
***ST. LOUIS-JEFFERSON SOLID WASTE
MANAGEMENT DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2011***

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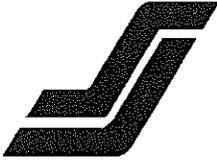
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Independent Auditors' Report

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, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 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.

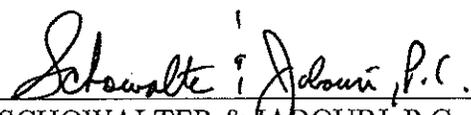
In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2012 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other 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.

MEMBERS

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 of 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.


SCHOWALTER & ABOURI, P.C.

St. Louis, Missouri
March 30, 2012

Management's Discussion and Analysis

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ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2011

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, 2011. Please read it in conjunction with the District's basic financial statements.

FINANCIAL HIGHLIGHTS

- The total assets for the District were approximately \$4.3 million. The assets of the District exceeded its liabilities at the close of its most recent fiscal year with an excess of \$67,237. A large portion of the District's liabilities are deferred revenues of approximately \$4.1 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 \$4.3 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, 2011 and 2010.

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 8 to 9 of this report.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis (continued)

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 8 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 11 to 22 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District has no long-term debt. A large portion of its assets are restricted cash and investments (approximately \$4.3 million at December 31, 2011, a decrease of approximately \$304,000 from 2010). The majority of the liabilities for the District consist of deferred revenue (approximately \$4.1 million at December 31, 2011, a decrease of approximately \$317,000 from 2010; as the District received less of the District and subgrants) that is spendable in future years. Net assets are \$67,237 and are comprised of investment in capital assets of \$10,296 and restricted general fund balance of \$56,941. The District's net assets decreased \$8,999 resulting from the low rate of return on investments and depreciation on capital assets during 2011.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis (continued)

**District's Net Assets
As of December 31,**

	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 4,285,991	\$ 4,590,227
Capital Assets	10,296	15,953
Total Assets	\$ 4,296,287	\$ 4,606,180
Current and Other Liabilities	\$ 4,203,516	\$ 4,504,270
Long Term Liabilities	25,534	25,674
Total Liabilities	\$ 4,229,050	\$ 4,529,944
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 10,296	\$ 15,953
Restricted	56,941	60,283
Total Net Assets	\$ 67,237	\$ 76,236

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

**District's Changes in Net Assets
For The Years Ended December 31,**

	<u>2011</u>	<u>2010</u>
Revenues		
Grant Revenues	\$ 2,448,315	\$ 2,024,176
Investment Income	112,127	106,798
Other Income	1,030	4,276
Total Revenues	\$ 2,561,472	\$ 2,135,250
Expenses		
Program Plan Implementation and Administrative	\$ 481,062	\$ 471,683
Program and Subgrant Expenditures	2,089,409	1,672,950
Total Expenses	\$ 2,570,471	\$ 2,144,633
Decrease in Net Assets	\$ (8,999)	\$ (9,383)
Net Assets – Beginning of Fiscal Year	76,236	85,619
Net Assets – End of Fiscal Year	\$ 67,237	\$ 76,236

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis (continued)

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 averaged approximately \$2.7 million over the recent four years. The District was awarded \$2.3 million for fiscal year 2011, a decrease of .5 million from 2010. 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 \$424,000 in 2011 from 2010, due to 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 increased \$5,000 in 2011 from 2010, due to an unrealized gain/loss on investments in 2011 (\$3,000 loss in 2011, \$9,000 loss in 2010).

Other Income decreased by \$3,000 in 2011 from 2010, due to decreased use of the District's previously received Local funds, which were provided to the District in prior years. These Local funds were deferred revenue (a liability), until expended by the District, when the District reduces the liability and recognizes other income. Local funds expended (\$1,000 in 2011, \$4,000 in 2010).

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 increased by approximately \$9,000 in 2011. The increase in expenses was primarily related to the District's increased expenditures incurred for salaries and benefits (\$327,000 in 2011, \$313,000 in 2010).

Program and Subgrant Expenditures increased approximately \$416,000 due to the progression of subrecipients' projects for 2011.

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, 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 \$56,941. 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, 2011 is not indicative of any financial distress. On the

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis (continued)

contrary, the District has \$4.1 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, 2011 was \$10,296 (net of accumulated depreciation). This investment in capital assets included an automobile, office furniture & equipment, and computers and computer software. There was \$990 of furniture and equipment and software capital asset additions and \$6,647 of depreciation expense in 2011.

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 was awarded funds of \$2.3 million for fiscal year ended 2011.
- 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.

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Basic Financial Statements

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ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**GOVERNMENTAL FUNDS -
BALANCE SHEET/STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

	<u>Major Fund</u>		
	<u>General</u>	<u>Adjustment</u>	<u>Statement</u>
	<u>Fund</u>	<u>(Note 6)</u>	<u>of Net Assets</u>
Assets			
Cash and pooled investments - restricted	\$ 4,267,319	\$ -	\$ 4,267,319
Interest receivable	11,238	-	11,238
Refund receivable	3,863	-	3,863
Security deposits	3,571	-	3,571
Capital assets, net of accumulated depreciation	-	10,296	10,296
Total Assets	\$ 4,285,991	\$ 10,296	\$ 4,296,287
Liabilities			
Grants payable	\$ 147,084	\$ -	\$ 147,084
Other liabilities	(685)	-	(685)
Deferred revenue	4,082,651	(25,534)	4,057,117
Noncurrent liabilities:			
Due within one year	-	18,431	18,431
Due in more than one year	-	7,103	7,103
Total Liabilities	4,229,050	-	4,229,050
Fund Balances			
Restricted	56,941	(56,941)	-
Total Liabilities and Fund Balances	\$ 4,285,991		
Net Assets			
Invested in capital assets, net of related debt		10,296	10,296
Restricted		56,941	56,941
Total Net Assets			\$ 67,237

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, 2011**

	<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	\$ 2,448,455	\$ (140)	\$ 2,448,315
Investment income	115,495	-	115,495
Unrealized loss on investments	(3,368)	-	(3,368)
Other income	1,030	-	1,030
Total Revenues	2,561,612	(140)	2,561,472
Expenditures/Expenses			
Program and subgrant expenditures	2,089,409	-	2,089,409
Program plan implementation and administrative:			
Salaries	265,391	(140)	265,251
Payroll taxes and employee benefits	62,143	-	62,143
Payroll processing	17,230	-	17,230
Travel and training	19,776	-	19,776
Occupancy	27,828	-	27,828
Utilities	8,743	-	8,743
Equipment	1,935	(990)	945
Supplies	2,730	-	2,730
Contractual	39,152	-	39,152
Other expenses	23,036	-	23,036
Printing and postage	3,058	-	3,058
Subscriptions, publications and memberships	4,523	-	4,523
Depreciation	-	6,647	6,647
Subtotal	475,545	5,517	481,062
Total Expenditures/Expenses	2,564,954	5,517	2,570,471
Excess of Revenues (Under) Over Expenditures/Expenses	(3,342)	3,342	-
Change in Net Assets	-	(8,999)	(8,999)
Fund Balances/Net Assets, Beginning of Year	60,283	15,953	76,236
Fund Balances/Net Assets, End of Year	\$ 56,941	\$ 10,296	\$ 67,237

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**STATEMENT OF SUBGRANT EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Project Number</u>	<u>2011 Expenditure</u>	<u>Project Number</u>	<u>2011 Expenditure</u>
200680	\$ 34,977	201034	\$ 29,750
200706	15,000	201035	43,349
200717	9,842	201036	6,566
200810	147,386	201037	4,113
200841	6,000	201038	25,000
200904	212,500	201039	33,554
200905	7,471	201040	4,775
200906	10,333	201041	34,000
200907	16,238	201042	5,968
200909	54,000	201043	14,175
200910	24,039	201044	6,000
200918	9,000	201045	6,000
200919	6,000	201046	49,398
200920	1,422	201048	2,658
200926	9,000	201049	7,237
200932	5,279	201050	4,800
200933	11,250	201051	3,624
200935	9,000	201052	2,963
200937	7,158	201054	22,000
200938	33,540	201055	4,854
200839	35,910	201056	16,327
200942	4,427	201057	22,500
200843	10,000	201058	36,990
200845	10,000	201060	7,257
200947	8,278	201062	22,000
200948	11,250	201064	773
200949	6,000	201102	11,950
200950	4,500	201104	9,325
200951	1,493	201110	4,250
200954	2,250	201113	2,097
200955	6,000	201114	875
200956	1,275	201115	5,048
200958	3,000	201118	4,484
200959	1,500	201119	34,000
200960	896	201121	29,750
200963	8,367	201123	9,600
200966	5,246	201127	15,000
201002	8,000	201129	24,535
201005	32,976	201130	42,500
201006	49,000	201132	4,175
201007	8,966	201134	18,000
201008	11,350	201137	16,974
201010	44,932	201139	16,020
201011	1,954	201141	17,000
201012	21,250	201145	9,982
201015	42,592	201146	42,500
201016	15,470	201150	10,000
201019	11,000	201152	1,242
201020	22,000	201156	7,992
201022	4,451	201159	2,278
201025	40,000	201162	5,010
201027	3,061	201163	12,500
201031	170,000	201164	6,080
201032	4,782	Total Subgrant	
201033	68,000	Expenditures	
			<u>\$ 2,089,409</u>

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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 principles 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 (continued)

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 (continued)

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, 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.

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 (continued)

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.

Adoption of New Accounting Standards

For the year ended December 31, 2011, the District adopted GASB 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 for this statement are effective for periods beginning after June 15, 2010.

Governmental Fund Balances

In the governmental fund financial statements the following classifications are used to define the governmental fund balances:

Nonspendable – This consists of the governmental fund balances that are not in spendable form or legally or contractually required to be maintained intact. The District has no nonspendable fund balance as of December 31, 2011.

Restricted – This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The District's fund balance is restricted for grant purposes.

Committed – This consists of the governmental fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board of Directors, the District's highest level of decision-making authority. The District has no committed fund balance as of December 31, 2011.

Assigned – This consists of the governmental fund balances that are intended to be used for specific purposes by a) Board of Directors or b) Executive Director. The District has no assigned fund balance as of December 31, 2011.

Unassigned – This consists of the governmental funds that do not meet the definition of "nonspendable", "restricted", "committed", or "assigned".

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Notes to Basic Financial Statements (continued)

Net Assets

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.

Restricted - the difference between the assets and liabilities that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The District's net assets are restricted for grant purposes.

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.

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.

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.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Notes to Basic Financial Statements (continued)

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, 2011, reported at cost, are as follows:

<u>Type</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:		
Demand deposits	N/A	\$ 32,481
Investments:		
External Investment Pool	N/A	<u>4,234,838</u>
Total Deposits and Investments – restricted		<u>\$ 4,267,319</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, 2011, the District's bank balance of \$119,650 was not exposed to custodial credit risk.

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, 2011, the District does not have any investments exposed to this type of risk.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Notes to Basic Financial Statements (continued)

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 0.966 years as of December 31, 2011.

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 (continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2011:

	Balance January 1, 2011	Additions	Retirements	Balance December 31, 2011
Governmental Activities:				
Capital Assets, Being Depreciated:				
Building improvements	\$ 500	\$ -	\$ -	\$ 500
Furniture and equipment	85,528	990	-	86,518
Total Capital Assets, Being Depreciated	<u>86,028</u>	<u>990</u>	<u>-</u>	<u>87,018</u>
Less - Accumulated Depreciation For:				
Building improvements	500	-	-	500
Furniture and equipment	69,575	6,647	-	76,222
Total Accumulated Depreciation	<u>70,075</u>	<u>6,647</u>	<u>-</u>	<u>76,722</u>
Total Capital Assets, Being Depreciated, Net	<u>15,953</u>	<u>(5,657)</u>	<u>-</u>	<u>10,296</u>
Governmental Activities, Capital Assets, Net	<u>\$ 15,953</u>	<u>\$ (5,657)</u>	<u>\$ -</u>	<u>\$ 10,296</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, 2011, \$10,000 has been received from these entities and \$1,030 was expended. In addition, during the year ended December 31, 2011, the District awarded these entities grants totaling approximately \$712,000. The District expended approximately \$516,643 during 2011 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 \$11,238 at December 31, 2011.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Notes to Basic Financial Statements (continued)

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 95% of total revenue.

6. Explanation Of Differences Between Governmental Funds

Total Fund Balance - Governmental Funds \$ 56,941

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 \$87,018 and the accumulated depreciation is \$76,722 10,296

Compensated absences are not due and payable in the current period and therefore are not reported as liabilities within the fund financial statements 25,534

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 (25,534)

Total Net Assets - Governmental Activities \$ 67,237

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Notes to Basic Financial Statements (continued)

The tax deferred annuity plan allows for an employer match contribution up to 6% of the amount that participants deferred. Contributions of \$12,221 were made to the plan by the District in 2011.

9. Lease Obligations

In September 2010, the District entered into a five-year lease obligation for office space, commencing on October 1, 2010, at approximately \$2,300 per month.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 27,828
2013	27,828
2014	27,828
2015	<u>20,871</u>
	<u>\$104,355</u>

Total rent expense for the year ended December 31, 2011 was \$27,828.

10. Compensated Absences

The following is a summary of changes in the District's compensated absences for the year ended December 31, 2011:

	<u>Balance</u> <u>January 1,</u> <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u> <u>2011</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Compensated Absences	\$ 25,674	\$ 18,291	\$ 18,431	\$ 25,534	\$ 18,431

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.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Notes to Basic Financial Statements (continued)

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.

In June 2011, the GASB issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The requirements of this Statement are effective for periods beginning after December 15, 2011.

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

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