

**SOUTHWEST MISSOURI SOLID WASTE
MANAGEMENT DISTRICT N**

MONETT, MO



**AUDITED FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED DECEMBER 31, 2008**

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**TAYLOR AND ASSOCIATES, CPA'S, PC
CERTIFIED PUBLIC ACCOUNTANTS
NEOSHO, MISSOURI**

SOUTHWEST MISSOURI SOLID WASTE MANAGEMENT DISTRICT N

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INDEPENDENT AUDITOR'S REPORT

To the Executive Board
Southwest Missouri Solid Waste Management District N

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southwest Missouri Solid Waste Management District N, (hereinafter referred to as the District), as of and for the two years ended December 31, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2008, and the respective changes in financial position, thereof for the two years 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 May 22, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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.

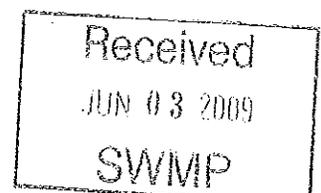
As discussed in Note 1 to the basic financial statements, the District prepares its financial statements on the modified accrual basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The District has elected not to include a Management Discussion and Analysis letter as required by GASB 34.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedules and notes on pages 15-17 are not a required part of the basis financial statements but are 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, accordingly, we express no opinion on it.

Taylor & Associates, CPA's, PC
Neosho, Missouri
May 22, 2009

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**SOUTHWEST MISSOURI SOLID WASTE MANAGEMENT DISTRICT N
STATEMENT OF NET ASSETS - MODIFIED ACCRUAL BASIS
DECEMBER 31, 2008**

ASSETS		
CURRENT ASSETS		
Restricted		
Cash and cash equivalents	118,469	
	TOTAL CURRENT ASSETS	<u>118,469</u>
OTHER ASSETS		
Temporarily Restricted		
Investment in Subrecipients - Equipment	14,335	
	TOTAL ASSETS	<u><u>132,804</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	10	
Payroll liabilities	343	
Deferred Revenue	99,116	
	TOTAL CURRENT LIABILITIES	<u>99,469</u>
	TOTAL LIABILITIES	99,469
NET ASSETS		
Restricted	19,000	
Temporarily Restricted	14,335	
	TOTAL NET ASSETS	<u>33,335</u>
	TOTAL LIABILITIES AND NET ASSETS	<u><u>132,804</u></u>

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See accompanying notes.

SOUTHWEST MISSOURI SOLID WASTE MANAGEMENT DISTRICT N
STATEMENT OF ACTIVITIES - MODIFIED ACCRUAL BASIS
For the two years ended December 31, 2008

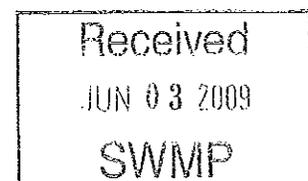
<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government:					
Governmental activities:					
Administrative	\$ 91,630	\$ 100	\$ 91,630		\$ 100
Environmental	127,252		124,571		(2,682)
Capital Outlay					-
Total governmental activities	<u>218,882</u>	<u>100</u>	<u>216,201</u>	<u>-</u>	<u>(2,581)</u>
Business-type activities					-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u><u>218,882</u></u>	<u><u>100</u></u>	<u><u>216,201</u></u>	<u><u>-</u></u>	<u><u>(2,581)</u></u>

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net (expense) revenue	\$ (2,581)	\$ -	\$ (2,581)
General Revenues:			
Interest income	2,458	-	2,458
Total general revenues	<u>2,458</u>	<u>-</u>	<u>2,458</u>
Change in net assets	(123)	-	(123)
Net assets - beginning	111,626	-	111,626
Prior period adjustments	(92,503)	-	(92,503)
Temporarily Restricted Assets	14,335	-	14,335
Net assets - ending	<u><u>\$ 33,335</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,335</u></u>

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See accompanying notes.

**SOUTHWEST MISSOURI SOLID WASTE MANAGEMENT DISTRICT N
BALANCE SHEET - MODIFIED ACCRUAL BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	City of Branson Fund	Marck Industries Fund	Household Hazardous Waste Fund	District N Plan Implementation Fund	District N Operations Fund	Branson Horizontal Baler Fund	Purdy Recycling Project Fund	Other Governmental Funds	Total Governmental Funds
	N2005-104	N2005-107	N2007-01	N2007-04	N2008-01	N2008-02	N2008-05		
ASSETS									
CURRENT ASSETS									
Restricted									
Cash and cash equivalents	\$ 9,500	\$ 16,877	\$ 23,746	\$ 236	\$ 16,628	\$ 17,500	\$ 4,804	\$ 29,178	\$ 118,469
TOTAL CURRENT ASSETS	9,500	16,877	23,746	236	16,628	17,500	4,804	29,178	118,469
OTHER ASSETS									
Restricted									
Investment in subrecipients	-	-	-	-	-	-	-	14,335	14,335
TOTAL OTHER ASSETS	-	-	-	-	-	-	-	14,335	14,335
TOTAL ASSETS	\$ 9,500	\$ 16,877	\$ 23,746	\$ 236	\$ 16,628	\$ 17,500	\$ 4,804	\$ 43,513	\$ 132,804
LIABILITIES AND NET FUND BALANCES									
CURRENT LIABILITIES									
Restricted									
Accounts payable								\$ 10	\$ 10
Payroll liabilities								343	343
Deferred Revenue	9,500	16,877	23,746	236	16,628	17,500	4,804	\$ 9,825	99,116
TOTAL CURRENT LIABILITIES	9,500	16,877	23,746	236	16,628	17,500	4,804	10,178	99,469
TOTAL LIABILITIES	9,500	16,877	23,746	236	16,628	17,500	4,804	10,178	99,469
FUND BALANCES									
Restricted									
Temporarily Restricted	-	-	-	-	-	-	-	19,000	19,000
TOTAL NET FUND BALANCES	-	-	-	-	-	-	-	33,335	33,335
TOTAL LIABILITIES AND NET FUND BALANCES	\$ 9,500	\$ 16,877	\$ 23,746	\$ 236	\$ 16,628	\$ 17,500	\$ 4,804	\$ 43,513	\$ 132,804

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See accompanying notes

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED ACCRUAL BASIS
GOVERNMENTAL FUNDS
FOR THE TWO YEARS ENDED DECEMBER 31, 2008**

	Region N Plan Implementation Fund	Exeter School FFA Fund	Household Hazardous Waste Fund	District N Plan Implementation Fund	District N Operations Fund	Purdy Recycling Project Fund	Other Governmental Funds	Total Governmental Funds
	N2006-06	N2006-07	N2007-01	N2007-04	N2008-01	N2008-05		
Revenues:								
Grants								
Current Period - Missouri DNR			21,254	44,006	24,147	21,032	8,855	119,294
Carryover from prior periods	23,477	24,381					33,615	81,473
Region M							15,434	15,434
Trailer Deposits							100	100
Interest earned							2,458	2,458
Total Revenues	23,477	24,381	21,254	44,006	24,147	21,032	60,462	218,759
Expenditures:								
General and administrative	23,477			44,006	24,147			91,630
Bonding and W.C.				143	603			746
Computer	78			117	117			311
Conference Expense	811			190				1,001
District expense	1,902			2,695	2,909			7,507
Insurance	479			1,029	1,065			2,573
Legal Notice				184	139			323
Membership Dues	125							125
Office Expense	266			1,677	1,401			3,345
Payroll Expenses	16,582			32,114	16,471			65,166
Payroll Taxes	2,367			2,620				4,987
Postage and Delivery	240			380	363			983
Professional Fees				1,900				1,900
Telephone	627			957	1,079			2,663
Environmental								
Grant Disbursements		24,381	21,254			21,032	60,585	127,252
Total Expenditures	23,477	24,381	21,254	44,006	24,147	21,032	60,585	218,882
Excess (Deficiency) of Revenues over Expenditures (net change in fund balances)	0	0	0	0	0	0	-123	-123
Fund balances - beginning	23,477	24,381	0	0	0	0	63,768	111,626
Prior period adjustments	-23,477	-24,381	0	0	0	0	-44,645	-92,503
Net equity in sub-recipients			0	0	0	0	14,335	14,335
Fund balances - ending	0	0	0	0	0	0	33,335	33,335

See accompanying notes

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**SOUTHWEST MISSOURI SOLID WASTE MANAGEMENT DISTRICT N
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

History and Organization

The Southwest Missouri Solid Waste Management District N, (hereafter referred to as the District), is one of 20 solid waste management districts created in Missouri to foster regional cooperation among cities and counties in addressing solid waste management issues. The main function of the district is to provide District-wide support to the twenty-one member cities and five member counties with such things as implementation of the Districts' solid waste plan, coordination and promotion of solid waste programs, and provision of technical assistance. The District is also responsible for the administration of all city/county district grants made possible with monies from the Solid Waste Management Fund through the the Missouri Department of Natural Resources (MDNR).

District N includes the counties of Dade, Lawrence, Barry, Stone, and Taney, and their participating cities.

District N's management structure is comprised of an executive board and a "planner". The executive board is comprised of two representatives from each member county. Executive board members and their corresponding counties are as follows:

Barry County	Wayne Hendrix and Carolyn Easley
Dade County	Bill Marshall and Fred Lemons
Lawrence County	Sam Goodman and Dan Broyles
Stone County	George Cutbirth and George Beach
Taney County	Chuck Pennel and Larry Vangilder

Larry VanGilder is Chairperson of the Executive Board and represents the District on the Solid Waste Advisory Board of the Missouri Department of Natural Resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on a modified accrual basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified accrual basis of accounting, unless these pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

1.A. FINANCIAL REPORTING ENTITY - BASIS OF PRESENTATION

The financial reporting entity is a special-purpose government as defined in GASBS No. 34.

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**SOUTHWEST MISSOURI SOLID WASTE MANAGEMENT DISTRICT N
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1.A.1. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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. Individual funds are not displayed.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services such as trailer fees, (2) operating grants which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

For the two-year period ended December 31, 2008, the District managed eighteen (18) funds, all categorized as governmental funds. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Of the eighteen (18) managed funds, nine (9) were determined to be major funds. These funds are described below:

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**SOUTHWEST MISSOURI SOLID WASTE MANAGEMENT DISTRICT N
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1.A.1. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, continued

Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the District. The reporting entity includes the following special revenue funds:

Region N Plan Implementation N2006-06, District N Plan Implementation N2007-04, and District N Operations N2008-01 Funds

The Plan Implementation and Operations funds are the primary operating funds of the District. They are used to account for all activities except those legally or administratively required to be accounted for in other funds.

City of Branson N2005-104, Marck Industries N2005-107, Exeter School FFA N2006-07, HHW N2007-01, City of Branson N2008-02, and Purdy School Recycling Project N2008-05

These funds are for grants awarded to the above-named entities to fund various recycling projects.

Major and Non-major Funds

The funds are classified as major or non-major as follows:

Major Funds

Non-Major Funds

Special Revenue Funds:

City of Branson	N2005-104	City of Branson	N2006-02
Marck Industries	N2005-107	Service Recycling	N2006-03
Region N Plan Implementation	N2006-06	City of Monett	N2006-05
Exeter School FFA	N2006-07	Purdy School	N2006-07
Household Hazardous Waste	N2007-01	Wilderness Club	N2007-02
District N Plan Implementation	N2007-04	City of Monett	N2007-03
District N Operations	N2008-01	Hollister Recycling	N2008-03
City of Branson	N2008-02	MORA Conference	N2008-04
Purdy Recycling Project	N2008-05	Region M Grant	

1. A. 2. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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**SOUTHWEST MISSOURI SOLID WASTE MANAGEMENT DISTRICT N
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1.A.1. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, continued

1. A. 2. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING, continued

Measurement Focus

In the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The government-wide Statement of Net Assets and the Statement of Activities incorporates the economic resources measurement focus and modified accrual basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Revenue is recognized when earned. Expenses are recorded when the liability is incurred or the economic asset used.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

1. B. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. B. 1. CASH AND CASH EQUIVALENTS

For purposes of financial reporting, "cash and cash equivalents" is comprised of demand and savings accounts. They are stated at cost.

1. B. 2. INVESTMENT IN SUBRECIPIENTS

Subrecipients are required to give the District a four-year security interest in any equipment purchased with grant funds over \$5,000. The security interest decreases at the rate of 25% per year, beginning on the start date of the project period as set forth in the financial assistance agreement.

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**SOUTHWEST MISSOURI SOLID WASTE MANAGEMENT DISTRICT N
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. B. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY, continued

1. B. 3. DEFERRED REVENUE

For financial reporting purposes, revenues are recorded by the District when they are earned. Revenue received in advance is deferred until a corresponding expense/expenditure is incurred.

1. B. 4. RESTRICTED ASSETS

Restricted assets include assets that are legally and/or contractually restricted as to their use. All of the assets of the District are restricted.

1. B. 5. RISK MANAGEMENT

The District's risk management activities are recorded in the individual funds that relate to the risk. Risk financing activities are allocated to individual funds based on the activity directly related to a fund.

Significant losses are covered by commercial insurance. There were no claims outstanding at December 31, 2008.

1. B. 6. FUND EQUITY

Government-Wide Statements:

Equity is classified as net assets and is comprised of and displayed as "Restricted", which is one of three possible components. The three components of fund equity in government-wide statements are as follows:

- a. Invested in capital assets, net of related debt
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation. These portions of fund equity are not appropriable for expenditure and may be legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.
- c. Unrestricted net assets

Fund Financial Statements:

Governmental fund equity is classified as fund balance.

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**SOUTHWEST MISSOURI SOLID WASTE MANAGEMENT DISTRICT N
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. C. REVENUES, EXPENDITURES, AND EXPENSES

1. C. 1. REVENUES

For financial reporting purposes, revenues are recorded by the District when they are earned. Revenue received in advance is deferred until a corresponding expense/expenditure is incurred.

1. C. 2. EXPENDITURES/EXPENSES

In the government-wide financial statement, expenses are reported on the accrual basis and are classified by function. In the fund financial statements, governmental funds report expenditures of financial resources.

1. D. USE OF ESTIMATES

There were no estimates used in the preparation of these financial statements.

1. E. BUDGETS AND BUDGETARY ACCOUNTING

The District follows the following procedures in establishing the budgetary data reflected in the required supplementary information:

1. The District Planner, who serves as the budget officer, submits to the District's Board of Trustees a proposed budget for the fiscal year beginning on the following January 1. The proposed budget includes proposed expenditures for the operation of the facility.
2. Prior to December 31, the budget is legally enacted by a vote of the District's Board of Trustees.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2. A. REVENUE RESTRICTIONS

For the two years ended December 31, 2008, the District complied, in all material respects, with the restrictions placed over all revenue sources from state or local requirements.

NOTE 3 - DETAILED NOTES ON FUNDS

3. A. ASSETS

3. A. 1. CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents balance is comprised of the following bank deposit accounts:

Region's Bank - Checking	\$ 7,476
Region's Bank - Savings	110,078
Region's Bank - Trailers account	915
Total Cash and Cash Equivalents	<u>\$ 118,469</u>

As of December 31, 2008, the District was in compliance with insured deposit requirements.

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**SOUTHWEST MISSOURI SOLID WASTE MANAGEMENT DISTRICT N
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2008**

NOTE 3 - DETAILED NOTES ON FUNDS, continued

3. A. ASSETS, continued

3. A. 2. INVESTMENT IN SUB-RECIPIENTS

The terms of the Financial Assistance Agreements (FAAs) which are executed upon the award of grant monies to sub-recipients, require the sub-recipient to give the District a four-year security agreement in any equipment purchased with grant funds over \$5,000. The security interest decreases at the rate of 25% per year, beginning on the start date of the project period set forth in the FAA.

Investment in Sub-recipients at December 31, 2008 consisted of the following:

Security agreement in equipment purchased with grant funds by:	
City of Monett - 2002 Toyota Forklift	\$ 9,000
City of Monett - Vertical Baler	11,474
Purdy Schools - Vertical Baler	13,300
Service Recycling - Vertical Baler	14,567
Total	<u>48,341</u>
Percentage reduction at December 31, 2008	<u>(34,006)</u>
Investment in Sub-Recipients, net of percentage reduction	<u><u>\$ 14,335</u></u>

3. B. LIABILITIES

3. B. 1. DEFERRED REVENUE

Revenues are recorded by the District when they are earned. They aren't considered earned until the corresponding expense is incurred. Consequently, any excess of revenues received over expenses paid are classified as deferred revenue.

Deferred revenue at December 31, 2008 consisted of the following grants:

<u>Grant Name</u>	<u>Grant No.</u>	<u>Deferred Revenue</u>
City of Branson - Baler	N2005-104	\$ 9,500
Marck Industries - Forklift	N2005-107	16,877
City of Branson - Recycle Bins	N2006-02	3,030
HHW Collections	N2007-01	23,746
Wilderness Club Recycling	N2007-02	6,000
Plan Implementation 2007	N2007-04	236
District N 2008 Operations	N2008-01	16,628
City of Branson - Baler	N2008-02	17,500
Hollister School District - Recycling Bins	N2008-03	494
MORA/ARC Conference - 2008	N2008-04	301
Purdy School - Recycling Building	N2008-05	4,804
		<u><u>\$ 99,116</u></u>

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**SOUTHWEST MISSOURI SOLID WASTE MANAGEMENT DISTRICT N
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2008**

3. C. NET ASSETS

The net asset balance is restricted and consists of the following:

Beginning balance - Restricted	\$ 111,626
Prior period adjustments	-92,503
Investment in Sub-recipients - Equipment	14,335
Increase (Decrease) in net assets	-123
	<u>\$ 33,335</u>

The following prior period adjustments were required to record carry-over revenues (deferred revenues) from the following grants:

Region N Recycling Trailers	N2004-090	\$ 490
City of Branson - Baler	N2005-104	9,500
District-Wide Collections	N2005-105	3,178
City of Wheaton	N2006-01	290
City of Branson - Recycle Bins	N2006-02	3,070
Service Recycling - Branson Baler	N2006-03	14,596
Region N Plan Implementation 2006	N2006-06	23,477
City of Monett Recycling Baler	N2006-05	1,721
Purdy School Recycling Project	N2006-07	13,300
Exeter FFA	N2006-08	24,381
	Total prior period deferred revenues	<u><u>94,003</u></u>

Grant receipts from the MO DNR are received in advance of the expenditures/expenses for grant sub-recipients and District operations. However, grant receipts from District M are received as reimbursements for expenditures already made. The following prior period adjustment was required to record a deferred expense for an expenditure made in the prior period related to a grant receipt from District M in the current period:

Region M - Deferred expense \$ (1,500)

Net prior period adjustments: \$ 92,503

NOTE 4 - OTHER NOTES

4. A. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage for property damage. Management believes coverage is significant to preclude any significant uninsured losses to the District.

As of December 31, 2008, there were no open claims against the District.

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**SOUTHWEST MISSOURI SOLID WASTE MANAGEMENT DISTRICT N
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 4 - OTHER NOTES, continued

4. B. CONTINGENCIES

Governmental awards received by the District are subject to audit and adjustment by the grantor agency. If grant revenues are received for expenditures which are subsequently disallowed, the District may be required to repay the revenues to the funding agency.

4. C. CONCENTRATION OF RISK

Credit Risk:

The District maintains bank accounts with one bank in the area. Accounts at the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2008, the District's deposits were fully insured.

Major Support

One-hundred percent (100%) of the District's support was derived from the Missouri Department of Natural Resources (MO DNR), although \$15,434 was derived indirectly from the MO DNR through the Solid Waste Management District M. Should the state legislate to discontinue the funding, the operation of the District would no longer be possible.

4. D. FAIR VALUE OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards No. 107, "Disclosure about Fair Value of Financial Instruments," requires disclosure of an estimate of fair value of certain financial instruments. The District's significant financial instruments are cash equivalents and investments in sub-recipients. For these financial instruments, carrying values approximate fair value.

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Required Supplementary Information

Required supplementary information (RSI) includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule
 - Plan implementation Fund N2007-04
 - Operations Fund N2008-01

Notes to RSI - Budgetary Comparison Schedule

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SOUTHWEST MISSOURI SOLID WASTE MANAGEMENT DISTRICT N
BUDGETARY COMPARISON SCHEDULE
CASH BASIS
DISTRICT N PLAN IMPLEMENTATION FUND - N2007-04
FOR THE TWO YEARS ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Grants				
Missouri DNR	44,242	44,242	44,006	-236
Total Revenues	<u>44,242</u>	<u>44,242</u>	<u>44,006</u>	<u>-236</u>
Expenditures:				
General and administrative				
Bonding and Workman's Compensation Insurance	705	705	143	562
Internet Service	156	156	117	39
Conference Expense	1,770	1,770	190	1,580
District expense (Travel & expenses)	4,005	4,005	2,695	1,310
Property and Moperm Insurance	1,161	1,161	1,029	132
Legal Notice	315	315	184	131
Office Expense	1,610	1,610	1,677	-67
Payroll Expenses	28,500	28,500	32,114	-3,614
Payroll Taxes	2,130	2,130	2,620	
Postage and Delivery	500	500	380	120
Professional Fees	2,190	2,190	1,900	290
Telephone	1,200	1,200	957	243
Total Expenditures	<u>44,242</u>	<u>44,242</u>	<u>44,006</u>	<u>726</u>
Excess (Deficiency) of Revenues over Expenditures (net change in fund balances)	0	0	0	490
Fund balances - beginning	0	0	0	0
Fund balances - ending	0	0	0	490

Reconciliation of cash-based budgeted amounts to accrual based actual amounts:

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Grants				
Missouri DNR	44,242	44,242	44,006	-236
plus deferred revenue			236	236
Adjusted Revenues	<u>44,242</u>	<u>44,242</u>	<u>44,242</u>	<u>0</u>
Expenditures:				
General and administrative	44,242	44,242	44,006	236
plus (minus) difference between cash-based expenses and accrual based expenses				
Payroll Taxes			236	-236
Adjusted Expenditures	<u>44,242</u>	<u>44,242</u>	<u>44,242</u>	<u>0</u>
Reconciled Ending Budgetary Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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**SOUTHWEST MISSOURI SOLID WASTE MANAGEMENT DISTRICT N
BUDGETARY COMPARISON SCHEDULE
CASH BASIS
DISTRICT N OPERATIONS FUND - N2008-01
FOR THE TWO YEARS ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Grants				
Missouri DNR	40,775	40,775	24,147	-16,628
Total Revenues	<u>40,775</u>	<u>40,775</u>	<u>24,147</u>	<u>-16,628</u>
Expenditures:				
General and administrative				
Bonding and Workman's Compensation Insurance	634	634	603	31
Internet Service	160	160	117	43
Conference Expense	2,000	2,000	0	2,000
District expense (Travel & expenses)	4,000	4,000	2,909	1,091
Property and Moperm Insurance	1,166	1,166	1,065	101
Legal Notice	0	0	139	-139
Office Expense	1,700	1,700	1,401	299
Payroll Expenses	25,248	25,248	16,471	8,777
Payroll Taxes	3,867	3,867	0	3,867
Postage and Delivery	500	500	363	137
Professional Fees	0	0	0	0
Telephone	1,500	1,500	1,079	421
Total Expenditures	<u>40,775</u>	<u>40,775</u>	<u>24,147</u>	<u>16,628</u>
Excess (Deficiency) of Revenues over Expenditures (net change in fund balances)	0	0	0	0
Fund balances - beginning	0	0	0	0
Fund balances - ending	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Reconciliation of cash-based budgeted amounts to accrual based actual amounts:

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Grants				
Missouri DNR	40,775	40,775	24,147	-16,628
plus deferred revenue			16,628	16,628
Adjusted Revenues	<u>40,775</u>	<u>40,775</u>	<u>40,775</u>	<u>0</u>
Expenditures:				
General and administrative	40,775	40,775	24,147	16,628
plus (minus) difference between cash-based expenses and accrual based expenses				
Deferred expenses			9,346	-9,346
Telephone			2	-2
Office Expense			-623	623
Payroll Expenses			5,973	-5,973
Payroll Taxes			1,930	-1,930
Adjusted Expenditures	<u>40,775</u>	<u>40,775</u>	<u>40,775</u>	<u>0</u>
Reconciled Ending Budgetary Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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**SOUTHWEST MISSOURI SOLID WASTE MANAGEMENT DISTRICT N
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE TWO YEARS ENDED DECEMBER 31, 2008**

Budgetary Accounting

The District prepares its budgets for the Plan Implementation and Operations funds on the cash basis of accounting. Consequently, differences between the budgeted figures and the actual amounts are partly attributable to the differences in accounting methods. Therefore, a reconciliation of the cash-based budgetary information to the actual amounts is included.

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Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on Audit of Financial Statements performed in accordance with Government Auditing Standards

Executive Board
Southwest Missouri Solid Waste Management District N
Monett, MO

We have audited the financial statements of the Southwest Missouri Solid Waste Management District N (the District) as of and for the two years ended December 31, 2008, and have issued our report thereon dated May 22, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the *SWMO Solid Waste* 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 a combination of control deficiencies, that adversely affects the entity'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 the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 the entity's internal control.

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses.

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Compliance Issues

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of 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 the following instances of noncompliance that are required to be reported under *Government Auditing Standards*:

Condition 1:

The 4th quarter 2008 financial report understates remaining grant fund balances by \$26,049. In addition, the total funds balance disagrees with the reconciled bank balance by \$44,894.

Criteria:

The District is required to submit quarterly financial reports to the Missouri Department of Natural Resources that report a summary of all expenditures to date per grant and the remaining grant fund balance per grant. The total funds balance, when added to the unobligated interest income and unobligated carry-over funds, should equal the reconciled bank balances and investments balances.

Identification of inaccurate fund reporting:

		4th qtr. 2008		
		Reported fund balances:	Actual balance remaining	Difference
City of Branson - Baler	N2005-104	\$ -	\$ 9,500	\$ (9,500)
City of Branson - Recycle Bins	N2006-02	-	3,030	\$ (3,030)
HHW Collections	N2007-01	23,746	23,746	\$ -
Wilderness Club Recycling	N2007-02	-	6,000	\$ (6,000)
Plan Implementation 2007	N2007-04	-	236	\$ (236)
District N 2008 Operations	N2008-01	9,345	16,628	\$ (7,283)
City of Branson - Baler	N2008-02	17,500	17,500	\$ -
Hollister School District	N2008-03	494	494	\$ -
MORA/ARC Conference 2008	N2008-04	301	301	\$ -
Purdy School Recycling Bldg	N2008-05	4,804	4,804	\$ -
		56,190	82,239	(26,049)
Interest Income Unobligated		208	208	\$ -
Carry-over funds Unobligated:				
Marck Industries - Forklift	N2005-107	16,877	16,877	-
MORA/ARC Conference	N2008-04	301	-	301
Total Funds Balance:		73,576	99,324	(25,748)

Cause:

1. The disbursement of \$9,500 to the City of Branson for grant no N2005-104 on 9/28/07 had not cleared the bank as of 12/31/08. The check was voided on the 12/31/08 bank reconciliation and re-issued in 2009. Consequently, the amount showing as disbursed by the District to the recipient on the 12/31/08 quarterly financial report should have been zero, with a remaining fund balance of \$9,500.

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2. The disbursement of \$3,030 to the City of Branson for grant no. N2006-02 on 11/14/07 had not cleared the bank as of 12/31/08. The check was voided on the 12/31/08 bank reconciliation and re-issued in 2009. Consequently, the amount showing as disbursed by the District to the recipient on the 12/31/08 quarterly financial report should have been amended, with a remaining fund balance reported of \$3,030.

3. The disbursement of \$6,000 to the Wilderness Club for grant no. N2007-02 on 12/31/07 had not cleared the bank as of 12/31/08. The check was voided on the 12/31/08 bank reconciliation and re-issued in 2009. Consequently, the amount showing as disbursed by the District to the recipient on the 12/31/08 quarterly financial report should have been amended, with a remaining fund balance reported of \$6,000.

4. The amount reported as disbursed for labor in the period from 4/1/08 through 6/30/08 for the Plan Implementation grant no. N2007-04 was determined to be overstated by \$236.

5. The amount reported as disbursed for 2008 District N Operations grant no. N2008-01 was determined to be overstated by \$7,283 in the following categories:

Labor:	\$5,973
Payroll Tax	1,930
Office Expense	(622)
Telephone	2
	<u>\$7,283</u>

6. The reconciled bank balance per the 4th quarter 2008 financial summary is \$73,576. The actual reconciled bank balance is \$118,469. The difference is \$44,893. The majority of this difference, (\$26,049), is accounted for in the differences in reported fund balances.

Another part of the difference is due to the double-reporting of the MORA/ARC Conference amount of \$301, as it is being reported as having a remaining fund balance of \$301 in the individual grant listings, and is also included in the amount reported as "Carryover Unobligated".

With the corrections listed above, the corrected 4th quarter report would show a total funds balance of \$99,324. This still leaves a difference from the reconciled bank balance of \$19,145 which we were unable to reconcile.

Condition 2:

The District does not have a properly executed form UCC-1 for either the baler purchased under the City of Branson's grant no. N2005-104 or the baler purchased under the Service Recycling grant no. N2006-03

Criteria:

Security interests in equipment purchased with grant funds for \$5,000 or more are to be granted to the District and evidenced by a properly executed form UCC-1.

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Identification of condition:

The District is named as the secured party in a UCC filing for a piece of equipment purchased by the City of Branson, grant no. N2005-104, that lists the same piece of equipment with the same serial number as the equipment that the District is named the secured party in a UCC filing for a piece of equipment purchased by Service Recycling of Joplin. The City of Branson's UCC filing is no. 20070104460F for a Max-Pak Hydraulic Baler – Model MP4820-66-7, Serial #04077215. Service Recycling's UCC filing no. is 20070056005G, for a Max-Pak Vertical Baler MP4820-66-7, Serial #04077215.

Cause:

Typing error

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