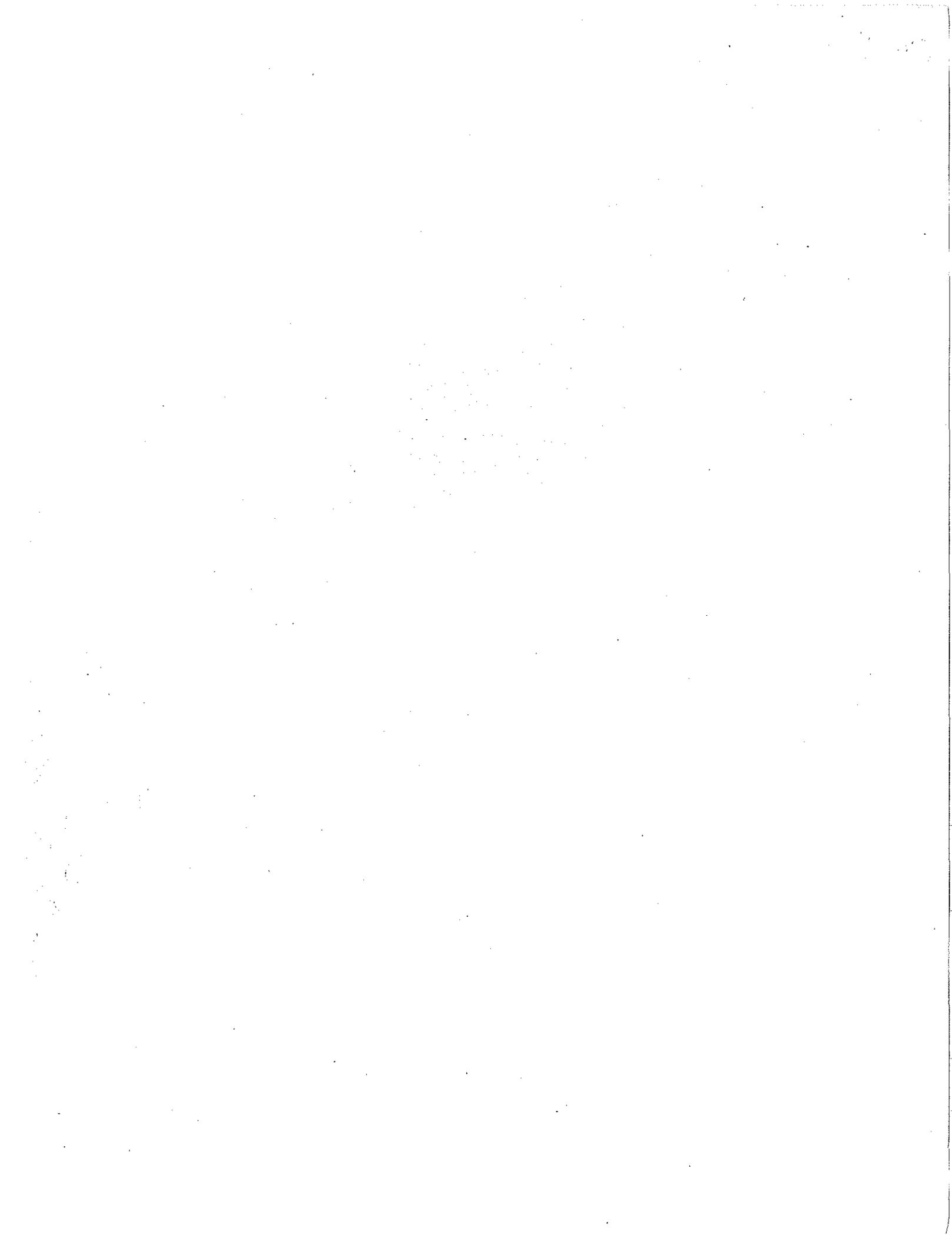


**SOUTHWEST MISSOURI  
SOLID WASTE MANAGEMENT  
DISTRICT N  
MONETT, MISSOURI  
FINANCIAL STATEMENTS  
(With Independent Auditors'  
Reports Thereon)  
DECEMBER 31, 2010 AND 2009**

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SWMP OPERATIONS

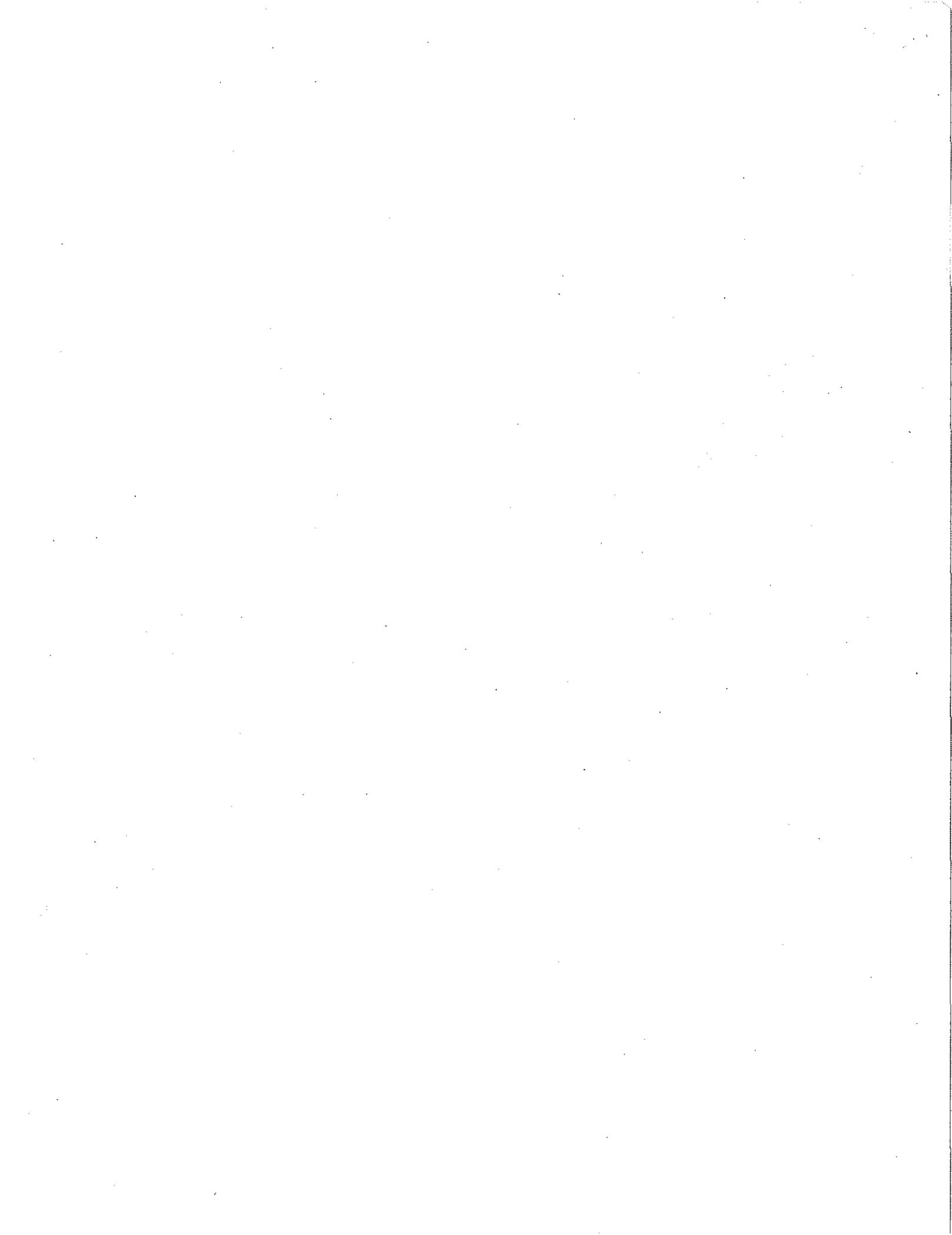


**SOUTHWEST MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT NO. 1  
MONETT, MISSOURI**

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**SECTION I**

**FINANCIAL**

# ARTHUR WHITE & ASSOCIATES, L.L.C.

## CERTIFIED PUBLIC ACCOUNTANTS

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Tarkio, Missouri 64491  
Telephone (660) 736-5811  
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## INDEPENDENT AUDITORS' REPORT

June 10, 2011

Executive Board  
Southwest Missouri Solid Waste  
Management District N  
Monett, Missouri 65708

We have audited the accompanying financial statements of the governmental activities and each major fund of the Southwest Missouri Solid Waste Management District N, Monett, Missouri (the District) as of and for the years ended December 31, 2010 and 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

Southwest Missouri Solid Waste Management District N has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Southwest Missouri Solid Waste Management District N as of December 31, 2010 and 2009, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

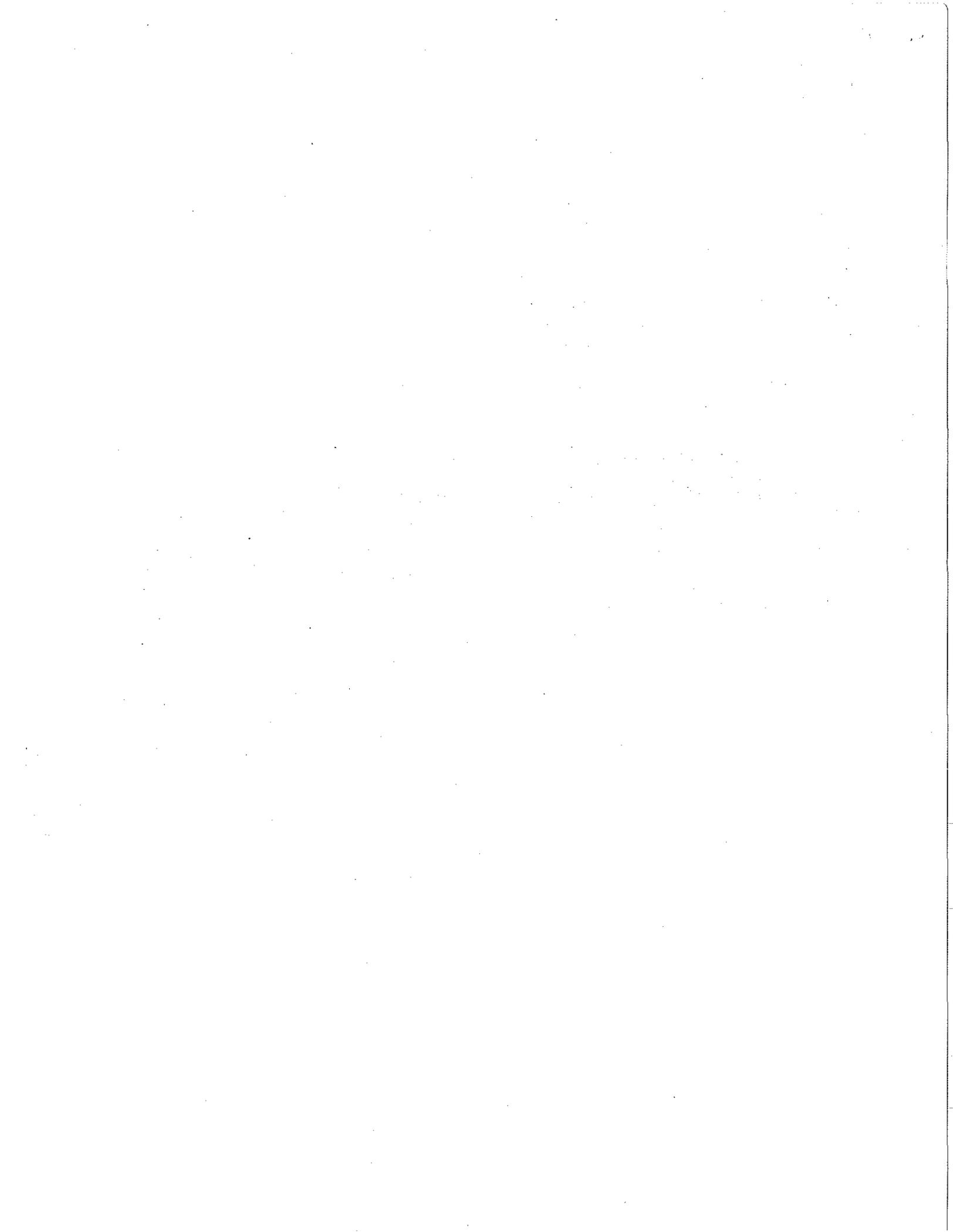
In accordance with Government Auditing Standards, we have also issued a report dated June 10, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose 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 important for assessing the results of our audits.

The budgetary comparison information on pages 13 and 14 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.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information on pages 15 and 16 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Arthur White & Associates, L.L.C.*

ARTHUR WHITE & ASSOCIATES, L.L.C.



**SOUTHWEST MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT N  
MONETT, MISSOURI**

**STATEMENTS OF NET ASSETS  
DECEMBER 31, 2010 AND 2009**

	Governmental Activities	
	2010	2009
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 44	\$ 252
Restricted cash	55,967	47,077
Total current assets	56,011	47,329
<b>TOTAL ASSETS</b>	<b>\$ 56,011</b>	<b>\$ 47,329</b>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 700	\$ 163
Payroll taxes payable	2,259	960
Accrued payroll	713	571
Deferred revenue	52,295	45,383
Total current liabilities	55,967	47,077
NET ASSETS:		
Unrestricted	44	252
Total net assets	44	252
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 56,011</b>	<b>\$ 47,329</b>

See Notes to Financial Statements.

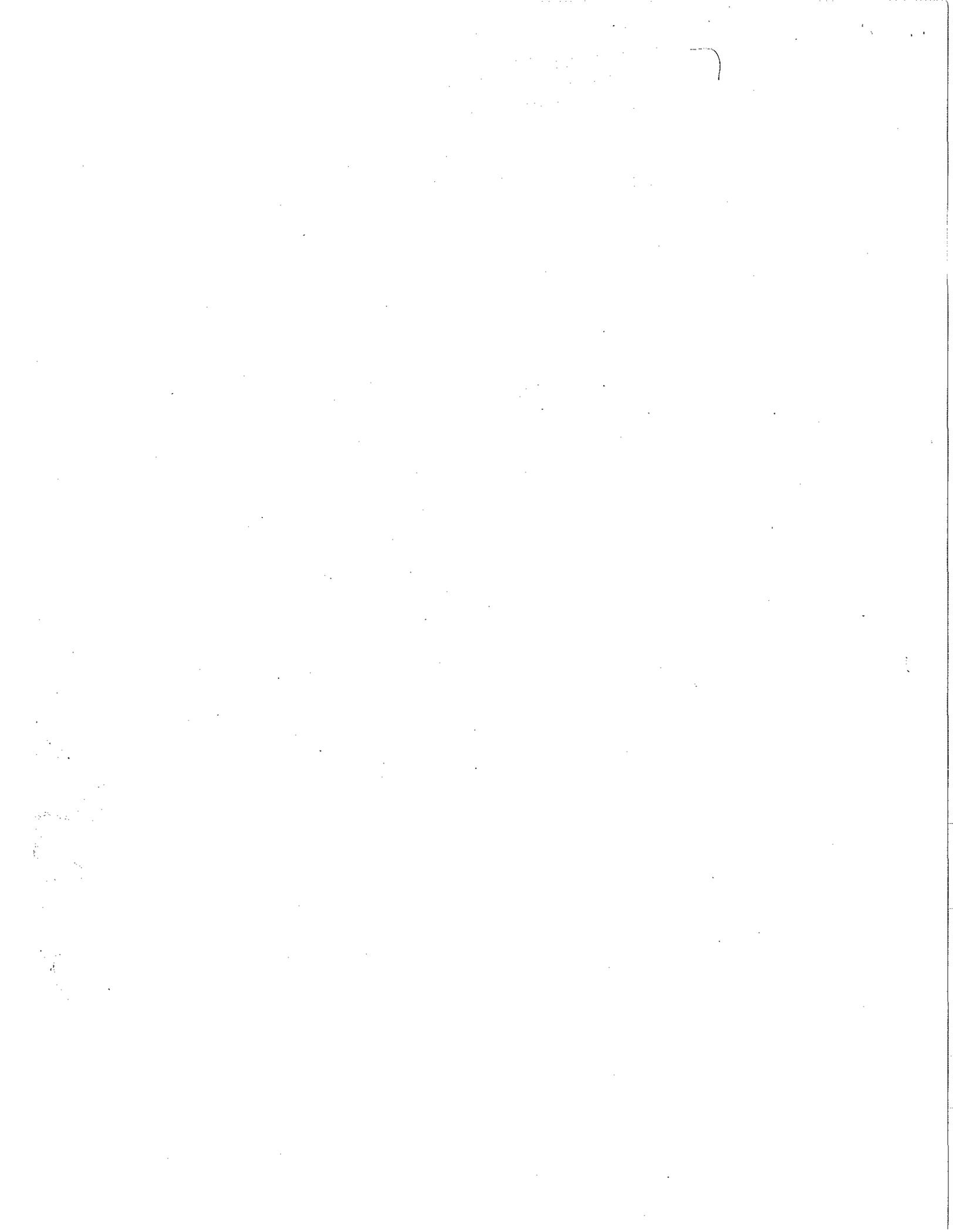


**SOUTHWEST MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT N  
MONETT, MISSOURI**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

		Program Revenues		Net Revenues and Change in Net Assets
Functions and Programs	Expenses	Capital Grants and Contributions	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government: Governmental Activities:				
General Government	\$ 100,667	\$ -	\$ 100,215	\$ (452)
General Revenues:				
Unrestricted investment earnings				44
Other				200
Total general revenues				244
Change in net assets				(208)
Net Assets - Beginning of year				252
Net Assets - End of year				\$ 44

See Notes to Financial Statements.



**SOUTHWEST MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT N  
MONETT, MISSOURI**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

		Program Revenue		Net Revenue and Change in Net Assets
Functions and Programs	Expenses	Capital Grants and Contributions	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 146,689	\$ -	\$ 144,332	\$ (2,357)
General Revenues:				
Unrestricted investment earnings				53
Total general revenues				53
Change in net assets				(2,304)
Net Assets - Beginning of year, as previously stated				33,335
Prior Period Adjustment				(30,779)
Net Assets - Beginning of year, as restated				2,556
Net Assets - End of year				\$ 252

See Notes to Financial Statements.

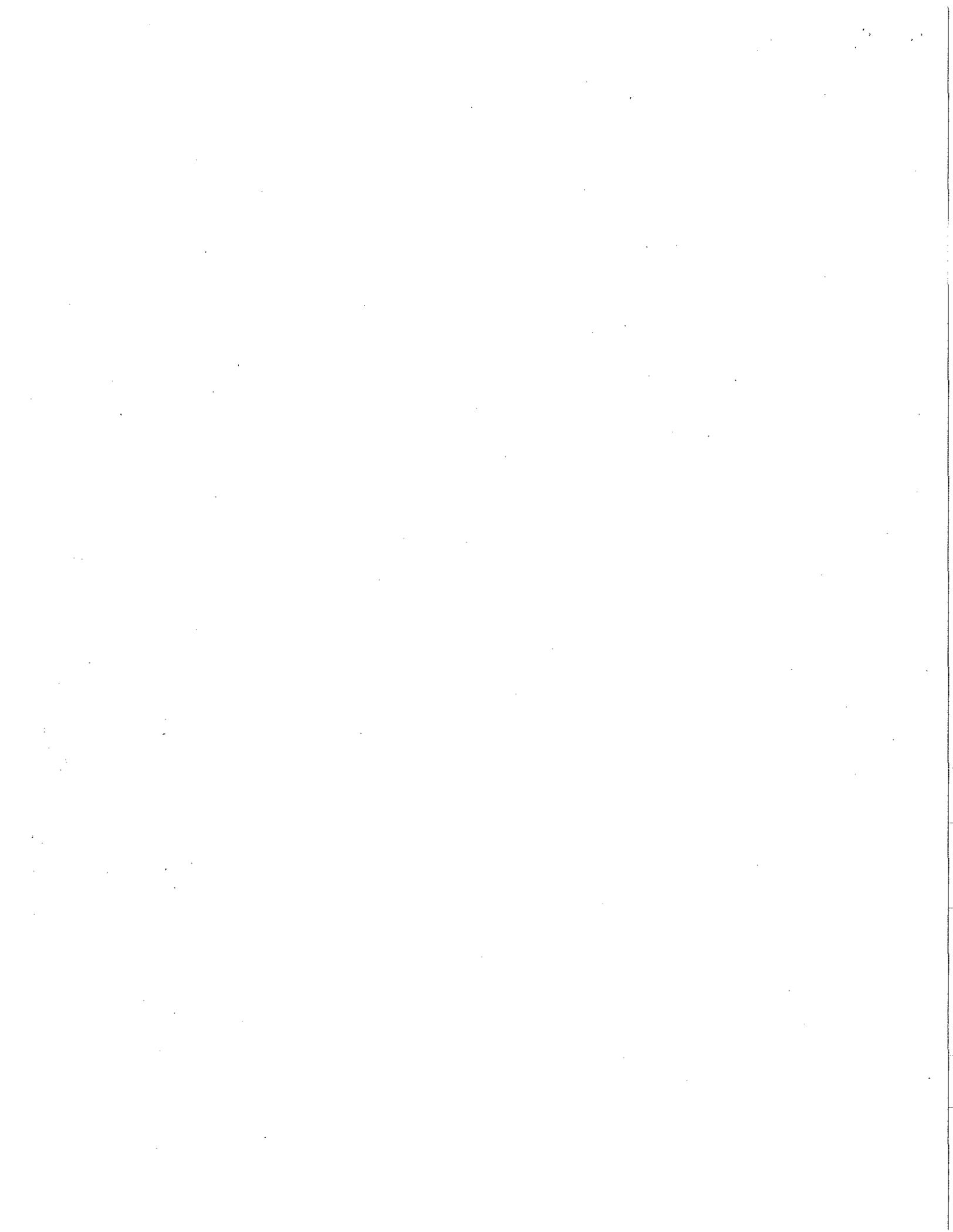
**SOUTHWEST MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT N  
MONETT, MISSOURI**

**GOVERNMENTAL FUNDS BALANCE SHEETS  
DECEMBER 31, 2010 AND 2009**

	2010		
	General	Special Revenue	Total
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash	\$ 44		\$ 44
Restricted cash		\$ 55,967	55,967
Total current assets	44	55,967	56,011
TOTAL ASSETS	\$ 44	\$ 55,967	\$ 56,011
 <u>LIABILITIES AND FUND BALANCE</u>			
CURRENT LIABILITIES:			
Accounts payable		\$ 700	\$ 700
Payroll taxes payable		2,259	2,259
Accrued payroll		713	713
Deferred revenue - unobligated grant carryover		16,991	16,991
Deferred revenue - obligated for grants		35,304	35,304
Total current liabilities		55,967	55,967
FUND BALANCE:			
Unreserved	\$ 44	-	44
TOTAL LIABILITIES AND FUND BALANCE	\$ 44	\$ 55,967	\$ 56,011

2009		
<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
\$ 252		\$ 252
	<u>\$ 47,077</u>	<u>47,077</u>
<u>252</u>	<u>47,077</u>	<u>47,329</u>
<u>\$ 252</u>	<u>\$ 47,077</u>	<u>\$ 47,329</u>
	\$ 163	\$ 163
	960	960
	571	571
	21,211	21,211
	<u>24,172</u>	<u>24,172</u>
	<u>47,077</u>	<u>47,077</u>
<u>\$ 252</u>	<u>-</u>	<u>252</u>
<u>\$ 252</u>	<u>\$ 47,077</u>	<u>\$ 47,329</u>

See Notes to Financial Statements.

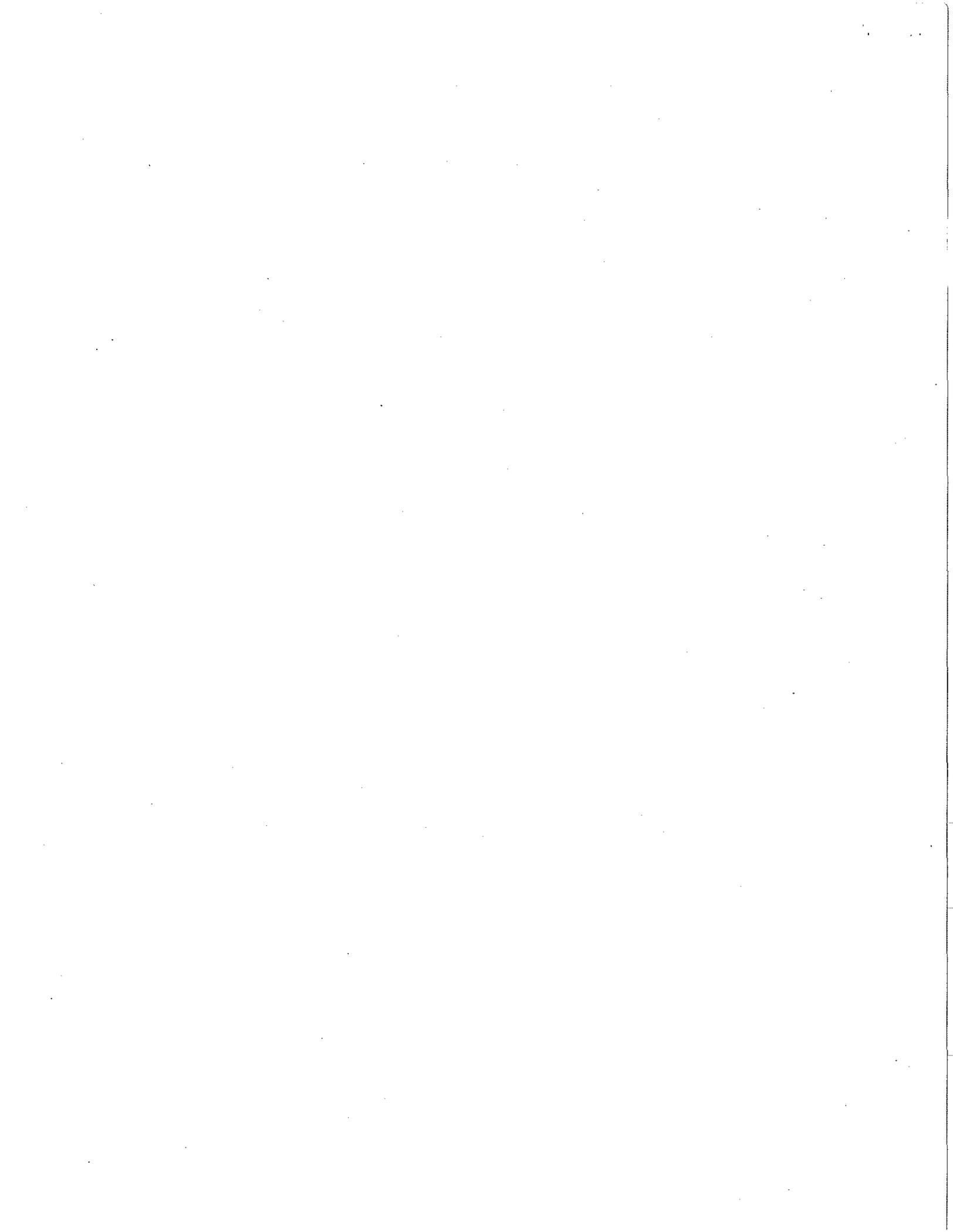


**SOUTHWEST MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT N  
MONETT, MISSOURI**

**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Funds		
	General	Special Revenue	Total
<b>REVENUE:</b>			
Grant revenue		\$ 100,215	\$ 100,215
Interest income	\$ 44		44
Other revenue		200	200
Total receipts	44	100,415	100,459
<b>EXPENDITURES:</b>			
Current:			
District operations:			
Insurance		1,701	1,701
Legal notices		171	171
Membership dues		159	159
Office		1,919	1,919
Conference		759	759
Travel		4,032	4,032
Payroll and payroll taxes		35,057	35,057
Postage and delivery		540	540
Professional fees		30	30
Telephone and internet		1,727	1,727
Miscellaneous		259	259
Total district operations	-	46,354	46,354
Subgrants:			
Equipment		41,081	41,081
Collections and recycling		8,667	8,667
Education		4,565	4,565
Total subgrants	-	54,313	54,313
Total expenditures	-	100,667	100,667
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	44	(252)	(208)
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in (out)	(252)	252	-
<b>NET CHANGE IN FUND BALANCES</b>	(208)	-	(208)
<b>FUND BALANCE - Beginning of year</b>	252	-	252
<b>FUND BALANCE - End of year</b>	\$ 44	\$ -	\$ 44

See Notes to Financial Statements.



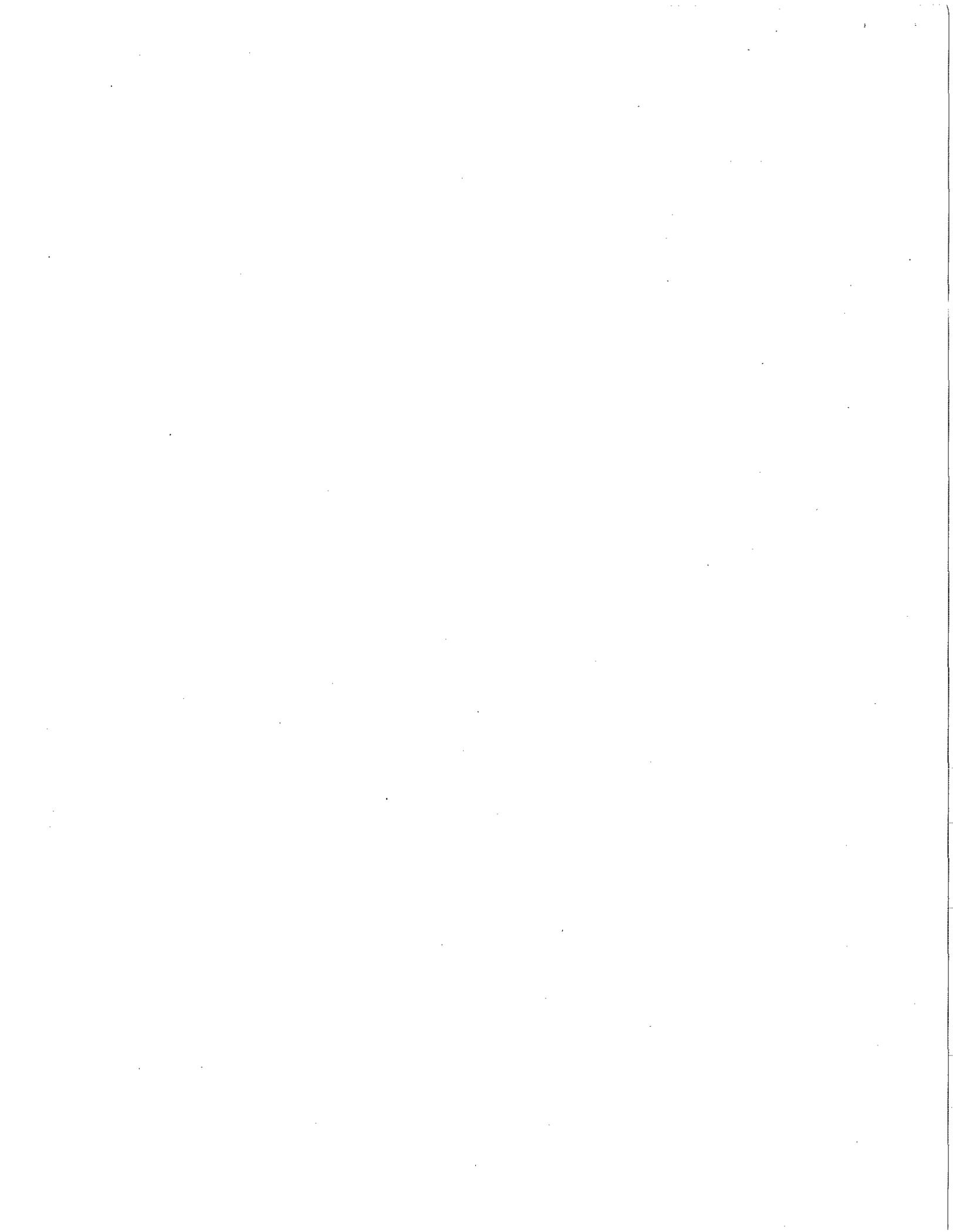
**SOUTHWEST MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT N  
MONETT, MISSOURI**

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

	Governmental Funds		
	General	Special Revenue	Total
<b>REVENUE:</b>			
Grant revenue		\$ 144,332	\$ 144,332
Interest income	\$ 53		53
Total receipts	<u>53</u>	<u>144,332</u>	<u>144,385</u>
<b>EXPENDITURES:</b>			
Current:			
District operations:			
Insurance		1,626	1,626
Legal notices		142	142
Membership dues		35	35
Office		918	918
Conference		782	782
Travel		4,395	4,395
Payroll and payroll taxes		36,829	36,829
Postage and delivery		532	532
Professional fees		5,000	5,000
Telephone and internet		1,532	1,532
Miscellaneous		174	174
Total district operations	<u>-</u>	<u>51,965</u>	<u>51,965</u>
Subgrants:			
Equipment		73,511	73,511
Collections and recycling		21,213	21,213
Total subgrants	<u>-</u>	<u>94,724</u>	<u>94,724</u>
Total expenditures	<u>-</u>	<u>146,689</u>	<u>146,689</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	53	(2,357)	(2,304)
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in (out)	<u>(2,357)</u>	<u>2,357</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(2,304)</u>	<u>-</u>	<u>(2,304)</u>
FUND BALANCE - Beginning of year, as previously stated	33,335	-	33,335
PRIOR PERIOD ADJUSTMENT	<u>(30,779)</u>	<u>-</u>	<u>(30,779)</u>
FUND BALANCE - Beginning of year, as restated	<u>2,556</u>	<u>-</u>	<u>2,556</u>
FUND BALANCE - End of year	<u>\$ 252</u>	<u>\$ -</u>	<u>\$ 252</u>

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See Notes to Financial Statements.



**SOUTHWEST MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT N  
MONETT, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Southwest Missouri Solid Waste Management District N (the District) was formed pursuant to RSMo. Section 260.305, and was officially recognized by the Missouri Department of Natural Resources in February 1992. The District includes the counties of Barry, Dade, Lawrence, Stone and Taney, and their participating cities with a population of 500 or more. Participation in the District is voluntary and is formally established through a resolution of adoption filed with the District office by the member governments. The purpose of the District is to promote cooperation in solving solid waste management problems and to promote resource recovery and recycling. The District's responsibilities include planning requirements as established by the Solid Waste Management Program, and the administration of grant funds made available to the District from the Solid Waste Management Fund, in accordance with RSMo. Section 260.335.2.

The District's management structure is comprised of a Management Council consisting of 31 members and an Executive Board consisting of ten members. The Management Council is comprised of two representatives from each County Commission and one member at large from each city with a population of 500 or more. The Executive Board is comprised of one member of each County Commission and one at large member from each county. Terms of representatives are for two years and can be recertified by their appointive authorities at the end of their term. Each appointee has a duly authorized alternate who has the absolute authority to represent and vote in the case of the absence of the principal appointee.

The following is a summary of the significant accounting policies:

A. Reporting Entity:

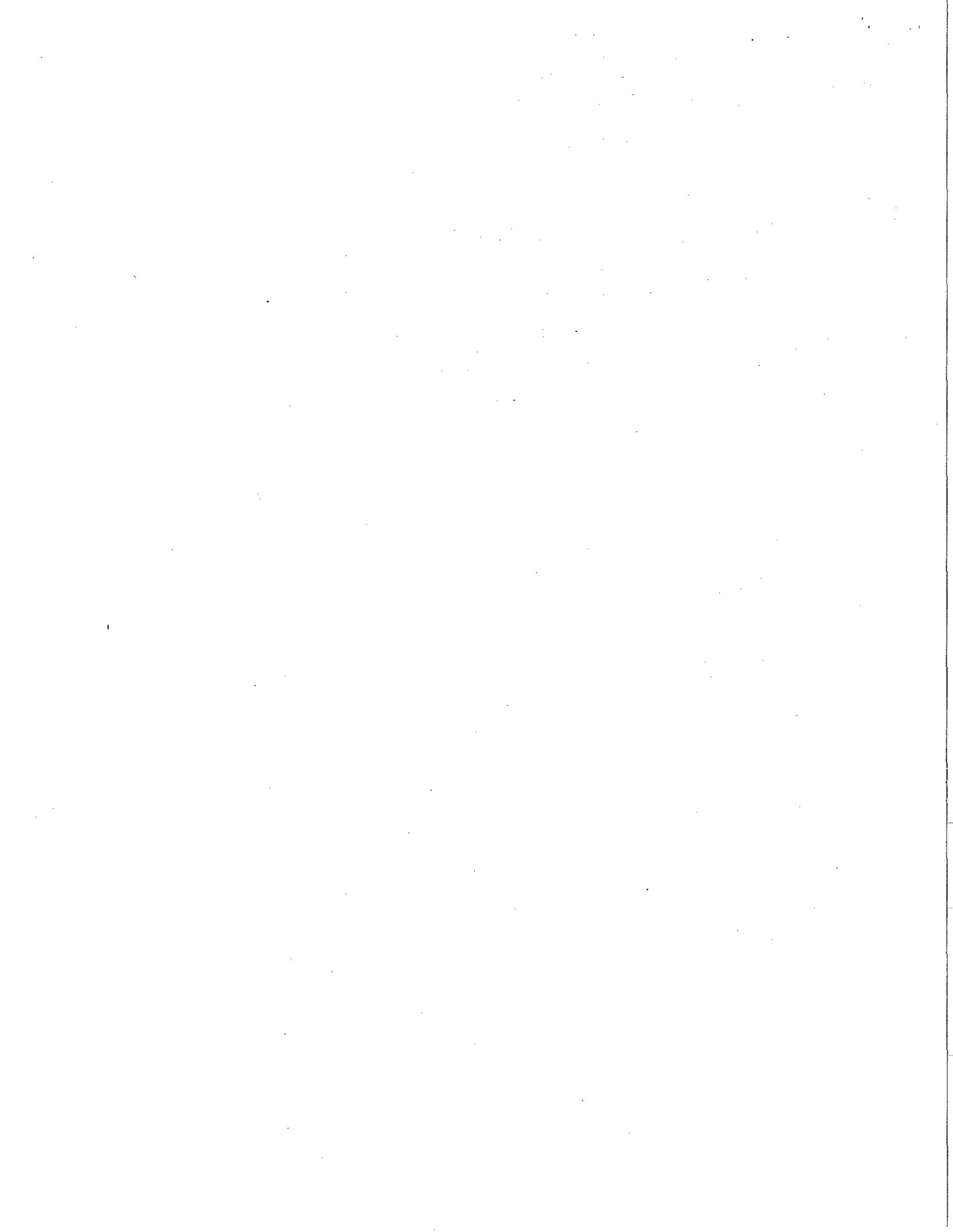
The District's reporting entity includes the District's governing board and all related organizations for which the District is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has determined that no outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements.

B. 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. Governmental activities include programs supported primarily by taxes, state and federal grants, local sources, and other intergovernmental revenues. The District has no business-type activities that rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by the District. The "operating grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational requirements of the District. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions.



**SOUTHWEST MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT N  
MONETT, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2010 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Fund Accounting:

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Government 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 funds used by the District are as follows:

Governmental Funds:

General Fund - The General Fund is the main operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - The Special Revenue Fund is used to account for specific revenue sources that are legally restricted to expenditure for specified purposes, which include grant funds received from the State of Missouri Department of Natural Resources.

D. Measurement Focus and Basis of Accounting:

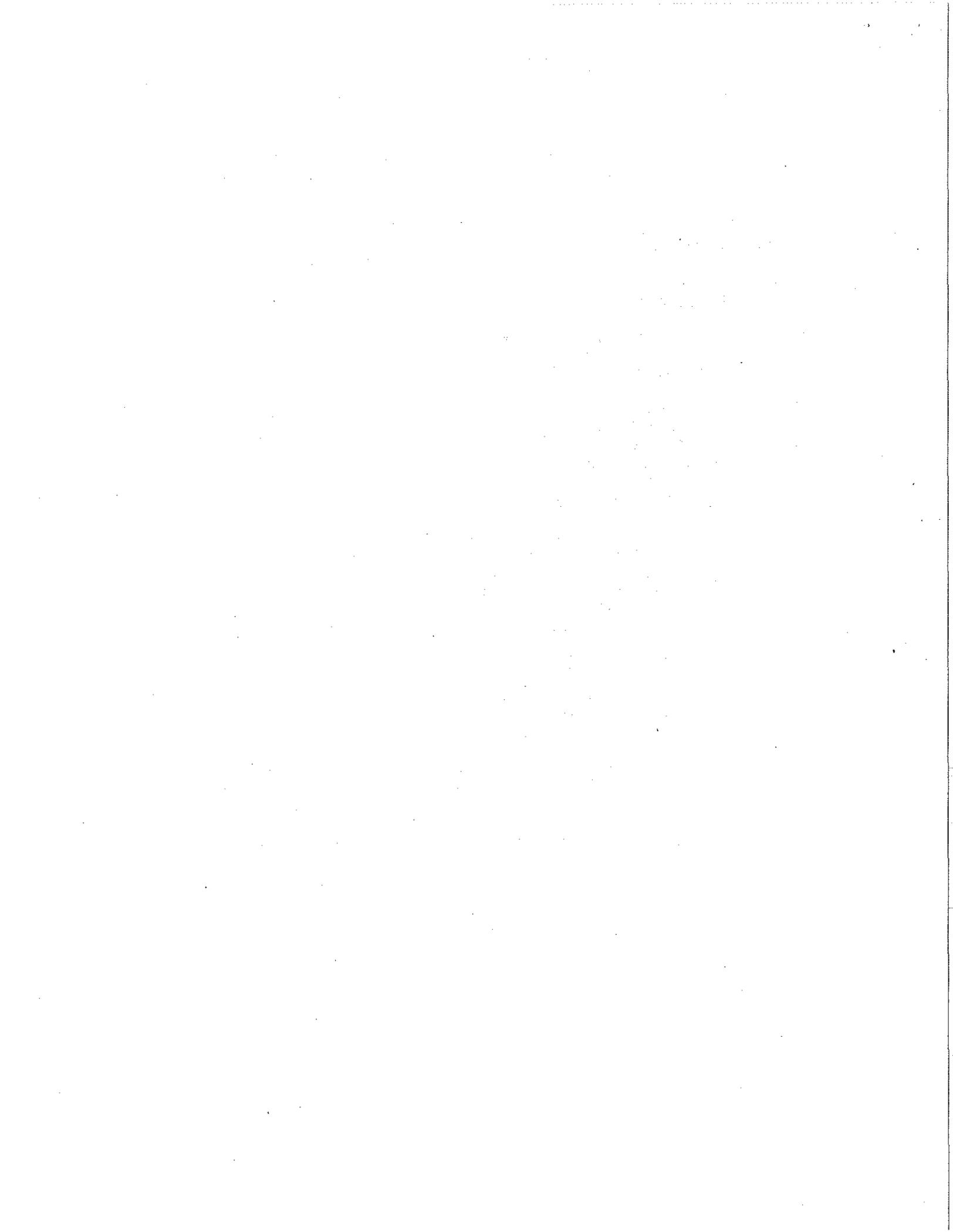
Measurement focus is a term used to describe "what" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The government-wide financial statements are reported using the total economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they occur and expenses are recorded when a liability is incurred regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available then they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

E. Accounting Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**SOUTHWEST MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT N  
MONETT, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2010 AND 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

F. Restricted Resources:

It is the District's policy to use restricted resources first, then unrestricted resources as needed, when both restricted and unrestricted resources are available.

G. Capital Assets:

The District provides subgrants to recipients for the purpose of purchasing equipment, vehicles, and other capital assets for member communities and organizations with the proceeds from various grants, as part of its mission to encourage proper solid waste management. These capital assets are not reported as assets in the financial statements of the District. Once the capital assets are transferred to the recipient they remain the property of the recipient, with the District having only a security interest in the capital assets that cost more than \$5,000. If at any time the recipient of the assets should dispose of or otherwise forfeit the capital assets subgranted by the District, then the District will resume ownership.

A summary of the value of the District's security interest in capital assets at year end is as follows:

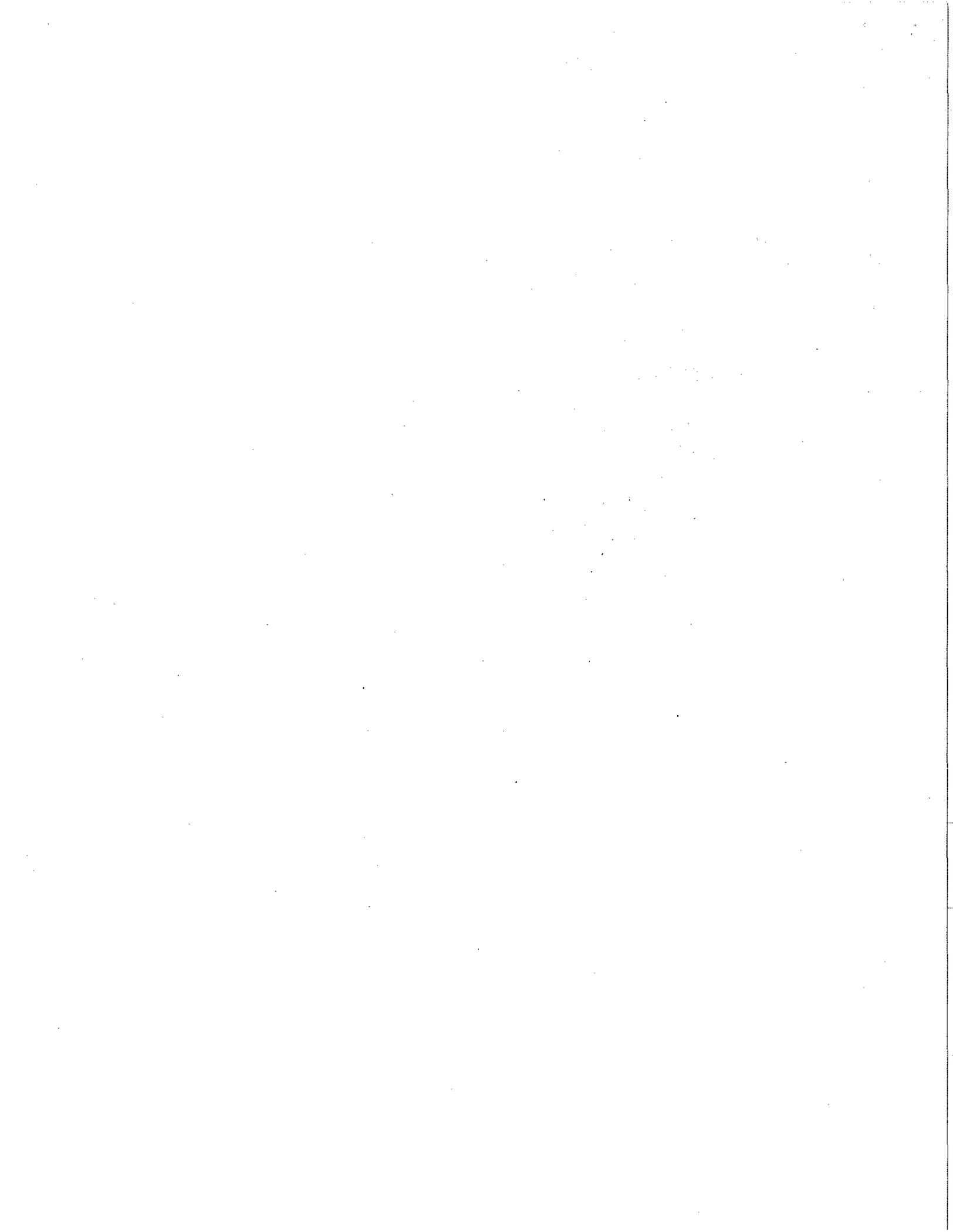
	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Vehicles and equipment	\$ 60,150	\$ 84,080

H. Budgets and Budgetary Accounting:

In accordance with the District's policy, the Executive Board is responsible for reviewing and approving an annual budget. After being prepared by the District Planner, the annual budget will then be presented to the Executive Board for approval at the December meeting. The operating budget covers all funds and includes proposed revenues and expenditures for the upcoming cycle and is prepared on the cash basis of accounting.

The District's primary funding source is state grants which have grant periods and cycles that may or may not coincide with the District's fiscal year. These grants normally are for a twelve-month period; however, they can be awarded for periods shorter or longer than twelve months.

Because of the District's dependency on grant funds, revenue estimates are based upon the best available information as to potential sources of funding.



**SOUTHWEST MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT N  
MONETT, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2010 AND 2009**

2. CASH AND INVESTMENTS

The District is required to comply with various restrictions on deposits and investments which are imposed by state statute as follows:

A. Cash:

Deposits - All deposits with financial institutions must be collateralized in an amount at least equal to uninsured deposits. At December 31, 2010, the carrying amount of the District's deposits was \$56,011 and the bank balance was \$71,861. The bank balance was covered by federal depository insurance.

At December 31, 2009, the carrying amount of the District's deposits was \$47,329 and the bank balance was \$47,431. The bank balance was covered by federal depository insurance

B. Restricted Cash:

Cash is restricted to be used only for purposes as set forth in grant agreements with the Missouri Department of Natural Resources.

C. Investments:

The District may invest in certificates of deposit, bonds of the State of Missouri or any wholly-owned corporation of the United States, or in other short-term obligations of the United States. The District has no policy that would further limit their investment activities. The District had no such investments at December 31, 2010 and 2009.

3. DEFERRED REVENUE

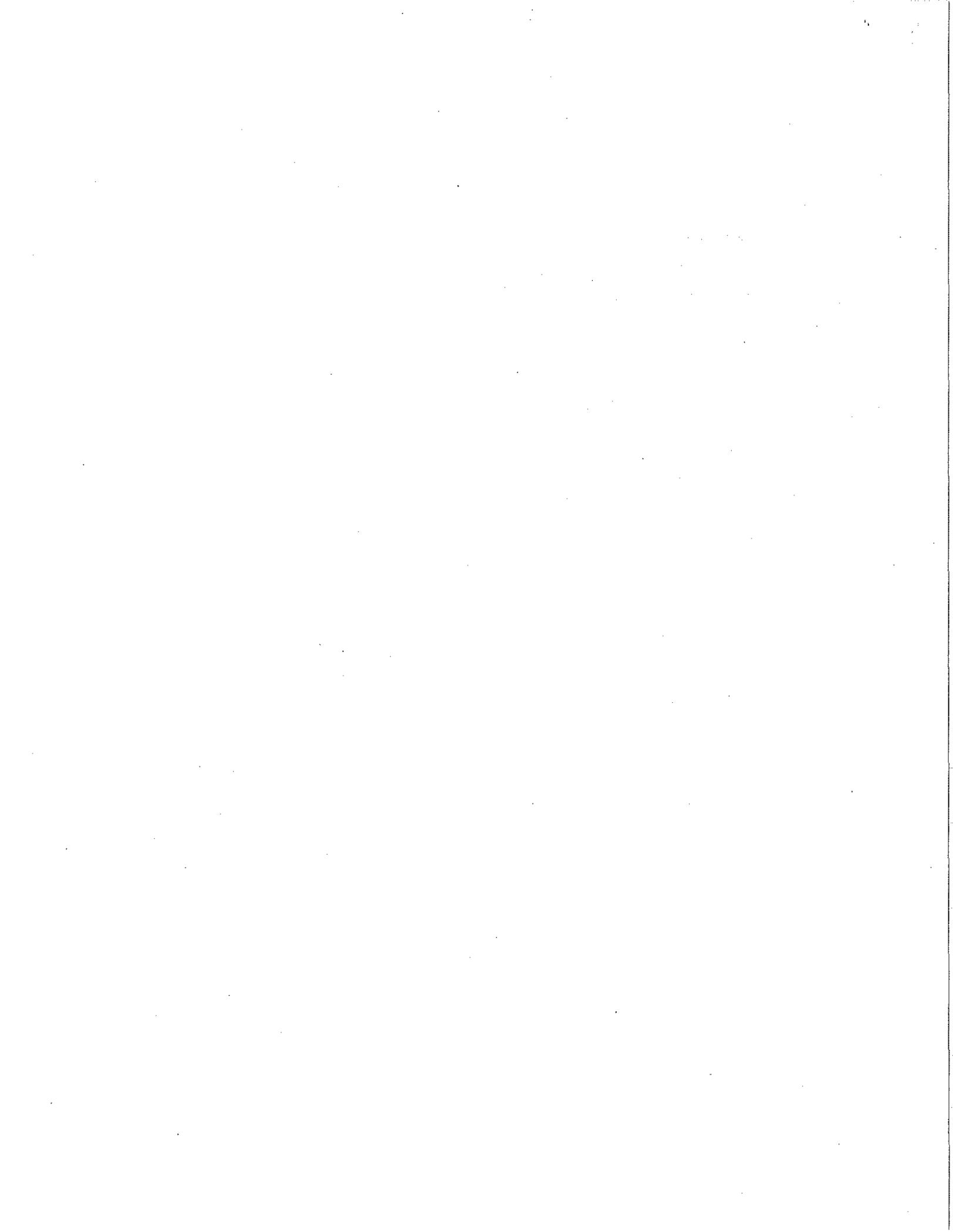
As described in Note 1, it is the District's policy to record revenue in the period it occurs. Under grant regulations, grant resources are recognized in the period in which grant funds are expended. If a grant's program year extends beyond the District's year end, the amount of unexpended grant funds as of the District's year end is recorded as deferred revenue. Consequently, as grant funds are expended during the subsequent year, the deferred revenue is recognized as revenue. The amount of deferred revenue as of December 31, 2010 and 2009, is \$52,295 and \$45,383, respectively.

4. ECONOMIC DEPENDENCY

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

5. CONTINGENCY

The District receives funds from the Missouri Department of Natural Resources Solid Waste Management Program for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for disbursements disallowed under, or other noncompliance with, the terms of the grants and funding.



**SOUTHWEST MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT N  
MONETT, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2010 AND 2009**

6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in the years ended December 31, 2010 and 2009.

7. TRANSFERS

The following is a summary of transfers for all funds for the year ending December 31, 2010:

<u>Fund</u>	<u>Transfer Into</u>	<u>Transfer Out Of</u>
General		\$ 252
Special Revenue	\$ 252	
Totals	<u>\$ 252</u>	<u>\$ 252</u>

The following is a summary of transfers for all funds for the year ending December 31, 2009:

<u>Fund</u>	<u>Transfer Into</u>	<u>Transfer Out Of</u>
General		\$ 2,357
Special Revenue	\$ 2,357	
Totals	<u>\$ 2,357</u>	<u>\$ 2,357</u>

The purpose for the interfund transfers is to transfer local matching money to the grant projects.

8. ENVIRONMENTAL CLEANUP RESPONSIBILITIES

In July 2009, a contractor used by the District for transportation of materials collected at household hazardous waste collections, filed for bankruptcy. An inspection conducted by the Arkansas Department of Environmental Quality discovered leaking containers of hazardous waste at the contractor's facility. The District has been listed as a potentially responsible party for the clean-up of the facility. Any contingent liability that the District might have is uncertain.

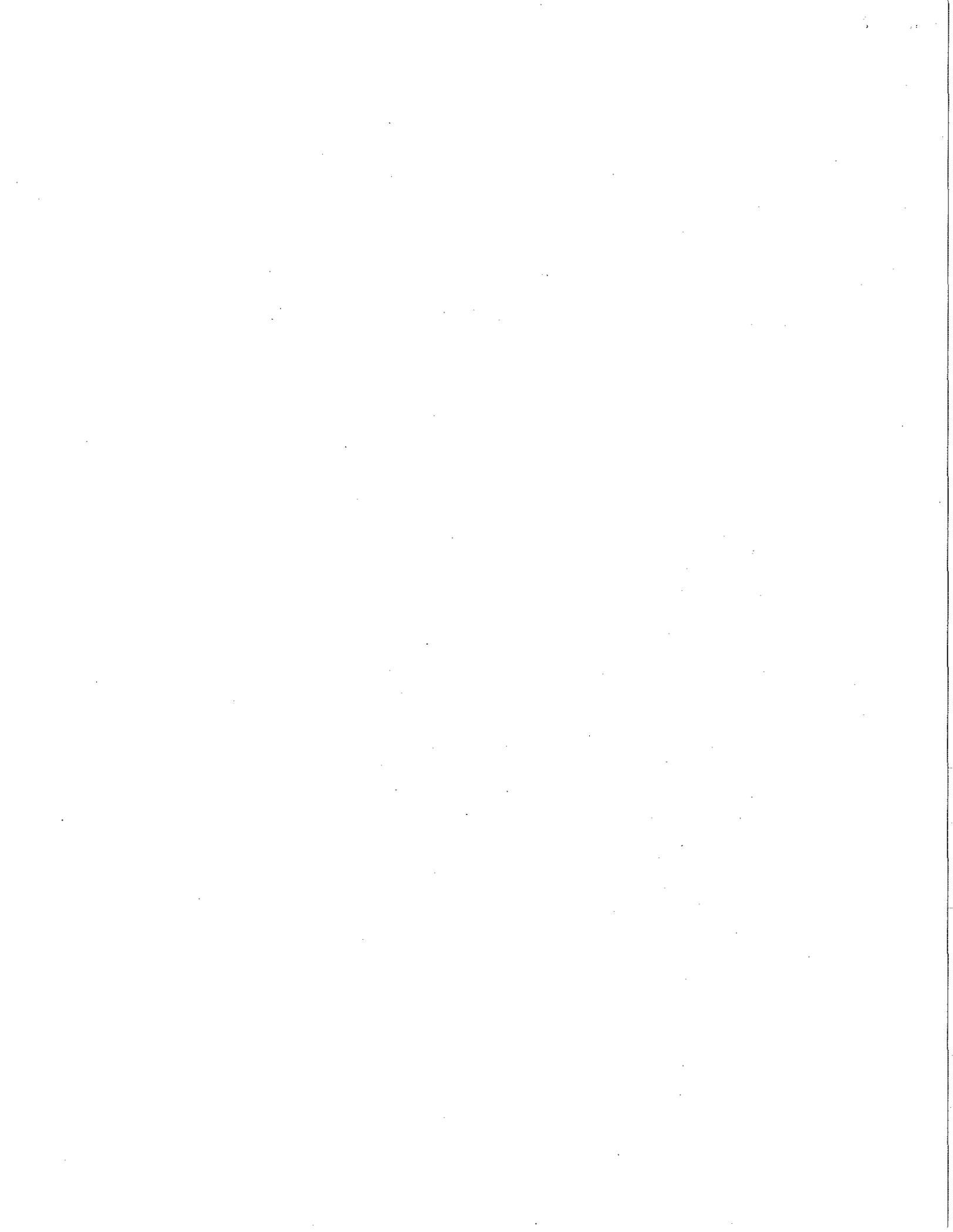
9. PRIOR PERIOD ADJUSTMENT

Prior period financial statements have recorded the District's security interest in capital assets purchased by subgrantees as an "investment in sub-recipients," which should not have been recorded. The correction of this error decreased the balance of net assets and fund balance at December 31, 2008 by \$14,335.

Additionally, money held by the District for unobligated grant carryovers was recorded as restricted net assets, instead of deferred grant revenues. The correction of this error decreased the balance of net assets and fund balance at December 31, 2008, by \$16,444.

The total prior period adjustment is as follows:

Investment in sub-recipients	\$ 14,335
Unobligated grant carryovers	<u>16,444</u>
Total	<u>\$ 30,779</u>



**SECTION II**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**SOUTHWEST MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT N  
MONETT, MISSOURI**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS -  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Grant revenue	\$ 96,482	\$ 109,581	\$ 13,099
Interest income		44	44
Other revenue		200	200
Total revenues	<u>96,482</u>	<u>109,825</u>	<u>13,343</u>
<b>EXPENDITURES:</b>			
Current:			
District operations:			
Insurance	2,405	1,701	704
Legal notices	175	171	4
Membership dues	83	159	(76)
Office	3,339	1,919	1,420
Conference	2,565	759	1,806
Travel	3,125	4,195	(1,070)
Payroll and payroll taxes	46,982	36,070	10,912
Postage and delivery	600	540	60
Professional fees	1,129	30	1,099
Telephone and internet	2,218	1,727	491
Miscellaneous	583	259	324
Total district operations	<u>63,204</u>	<u>47,530</u>	<u>15,674</u>
Subgrants:			
Equipment	53,709	41,081	12,628
Collections and recycling	8,533	8,667	(134)
Education	10,000	3,865	6,135
Total subgrants	<u>72,242</u>	<u>53,613</u>	<u>18,629</u>
Total expenditures	<u>135,446</u>	<u>101,143</u>	<u>34,303</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(38,964)	8,682	47,646
BUDGETARY FUND BALANCE - Beginning of year	<u>47,329</u>	<u>47,329</u>	-
BUDGETARY FUND BALANCE - End of year	<u>\$ 8,365</u>	<u>\$ 56,011</u>	<u>\$ 47,646</u>

RECONCILIATION OF REVENUES AND EXPENDITURES - BUDGET BASIS TO  
REVENUES AND EXPENDITURES - MODIFIED ACCRUAL BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

Excess (deficiency) of revenues over		
(under) expenditures - Budget basis	\$	8,682
Increase in deferred revenues		(6,912)
Change in accounts payable		(537)
Change in payroll taxes payable		(1,299)
Change in accrued payroll		<u>(142)</u>
Excess (deficiency) of revenues over		
(under) expenditures - Modified accrual basis	\$	<u>(208)</u>

RECONCILIATION OF BUDGETARY FUND BALANCE TO  
FUND BALANCE - MODIFIED ACCRUAL BASIS  
DECEMBER 31, 2010

Budgetary fund balance		\$ 56,011
Accounts payable		(700)
Payroll taxes payable		(2,259)
Accrued payroll		(713)
Deferred revenue - unobligated grant carryover		(16,991)
Deferred revenue - obligated for grants		<u>(35,304)</u>
Fund balance - Modified accrual basis	\$	<u>44</u>

**SOUTHWEST MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT N  
MONETT, MISSOURI**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS -  
BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

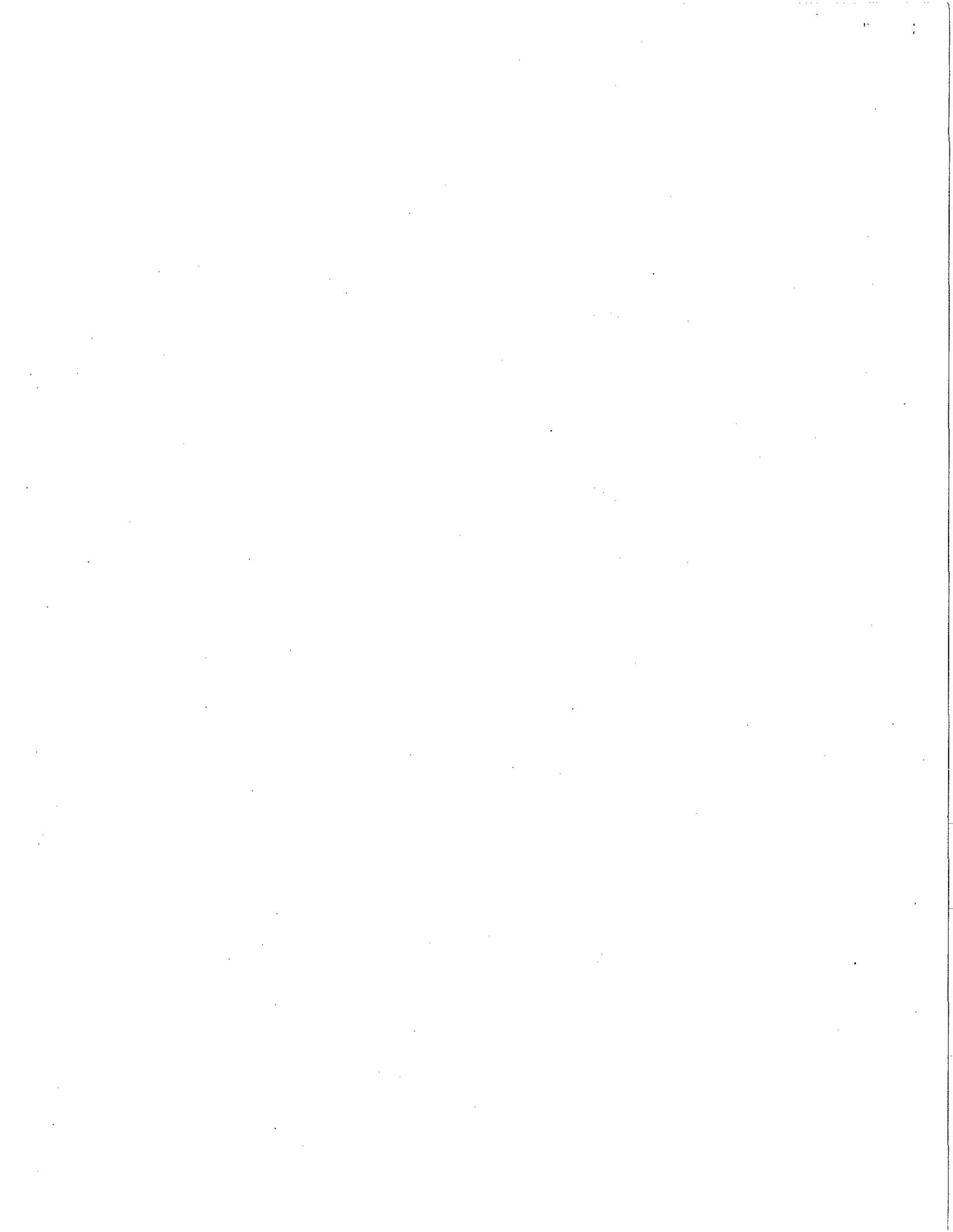
	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Grant revenue	\$ 97,921	\$ 74,155	\$ (23,766)
Interest income		53	53
Total revenues	<u>97,921</u>	<u>74,208</u>	<u>(23,713)</u>
<b>EXPENDITURES:</b>			
Current:			
District operations			
Insurance	1,918	1,626	292
Legal notices		142	(142)
Membership dues		35	(35)
Office	2,339	918	1,421
Conference	3,300	782	2,518
Travel	4,091	4,232	(141)
Payroll and payroll taxes	46,618	35,641	10,977
Postage and delivery	137	532	(395)
Professional fees	4,400	5,000	(600)
Telephone and internet	2,124	1,532	592
Miscellaneous	800	184	616
Total district operations	<u>65,727</u>	<u>50,624</u>	<u>15,103</u>
Subgrants:			
Equipment	77,452	73,511	3,941
Collections and recycling	29,746	21,213	8,533
Total subgrants	<u>107,198</u>	<u>94,724</u>	<u>12,474</u>
Total	<u>172,925</u>	<u>145,348</u>	<u>27,577</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(75,004)	(71,140)	3,864
<b>BUDGETARY FUND BALANCE - Beginning of year</b>	<u>118,469</u>	<u>118,469</u>	<u>-</u>
<b>BUDGETARY FUND BALANCE - End of year</b>	<u>\$ 43,465</u>	<u>\$ 47,329</u>	<u>\$ 3,864</u>

RECONCILIATION OF REVENUES AND EXPENDITURES - BUDGET BASIS TO  
REVENUES AND EXPENDITURES - MODIFIED ACCRUAL BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009

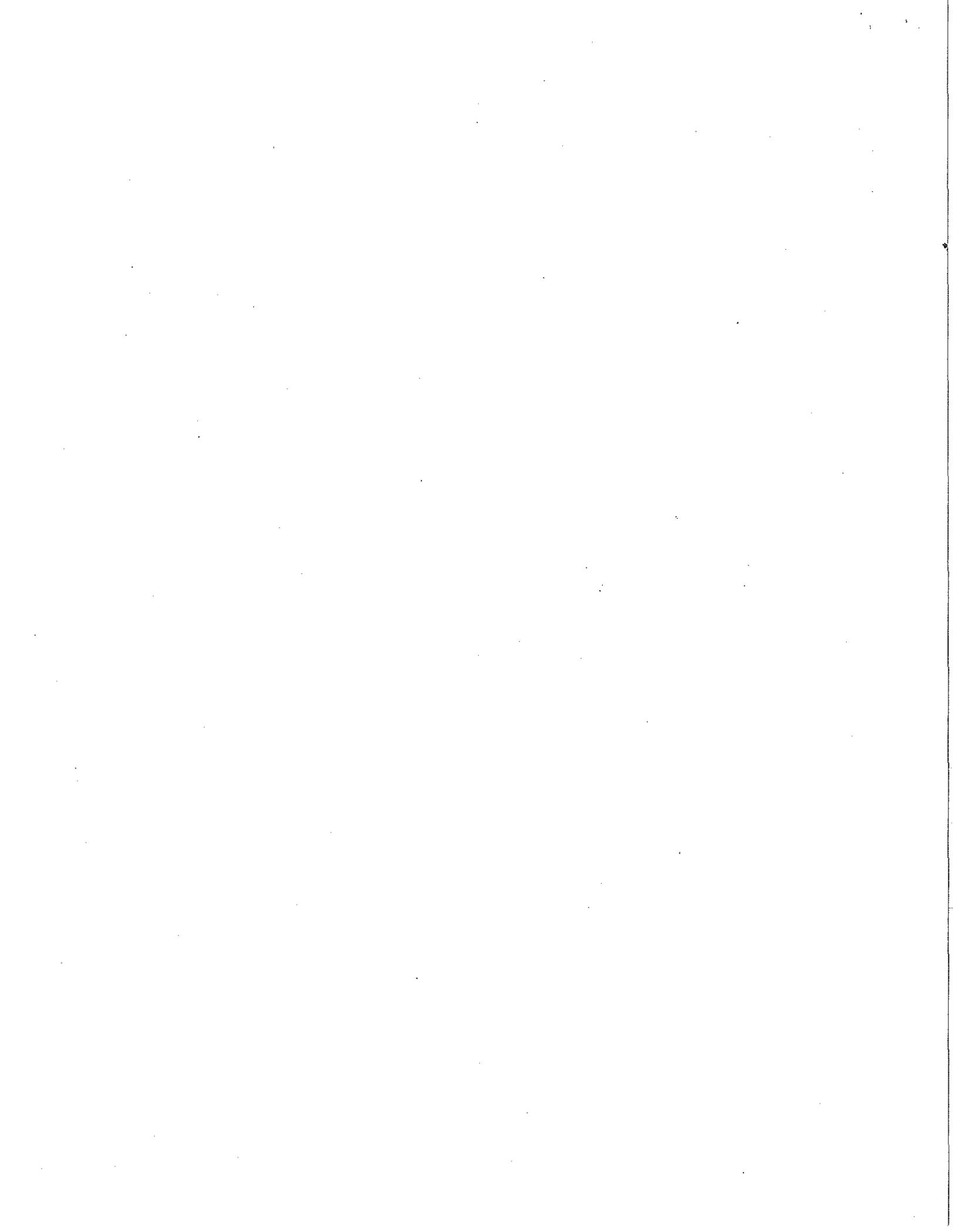
Excess (deficiency) of revenues over	
(under) expenditures - Budget basis	\$ (71,140)
Change in deferred revenues	70,177
Change in accounts payable	(153)
Change in payroll liabilities	<u>(1,188)</u>
Excess (deficiency) of revenues over	
(under) expenditures - Modified accrual basis	<u>\$ (2,304)</u>

RECONCILIATION OF BUDGETARY FUND BALANCE TO  
FUND BALANCE - MODIFIED ACCRUAL BASIS  
DECEMBER 31, 2009

Budgetary fund balance	\$ 47,329
Accounts payable	(163)
Payroll taxes payable	(960)
Accrued payroll	(571)
Deferred revenue - unobligated grant carryover	(21,211)
Deferred revenue - obligated for grants	<u>(24,172)</u>
Fund balance - Modified accrual basis	<u>\$ 252</u>



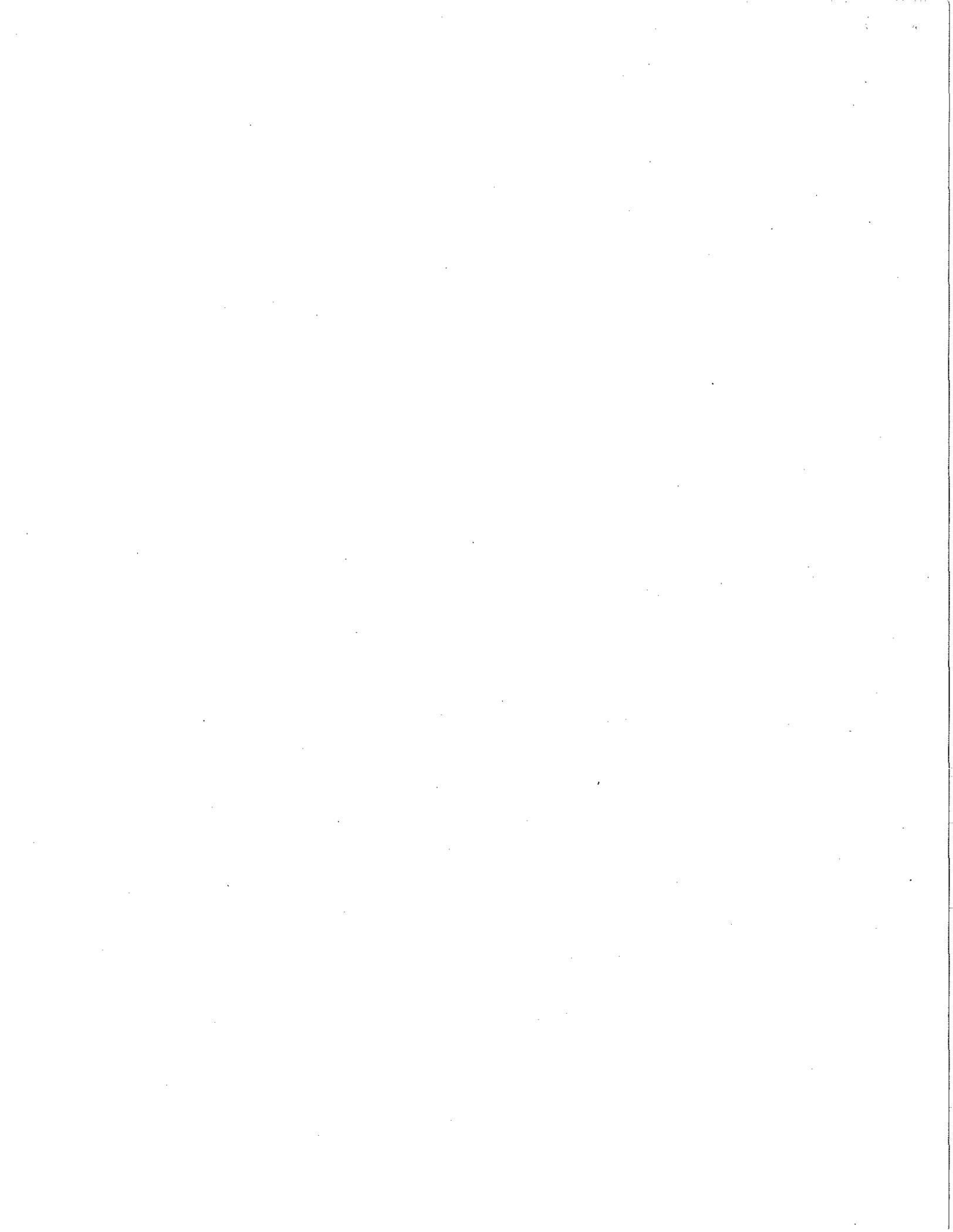
**SECTION III**  
**SUPPLEMENTARY INFORMATION**



**SOUTHWEST MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT N  
MONETT, MISSOURI**

**SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS OF STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

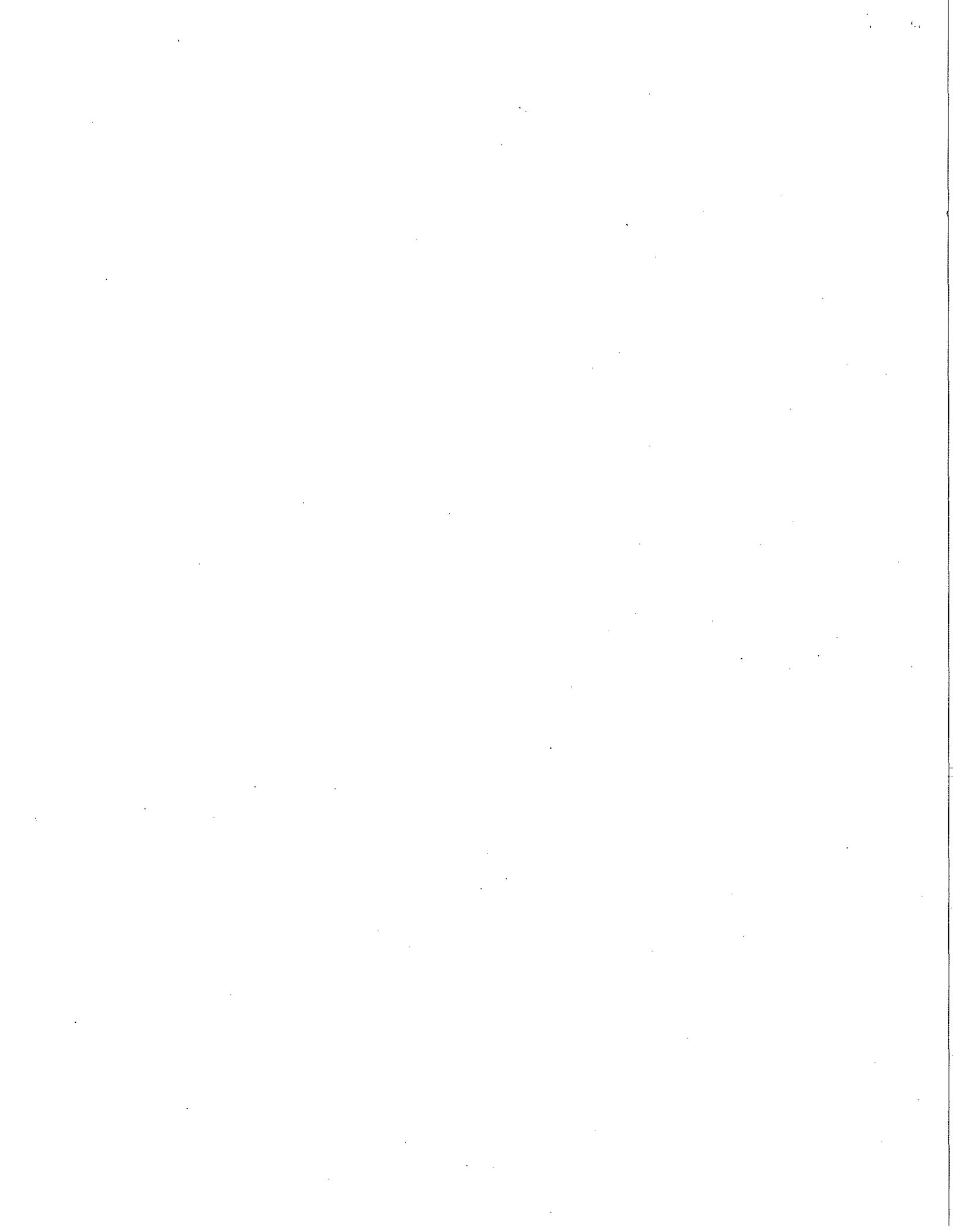
Project Name	Project Number	Cash - Beginning of Year	Cash Received from DNR	Other Cash Received	Disbursements	Reallocations	Cash - End of Year
HHW collections	2007-01	\$ 8,533			\$ (8,667)	\$ 134	\$ -
Purdy recycling project	2009-01	2,369			(2,476)	107	-
District operations	2009-05	14,964			(14,964)		-
Education program	2010-01		\$ 10,000		(3,865)		6,135
Recycle trailers	2010-02		15,070		(19,500)	4,430	-
Southern Stone County Recycle Center	2010-03		12,100		(12,100)		-
Purdy recycling project	2010-04		1,600		(1,600)		-
Bring your own bag, Forsyth	2010-05		5,600		(5,405)		195
City of Crane Recycle Center	2010-06		10,470				10,470
District operations	2010-07		48,241		(32,566)		15,675
Green Home Recycling	2010-08		6,500				6,500
Total project balances		<u>25,866</u>	<u>109,581</u>		<u>(101,143)</u>	<u>4,671</u>	<u>38,975</u>
Unobligated interest		252		\$ 44		(252)	44
Unobligated grant carryover		<u>21,211</u>		<u>200</u>		<u>(4,419)</u>	<u>16,992</u>
Total		<u>\$ 47,329</u>	<u>\$ 109,581</u>	<u>\$ 244</u>	<u>\$ (101,143)</u>	<u>\$ -</u>	<u>\$ 56,011</u>



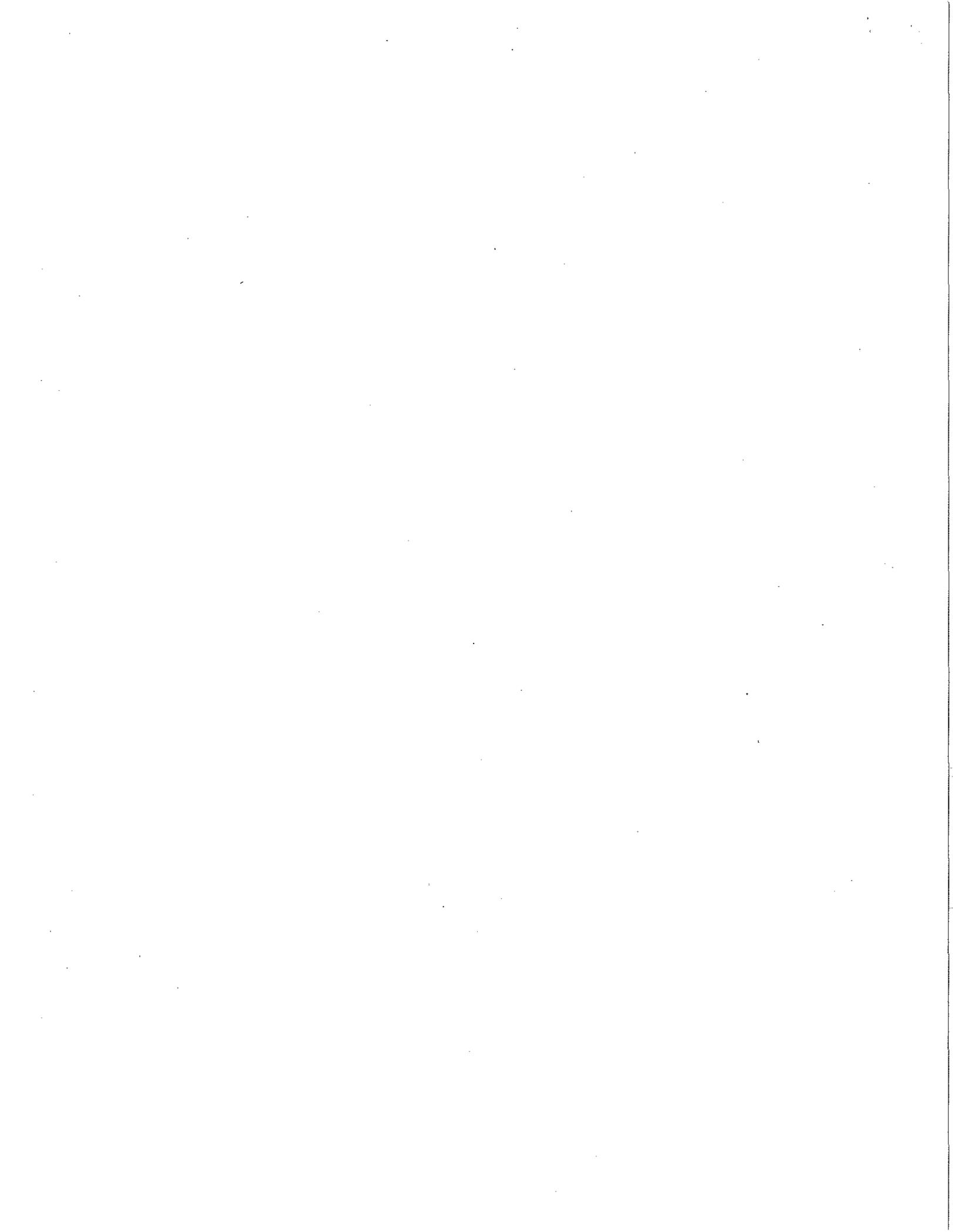
**SOUTHWEST MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT N  
MONETT, MISSOURI**

**SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS OF STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Project Name	Project Number	Cash - Beginning of Year	Cash Received from DNR	Other Cash Received	Disbursements	Reallocations	Cash - End of Year
City of Branson	2005-104	\$ 9,500			\$ (9,500)		\$ -
City of Branson	2006-02	3,030			(3,030)		-
HHW collections	2007-01	23,746			(15,213)		8,533
Wilderness Club recycling	2007-02	6,000			(6,000)		-
Plan implementation 2007	2007-04	236				\$ (236)	-
District operations	2008-01	16,628			(16,628)		-
City of Branson	2008-02	17,500			(15,000)	(2,500)	-
Hollister School District	2008-03	494			(494)		-
MORA/ARC Conference	2008-04	301				(301)	-
Purdy School District	2008-05	4,804			(4,804)		-
Purdy recycling project	2009-01				(13,422)	15,791	2,369
All Points Recycling	2009-02		\$ 11,141		(12,224)	1,083	-
City of Pierce City	2009-03		6,554		(7,579)	1,025	-
Merriam Woods Recycling	2009-04		7,500		(7,458)	(42)	-
District operations	2009-05		48,960		(33,996)		14,964
Total project balances		<u>82,239</u>	<u>74,155</u>		<u>(145,348)</u>	<u>14,820</u>	<u>25,866</u>
Unobligated interest		2,556		\$ 53		(2,357)	252
Unobligated grant carryover		<u>33,674</u>				<u>(12,463)</u>	<u>21,211</u>
Total		<u>\$ 118,469</u>	<u>\$ 74,155</u>	<u>\$ 53</u>	<u>\$ (145,348)</u>	<u>\$ -</u>	<u>\$ 47,329</u>



**SECTION IV**  
**INTERNAL CONTROL**  
**AND COMPLIANCE**



**ARTHUR WHITE & ASSOCIATES, L.L.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

June 10, 2011

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

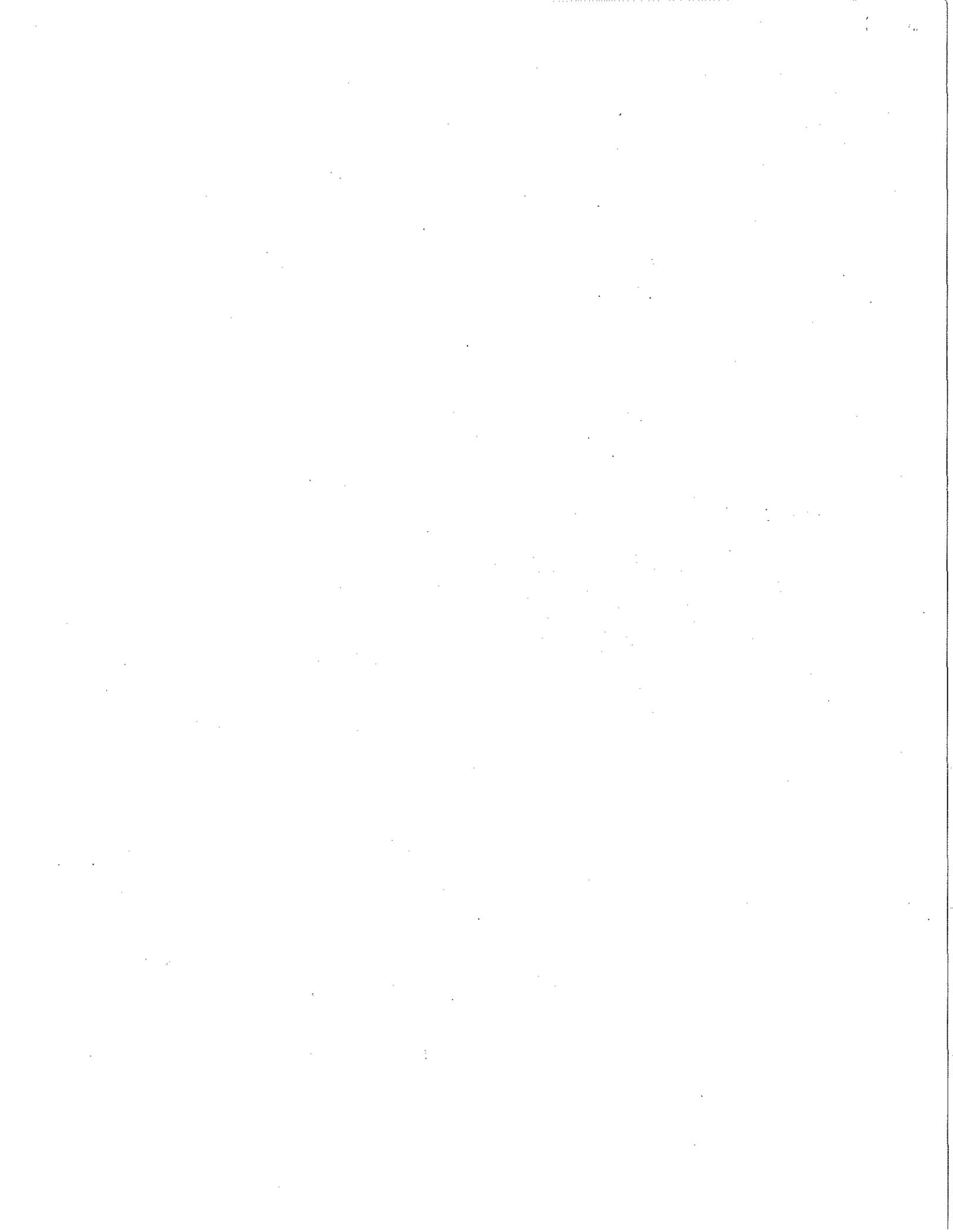
We have audited the financial statements of the governmental activities and each major fund of Southwest Missouri Solid Waste Management District N as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Southwest Missouri Solid Waste Management District N's basic financial statements and have issued our report thereon dated June 10, 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Southwest Missouri Solid Waste Management District N's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwest Missouri Solid Waste Management District N's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Southwest Missouri Solid Waste Management District N's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described below, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the Southwest Missouri Solid Waste Management District N's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as 10-1 to be a material weakness.



10-1 SEGREGATION OF DUTIES

Condition: The District has only one employee, therefore it is not always possible to adequately segregate certain incompatible duties, so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or fraud could exist and not be promptly detected.

Criteria: As described in Government Auditing Standards, as issued by the Comptroller General of the United States, section 5.11, a deficiency in internal control over financial reporting exists when the deficiency "adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles."

Effect: Failure to adequately segregate accounting duties increases the risk that errors or fraud will not be detected in a timely manner.

Cause: The District has only one employee.

Recommendation: We recommend segregating duties when possible, reviewing these areas periodically, and consideration of improving the segregation of duties. We also recommend that the Executive Board be more involved in the oversight activities of the District.

District Response: The District will strive to segregate duties whenever possible and review the areas periodically.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest Missouri Solid Waste Management District N's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards, and which are described below as items 10-2 and 10-3.

10-2 INACCURATE QUARTERLY REPORTS

Condition: The quarterly reports for December 31, 2010 and 2009, did not accurately report the amounts of unobligated interest, unobligated grant carryover, and project balances.

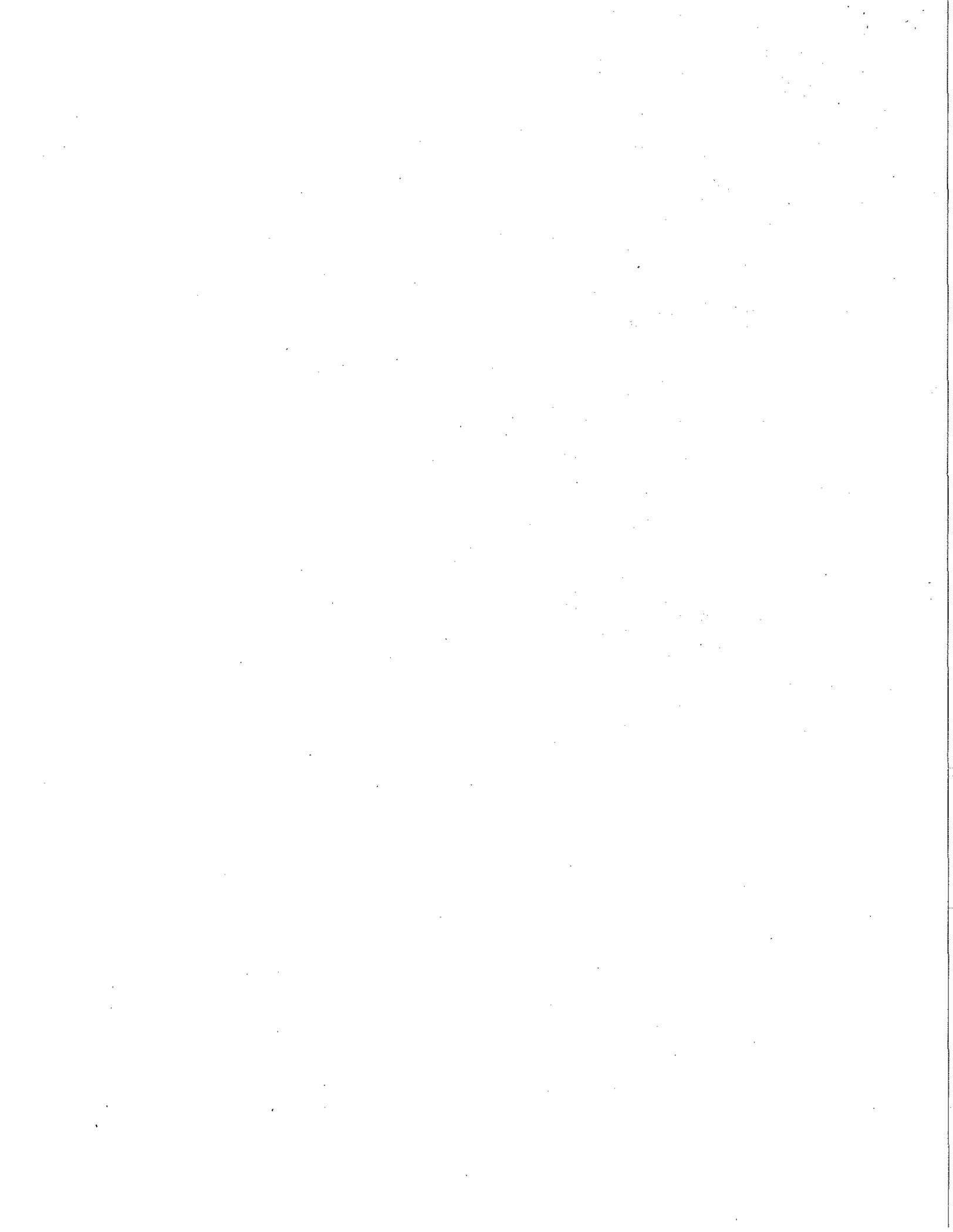
At December 31, 2009 the amounts of unobligated interest, unobligated grant carryover, and project balances reported on the quarterly report were \$259, \$-0-, and \$20,898, respectively. At December 31, 2009 the actual amounts of unobligated interest, unobligated grant carryover, and project balances were \$252, \$21,211, and \$25,866, respectively.

At December 31, 2010 the amounts of unobligated interest, unobligated grant carryover, and project balances reported on the quarterly report were \$12, \$-0-, and \$29,487, respectively. At December 31, 2010 the actual amounts of unobligated interest, unobligated grant carryover, and project balances were \$44, \$16,992, and \$38,975, respectively.

Criteria: Section I.E.1 of the Missouri Department of Natural Resources' (MDNR) General Terms and Conditions states that accurate, current, and complete disclosure of financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the subgrant.

Effect: The District is not in compliance with MDNR's General Terms and Conditions.

Cause: Lack of management oversight.



Recommendation: We recommend that the District check quarterly reports for accuracy to ensure amounts listed on the reports are accurate.

District Response: The District will correct and resubmit the quarterly reports to the Missouri Department of Natural Resources Solid Waste Management Program.

10-3 PAYROLL PROCEDURAL CONTROLS INADEQUATE

Condition: The District's internal control procedures for the payroll process allowed for the issuance of payroll checks before the corresponding pay period ended. Time sheets and year end payroll tax information were not reviewed for completeness or inaccuracies.

Criteria: Missouri Department of Natural Resources General Terms and Conditions I.E.3. states "Effective control and accountability must be maintained for all subgrantee cash, real and personal property, and other assets." To accomplish this, proper internal controls over disbursements require that payroll checks not be issued prior to the end of the payroll period and that time sheets and year end payroll tax information be reviewed for completeness or inaccuracies.

Effect: Distributing payroll checks early circumvents the control procedures that are in place to ensure the integrity of the disbursement. Distributing payroll checks early could have resulted in an employee cashing a check for time they had not yet worked and compensation was not yet earned.

Cause: Lack of the District Executive Board involvement in oversight.

Recommendation: We recommend that the District disburse paychecks only after the end of the pay period and that compensatory time tracking is reviewed by a board member for completeness or inaccuracies.

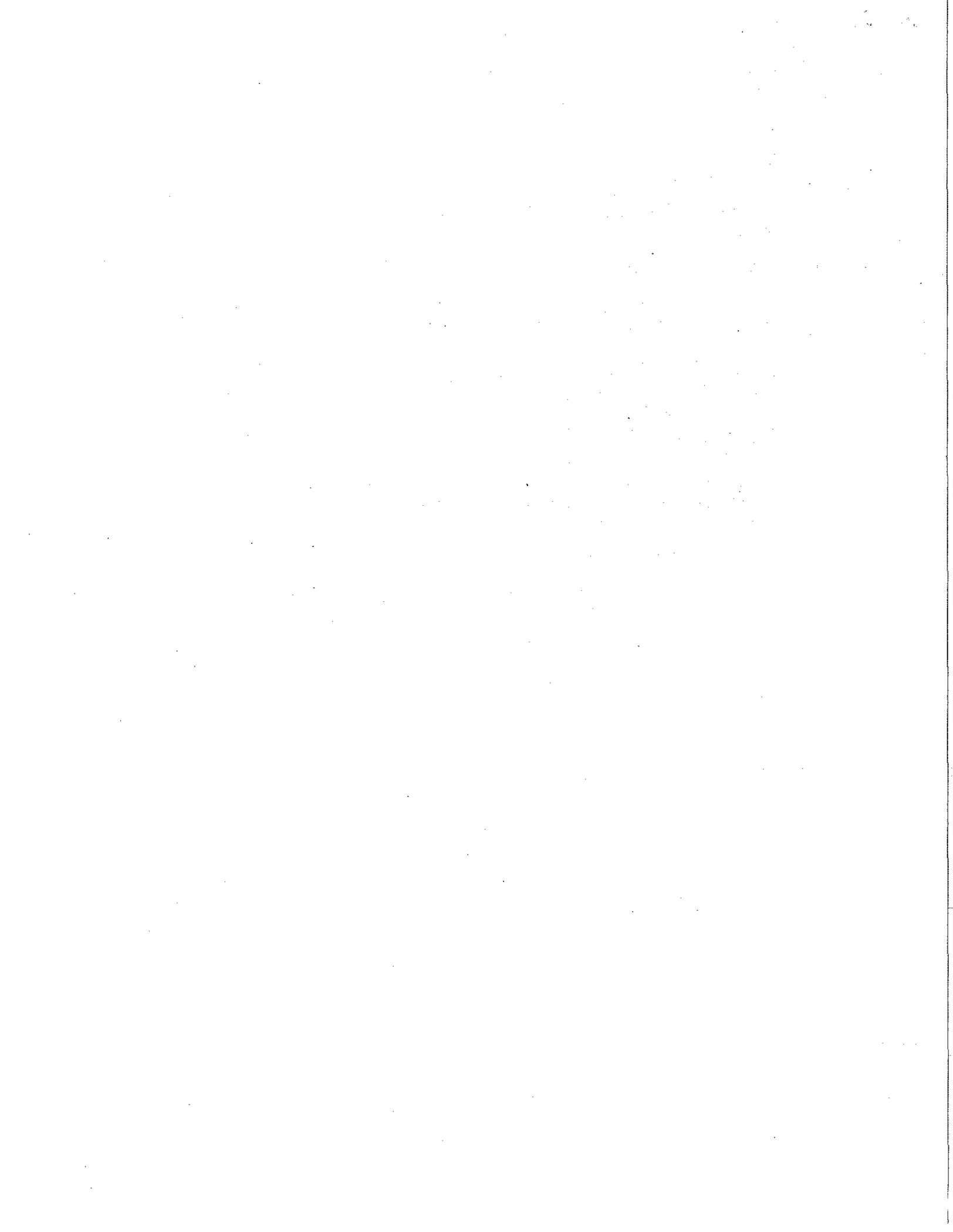
District Response: Policies and procedures of the payroll function were updated in March, 2011.

We did not audit the District's responses to the findings identified in our audit, and, accordingly, we express no opinion on them.

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

*Arthur White & Associates, L.L.C.*

ARTHUR WHITE & ASSOCIATES, L.L.C.



**SOUTHWEST MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT N  
MONETT, MISSOURI**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

**CONDITION 1**

Condition: The 4<sup>th</sup> quarter, 2008, financial report understated remaining grant fund balances by \$26,049. In addition, the total funds balance disagreed with the reconciled bank balance by \$44,894.

Current status: Quarterly reports examined during the audit of the years ended December 31, 2009 and 2010 were determined to be inaccurate as noted in finding 10-2.

**CONDITION 2**

Condition: The District did 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.

Current status: On August 13, 2009, the District corrected the UCC-1 for the baler purchased under the City of Branson's grant no. N2005-104.

