
*ST. LOUIS-JEFFERSON SOLID WASTE
MANAGEMENT DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2009*

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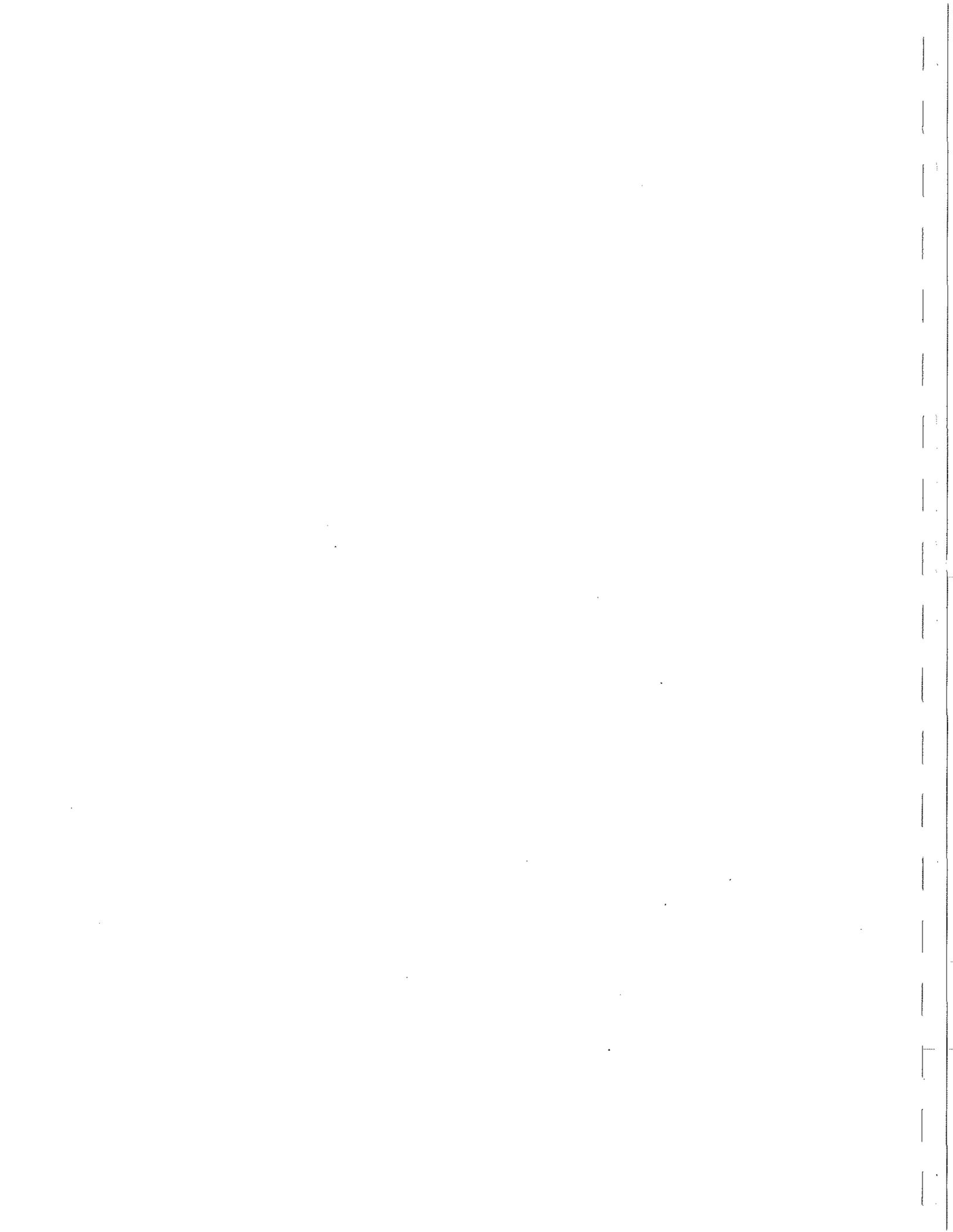


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Independent Auditors' Report

FINANCIAL SERVICES
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Members of the Executive Board
St. Louis-Jefferson Solid Waste Management District

We have audited the accompanying financial statements of the governmental activities and major fund of St. Louis-Jefferson Solid Waste Management District (the "District"), as of and for the year ended December 31, 2009, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of St. Louis-Jefferson Solid Waste Management District, as of December 31, 2009 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.

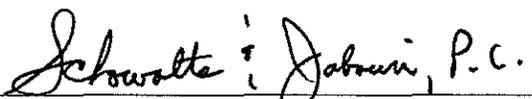
In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
April 9, 2010

Management's Discussion and Analysis

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ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009

Our discussion and analysis of the St. Louis-Jefferson Solid Waste Management District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2009. Please read it in conjunction with the District's basic financial statements.

FINANCIAL HIGHLIGHTS

- The total assets for the District were approximately \$4.2 million. The assets of the District exceeded its liabilities at the close of its most recent fiscal year with an excess of \$85,619. A large portion of the District's liabilities are deferred revenues of approximately \$3.9 million. The deferred revenues consist of funds allocated for specific projects and programs to be completed in future years. The District has no long-term debt.
- At the end of the current fiscal year, approximately \$4.2 million in restricted cash and investments was held by the District to be allocated to programs and projects in future years.
- Comparative data is provided in the Management's Discussion and Analysis for the years ended December 31, 2009 and 2008.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected revenues, and earned but not used vacation leave).

The government-wide financial statements can be found on pages 9 to 10 of this report.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are categorized as governmental funds.

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

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

The District maintains one general fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. The basic governmental fund statements can be found on pages 9 to 10 of this report.

The District adopts an annual budget for administration and operation of the District, however, the annual budget does not include the subgrants paid by the District. An annual budget is not required by State statute. Budgetary comparison schedules are not provided.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 12 to 22 of this report.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District has no long-term debt. A large portion of its assets are restricted cash and investments (approximately \$4.2 million at December 31, 2009, a decrease of approximately \$543,000 from 2008). The majority of the liabilities for the District consist of deferred revenue (approximately \$3.9 million at December 31, 2009, a decrease of approximately \$385,000 from 2008, as the District received less of the subgrants in 2009) that is spendable in future years. Net assets are \$85,619 and are comprised of investment in capital assets of \$16,476 and an unrestricted general fund balance of \$69,143. The District's net assets decreased \$46,288 resulting from an unrealized loss on investments during 2009.

District's Net Assets
As of December 31,

	2009	2008
Current and Other Assets	\$ 4,186,532	\$ 4,750,699
Capital Assets	16,476	18,828
Total Assets	\$ 4,203,008	\$ 4,769,527
Current and Other Liabilities	\$ 4,091,286	\$ 4,611,201
Long Term Liabilities	26,103	26,419
Total Liabilities	\$ 4,117,389	\$ 4,637,620
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 16,476	\$ 18,828
Unrestricted	69,143	113,079
Total Net Assets	\$ 85,619	\$ 131,907

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009

Key elements of the changes in net assets are as follows:

District's Changes in Net Assets		
For The Years Ended December 31,		
	2009	2008
Revenues		
Grant Revenues	\$ 2,808,241	\$ 2,515,512
Investment Income	67,699	326,085
Other Income	14,371	73,658
Total Revenues	\$ 2,890,311	\$ 2,915,255
Expenses		
Program Technical Assistance and Administrative	\$ 462,583	\$ 466,372
Program and Subgrant Expenditures	2,474,016	2,389,207
Total Expenses	\$ 2,936,599	\$ 2,855,579
(Decrease) Increase in Net Assets	\$ (46,288)	\$ 59,676
Net Assets – Beginning of Fiscal Year	131,907	72,231
Net Assets – End of Fiscal Year	\$ 85,619	\$ 131,907

Grant Revenue is the primary source of funding for the District and continues to be provided by locally generated revenues deposited into a statewide solid waste management fund collected by the Missouri Department of Natural Resources (MDNR). The four principal jurisdictions within the District provide a small match annually for activities of the District. The District's funding from MDNR has average approximately \$2.8 million over the recent four years. The District was awarded \$2.8 million for fiscal year 2009, a decrease of \$.2 from 2008. These funds are based on tipping fees received at area landfills. All funds are earmarked for waste reduction and recycling programs and projects.

Grant Revenues increased by approximately \$292,000 in 2009 from 2008, due to the progression of the District's subgrant projects. Due to the District's grant agreements with MDNR and the grant requirements of the funds from MDNR, all funds received from MDNR, as well as the interest earned thereon, are considered Deferred Revenue (a liability) until expended by the District. Upon expenditure, the District relieves the liability, and recognizes Grant Revenue or Investment Income.

Investment Income decreased approximately \$258,000 in 2009 from 2008, due to a decrease in interest income in 2009 (\$112,000 in 2009, \$267,000 in 2008) and an unrealized gain/loss on investments in 2009 (\$44,000 loss in 2009, \$59,000 gain in 2008).

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009

Other Income decreased by \$59,000 in 2009 from 2008, due to decreased use of the District's previously received Admin funds, which were provided to the District in prior years. These Admin funds were deferred revenue (a liability), until expended by the District, when the District reduces the liability and recognizes other income. Admin funds expended (\$11,000 in 2009, \$70,000 in 2008).

Expenditures and Expenses are incurred in the operation and administration of the District and to provide technical assistance to subgrantees who have been awarded grants for recycling activities.

Program Technical Assistance and Administrative expenses decreased by approximately \$4,000 in 2009. The decrease in expenses was related to the District's decreased expenditures incurred for salaries and benefits, training, occupancy and contractual services (\$412,000 in 2009, \$416,000 in 2008).

Program and Subgrant Expenditures increased approximately \$85,000 due to the progression of subrecipients' projects for 2009.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, the general fund had a balance of \$69,143. Due to the source and nature of the District's revenues and the restrictions on the use of the funds, excess revenues not spent during a year are deferred as a liability according to generally accepted accounting principles and carried forward to future years. Therefore, the District's general fund balance as of December 31, 2009 is not indicative of any financial distress. On the contrary, the District has approximately \$3.9 million of deferred revenue to be paid to subgrantees and for District projects in future years.

CAPITAL ASSETS

The District's investment in capital assets as of December 31, 2009 was \$16,476 (net of accumulated depreciation). This investment in capital assets includes an automobile, office furniture & equipment, and computers and computer software. There was \$8,157 of furniture and equipment and software additions in 2009.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009

ECONOMIC FACTORS

- The District relies primarily on funding derived from local landfill tipping fees collected by the Missouri Department of Natural Resources. Funds are awarded based on tipping fees paid at the landfills. The District has applied for grants totaling approximately \$2.7 million for fiscal year 2010. The actual award amounts have not yet been determined.

- The District's funds are used to administer approved waste reduction and recycling projects and activities throughout the year.

Request for Information

The District's basic financial statements are designed to present users (citizens, customers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's Executive Director or Accountant at 7525 Sussex Avenue, St. Louis, MO 63143.

Basic Financial Statements

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ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**GOVERNMENTAL FUNDS -
BALANCE SHEET/STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

	Major Fund		Statement of Net Assets
	General Fund	Adjustment (Note 6)	
Assets			
Cash and pooled investments - restricted	\$ 4,160,532	\$ -	\$ 4,160,532
Interest receivable	22,429	-	22,429
Security deposits	3,571	-	3,571
Capital assets, net of accumulated depreciation	-	16,476	16,476
Total Assets	\$ 4,186,532	\$ 16,476	\$ 4,203,008
Liabilities			
Grants payable	\$ 154,147	\$ -	\$ 154,147
Other liabilities	26,662	-	26,662
Deferred grant revenue obligated for grants	2,742,683	(26,103)	2,716,580
Deferred interest and local revenue obligated for grants and projects	1,193,897	-	1,193,897
Noncurrent liabilities:			
Due within one year	-	16,834	16,834
Due in more than one year	-	9,269	9,269
Total Liabilities	4,117,389	-	4,117,389
Fund Balances			
Unreserved, undesignated general fund	69,143	(69,143)	-
Total Liabilities and Fund Balances	\$ 4,186,532		
Net Assets			
Invested in capital assets, net of related debt		16,476	16,476
Unrestricted		69,143	69,143
Total Net Assets			\$ 85,619

See the accompanying notes to basic financial statements

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES/
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Major Fund</u>		
	<u>General</u>	<u>Adjustment</u>	<u>Statement</u>
	<u>Fund</u>	<u>(Note 7)</u>	<u>of Activities</u>
Revenues			
Grant revenue	\$ 2,807,925	\$ 316	\$ 2,808,241
Investment income	111,704	-	111,704
Unrealized loss on investments	(44,005)	-	(44,005)
Other income	14,371	-	14,371
Total Revenues	<u>2,889,995</u>	<u>316</u>	<u>2,890,311</u>
Expenditures/Expenses			
Program and subgrant expenditures	<u>2,474,016</u>	<u>-</u>	<u>2,474,016</u>
Program technical assistance and administrative:			
Salaries	242,343	316	242,659
Payroll taxes and employee benefits	59,183	-	59,183
Payroll processing	15,447	-	15,447
Travel and training	11,495	-	11,495
Occupancy	27,500	-	27,500
Utilities	5,163	-	5,163
Equipment	12,766	(8,157)	4,609
Supplies	3,442	-	3,442
Contractual	53,257	-	53,257
Other expenses	19,687	-	19,687
Printing and postage	5,358	-	5,358
Subscriptions, publications and memberships	4,274	-	4,274
Depreciation	-	10,509	10,509
Subtotal	<u>459,915</u>	<u>2,668</u>	<u>462,583</u>
Total Expenditures/Expenses	<u>2,933,931</u>	<u>2,668</u>	<u>2,936,599</u>
Excess of Revenues (Under) Over Expenditures/Expenses	(43,936)	43,936	-
Change in Net Assets	<u>-</u>	<u>(46,288)</u>	<u>(46,288)</u>
Fund Balances/Net Assets, Beginning of Year	<u>113,079</u>	<u>18,828</u>	<u>131,907</u>
Fund Balances/Net Assets, End of Year	<u>\$ 69,143</u>	<u>\$ 16,476</u>	<u>\$ 85,619</u>

See the accompanying notes to basic financial statements

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**STATEMENT OF SUBGRANT EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009**

<u>Project Number</u>	<u>2009 Expenditure</u>	<u>Project Number</u>	<u>2009 Expenditure</u>
200611	\$ 9,750	200821	\$ 21,724
200615	8,281	200822	76,500
200620	10,740	200823	28,967
200628	468	200827	12,750
200639	9,450	200828	39,820
200653	1,741	200829	28,590
200654	7,600	200830	42,400
200685	8,940	200831	8,500
200701	2,050	200832	85,000
200702	10,767	200833	3,369
200703	76,500	200834	106,250
200705	1,275	200835	34,000
200708	2,998	200837	30,000
200709	8,089	200838	2,000
200710	170,000	200839	119,000
200711	21,238	200842	21,680
200712	3,853	200845	29,750
200716	4,964	200848	6,992
200717	58,350	200849	14,758
200718	16,738	200851	17,500
200719	3,000	200852	31,000
200720	80,653	200853	55,276
200621	11,250	200902	10,000
200722	4,320	200903	8,000
200727	15,760	200908	31,968
200731	7,500	200910	1,071
200732	1,577	200912	27,755
200733	11,930	200913	10,000
200734	10,537	200914	6,157
200735	3,510	200915	21,000
200737	38,475	200918	44,210
200738	34,000	200923	27,605
200739	2,250	200925	148,750
200744	5,250	200927	41,070
200745	3,000	200928	7,528
200747	3,765	200930	15,293
200749	1,500	200932	78
200802	31,668	200936	12,222
200803	31,265	200937	1,795
200804	53,314	200941	3,591
200805	72,340	200942	1,191
200807	30,500	200946	10,000
200808	18,650	200951	8,457
200809	23,647	200955	14,200
200810	107,614	200962	5,000
200811	21,250	200963	5,782
200814	85,000	200964	5,366
200815	781		
200816	16,753	Total Subgrant	
200819	20,000	Expenditures	\$ 2,474,016
200820	5,250		

See the accompanying notes to basic financial statements

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2009

1. **Summary Of Significant Accounting Policies**

The St. Louis-Jefferson Solid Waste Management District (the District) was formed in 1991 by Jefferson County, St. Louis County and the City of St. Louis, Missouri. St. Charles County joined the District in 2002. Authority for forming the District was based on Senate Bill 530 (SB 530), passed in 1990. SB 530 established a procedure allowing counties to form regional solid waste management districts to promote waste reduction and recycling. SB 530 set a goal of reducing the amount of solid waste generated statewide for disposal by 40%. The District serves as a resource to assist the public, private and not-for-profit sectors in establishing and expanding waste reduction, recycling and composting effort in the St. Louis metropolitan area.

The accounting policies and financial reporting practices of the District conform to accounting principals generally accepted in the United States of America (GAAP) applicable to government entities. The more significant accounting policies of the District are described below.

Reporting Entity

The District defines its reporting entity in accordance with the provisions of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 39, *Determining whether Certain Organizations are Component Units*. The requirements for inclusion of component units are based primarily upon whether the District's governing body is considered financially accountable for potential component units. The District is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or there is a potential for the potential component unit to provide specific financial benefits to, or impose specific financial burdens on, the District.

Based on these criteria, the District's financial statements include all funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the District.

Government Wide And Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District.

Combined with the government-wide financial statements are separate fund financial statements for governmental funds. The major individual governmental fund is reported as a separate column in the fund financial statements.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Fund Accounting

The District has organized its accounts on the basis of funds. Each fund is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures or expenses. District resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the fund financial statements. The District uses only one category of fund, which is governmental.

Governmental Fund Types

Governmental funds are those through which governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income. The following is the District's major governmental fund:

General

General Fund resources may be used for any District purpose. This fund is used to account for all financial resources except those required to be accounted for in another fund.

Measurement Focus, Basis Of Accounting And Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Since the governmental fund financial statements and government-wide financial statements are combined an adjustment column is provided to show the reconciliation between the two sets of financial statements. The notes to the financial statements further describe the adjustments by providing brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available. The term available is defined as collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For the District, available means expected to be received within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The District follows GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions* (GASB 33), which establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources.

GASB 33 groups nonexchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government mandated nonexchange transactions, and voluntary nonexchange transactions.

All of the District's revenues are intergovernmental revenues, representing grants, entitlements, donations and assistance received from other governmental units, and which are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB 33, have been met. Any resources received before eligibility requirements are met are reported as deferred revenues.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Capital Assets

Capital assets, which include building improvements, furniture and equipment, are reported in the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair value as of the date received. The Board maintains a capitalization threshold of \$500. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Years</u>
Building improvements	7
Furniture and equipment	3-7

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Vacation And Sick Leave

Vacation benefits are available to all employees. Vacation benefits are recorded as earned. Accrued vacation time is recognized as a liability when earned and any unused accumulated vacation is payable to employees upon termination. Accrued vacation is recorded in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if the amount is due at year end and payable with current resources.

Unused sick leave accumulates but does not vest; and, therefore, an accrual is not made in the financial statements.

Net Assets/Fund Balances

In the government-wide financial statements, net assets are classified as follows:

Invested in Capital Assets, net of Related Debt - the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets. The District has no related debt.

Unrestricted - the difference between the assets and liabilities that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

A governmental fund may set up "designations" of fund balance to indicate tentative plans for financial resource utilization in a future period. All of the District's fund balance (deficit) is unreserved - undesignated.

Management's Use Of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Budgetary Data

The District was not legally required to prepare or adopt a budget and, therefore, a budgetary comparison is not presented.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Cash And Pooled Investments - Restricted

Pooled investments are stated at fair value which is based on the District's share of the pool and quoted market prices provided by the pool.

Cash and pooled investments consist of amounts received for grant purposes, but not yet expended. The cash and interest income is restricted to use under conditions specified in grant documents. All of the District's cash and pooled investments are restricted because it is grant revenue or interest earned on grant revenues, which has a specified purpose.

Deferred Revenue

Grant revenues received and interest earned thereon, but not yet expended in accordance with grant designated purposes, are deferred.

2. Cash And Investments

The cash of the District is held by St. Louis County, Missouri, in a pooled cash account. The District follows the investment policy of St. Louis County, Missouri. St. Louis County, Missouri issues a publicly available financial report. That report may be obtained by writing to St. Louis, County, Missouri, Division of Fiscal Management, 41 South Central Avenue, Clayton, Missouri, 63105.

The deposits and investments held at December 31, 2009, reported at cost, are as follows:

<u>Type</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:		
Demand deposits	N/A	\$ 42,798
Investments:		
External Investment Pool	N/A	<u>4,117,734</u>
Total Deposits and Investments – restricted		<u>\$ 4,160,532</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a depository agreement with their financial institution to ensure deposits in excess of federal depository insurance corporation are secured by collateral consisting of securities as prescribed by state statute and/or an irrevocable letter of credit as prescribed by state statute. As of December 31, 2009, the District's bank balance of \$45,456 was not exposed to custodial credit risk.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
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Custodial Credit Risk -- Investments

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. St. Louis County, Missouri addresses custodial credit risk by prequalifying institutions with which the County places investments, diversifying the investment portfolio, and maintaining a standard of quality for investments. As of the December 31, 2009, the District does not have any investments exposed to this type of risk.

Interest Rate Risk

Through the investment pool at St. Louis County, Missouri, the District will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by:

1. Structuring the pool's investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market.
2. Maintaining a sufficient balance in liquid funds to adequately cover forecasted cash requirements.

The average maturity of the investments of the County's investment pool was 1.615 years as of December 31, 2009.

Credit Risk

The St. Louis County, Missouri, investment pool will minimize credit risk, the risk of loss due to the failure of the security issuer or backer by:

1. Pre-qualifying the financial institutions, securities dealers, intermediaries, and advisors with which the County will do business.
2. Diversifying the portfolio as those potential losses on individual securities will be minimized.
3. Settling all purchase/sale transactions delivery versus payment.

According to the investment policy of St. Louis County, Missouri, any agency security purchased must be senior debt and rated with the highest debt rating by Moody's Investor Services, Inc. and Standard and Poor's Corporation (S&P). The St. Louis County, Missouri, investment pool is unrated.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
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3. Capital Assets

Capital asset activity for the year ended December 31, 2009:

	Balance January 1, 2009	Additions	Retirements	Balance December 31, 2009
Governmental Activities:				
Capital Assets, Being Depreciated:				
Building improvements	\$ 500	\$ -	\$ -	\$ 500
Furniture and equipment	75,521	8,157	2,225	81,453
Total Capital Assets, Being Depreciated	<u>76,021</u>	<u>8,157</u>	<u>2,225</u>	<u>81,953</u>
Less - Accumulated Depreciation For:				
Building improvements	500	-	-	500
Furniture and equipment	56,693	10,509	2,225	64,977
Total Accumulated Depreciation	<u>57,193</u>	<u>10,509</u>	<u>2,225</u>	<u>65,477</u>
Total Capital Assets, Being Depreciated, Net	<u>18,828</u>	<u>(2,352)</u>	<u>-</u>	<u>16,476</u>
Governmental Activities, Capital Assets, Net	<u>\$ 18,828</u>	<u>\$ (2,352)</u>	<u>\$ -</u>	<u>\$ 16,476</u>

4. Transactions With Related Parties

The District was created by ordinances of St. Louis County, St. Louis City and Jefferson County effective December 19, 1991. St. Charles County joined the District in 2002. St. Louis County, St. Louis City, St. Charles County and Jefferson County agreed to provide annual funds to the District. For the period ended December 31, 2009, \$15,500 has been received from these entities and \$3,604 was expended. In addition, during the year ended December 31, 2009, the District awarded these entities grants totaling approximately \$285,000. The District expended approximately \$317,000 during 2009 for current and prior year grant awards.

Pooled investments of the District are held by St. Louis County, Missouri. The accrued interest receivable that represents amounts due from St. Louis County for interest on these funds is \$22,429 at December 31, 2009.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
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5. Missouri Department Of Natural Resources Grants

The District has been awarded annual grants from the local funds collected by the Missouri Department of Natural Resources (MDNR) that were generated from the tonnage fees imposed on landfills and transfer stations within the District's solid waste management region. These grants are passed-through the District to recipients who are engaged in various waste reduction, education, recycling, composting and market development activities related to achieving Missouri's waste reduction goals.

Revenue derived from MDNR grant allocations accounts for 99% of total revenue.

6. Explanation Of Differences Between Governmental Funds

Total Fund Balance - Governmental Funds	\$ 69,143
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$81,953 and the accumulated depreciation is \$65,477	16,476
Compensated absences are not due and payable in the current period and therefore are not reported as liabilities within the fund financial statements	26,103
Grant, interest and local revenues received but not spent are deferred in the fund financial statements. However, revenue to support the compensated absences is recognized in the government-wide statements	<u>(26,103)</u>
Total Net Assets - Governmental Activities	<u>\$ 85,619</u>

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The tax deferred annuity plan allows for an employer match contribution up to 6% of the amount that participants deferred. Contributions of \$10,191 were made to the plan by the District in 2009.

9. Lease Obligations

In September 2008, the District entered into a three-year lease obligation for office space, commencing on October 1, 2008, at approximately \$2,300 per month.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
<u>2010</u>	<u>\$20,625</u>

Total rent expense for the year ended December 31, 2009 was \$27,500.

10. Compensated Absences

The following is a summary of changes in the District's compensated absences for the year ended December 31, 2009:

	<u>Balance January 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2009</u>	<u>Due Within One Year</u>
Compensated Absences	<u>\$ 26,419</u>	<u>\$ 16,518</u>	<u>\$ 16,834</u>	<u>\$ 26,103</u>	<u>\$ 16,834</u>

11. Risk Management

The District is at risk for property damage, liability and theft which are covered by insurance policies. Claims have not exceeded coverage for the past three years.

12. Recent Accounting Pronouncements

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Government Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

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In June 2007, the GASB issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this Statement are effective for periods beginning after June 15, 2009.

In June 2008, the GASB issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments." This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts. The requirements of this statement are effective for periods beginning after June 15, 2009.

In February 2009, the GASB issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement are effective for periods beginning after June 15, 2010.

In March 2009, the GASB issued Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." The objective of this Statement is to incorporate the hierarchy of GAAP for state and local governments into the GASB's authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The requirements in this Statement are effective upon its issuance.

In March 2009, the GASB issued Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards." The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles: (1) related party transactions, (2) going concern considerations, and (3) subsequent events. This Statement does not establish new accounting standards but rather incorporates the existing guidance into the GASB standards. The requirements in this Statement are effective upon its issuance.

The effects on the District's financial statements as a result of the adoption of these new pronouncements are unknown.