u>	<u>22,709</u>
NET CHANGE IN FUND BALANCE	<u>\$ (25,331)</u>	24,741	<u>\$ 50,072</u>
FUND BALANCE - Beginning of year		<u>83,898</u>	
FUND BALANCE - End of year		<u>\$ 108,639</u>	

	2010		
	Original & Final Budget	Actual	Variance
REVENUES:			
Intergovernmental revenue:			
State revenue	\$ 95,000	\$ 78,995	\$ (16,005)
Membership assessments	13,334	11,066	(2,268)
Interest	2,475	2,564	89
Total	<u>110,809</u>	<u>92,625</u>	<u>(18,184)</u>
EXPENDITURES:			
Current:			
Administration	4,800	2,987	1,813
Insurance	1,669	1,669	-
Miscellaneous	1,817	1,866	(49)
Subgrants	163,853	101,444	62,409
Total	<u>172,139</u>	<u>107,966</u>	<u>64,173</u>
NET CHANGE IN FUND BALANCE	<u>\$ (61,330)</u>	(15,341)	<u>\$ 45,989</u>
FUND BALANCE - Beginning of year		<u>99,239</u>	
FUND BALANCE - End of year		<u>\$ 83,898</u>	

