

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

Financial Statements and Supplementary Information

June 30, 2009 and 2008

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SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT
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INDEPENDENT AUDITOR'S REPORT

December 2, 2009

South Central Solid Waste Management District
Executive Board and District Council
Eunice, MO 65468

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Dear Members of the Board and Council:

We have audited the accompanying basic financial statements, as listed in the table of contents, of the South Central Solid Waste Management District as of and for the years ended June 30, 2009 and 2008. Those financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on those 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 opinion.

As described in Note 1, these basic financial statements were prepared on the modified cash basis and cash basis of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion the basic financial statements referred to above present fairly, in all material respects, the financial position of the South Central Solid Waste Management District at June 30, 2009 and 2008, and the results of its operations for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2009, on our consideration of the South Central Solid Waste Management 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.

The management's discussion and analysis 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information listed as other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the South Central Solid Waste Management District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Schally, Durbin & Rapp, P.C.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT
Management's Discussion and Analysis
June 30, 2009 and 2008

The Management's Discussion and Analysis (MD&A) of the South Central Solid Waste Management District (the District) provides an overview and analysis of the District's financial activities for the fiscal years ended June 30, 2009 and 2008. The intent of the MD&A is to look at the District's financial performance as a whole. Readers should also review the financial statements found in the Financial Section starting on page 8, and the notes thereto to enhance their understanding of the District's financial performance.

The MD&A is an element of Required Supplementary Information specified in Governmental Accounting Standards Board (GASB) Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued in 1999. Certain comparative information between the current year (2008-2009) (FY2009) and the prior year (2007-2008) (FY2008) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for the fiscal years ended June 30, 2009 and 2008 include the following:

The government-wide net assets decreased by \$55,325 at June 30, 2009 as compared to a decrease of \$23,373 at June 30, 2008. The governmental funds ending fund balances decreased by \$54,272 at June 30, 2009 as compared to an decrease of \$19,328 at June 30, 2008. The differences between the government-wide net assets increases/decreases and the governmental funds increases/decreases reflect the differences in the modified cash basis of accounting and the cash basis and are reconciled on page 13. The significant differences are capitalization and depreciation of fixed assets.

Program revenues made up 98.7% and 97.8% of the total revenues for the years ended June 30, 2009 and 2008, respectively, with general revenues making up the balance. These program revenues covered 86.4% and 92.6%, respectively, of the program expenditures for 2009 and 2008.

Using the Basic Financial Statements

The District's basic financial statements consist of a series of financial statements and the associated notes to those statements. The statements are organized so the reader can understand the operations of the District as a whole, i.e., an entire operating entity. The "Basic Financial Statements" section, includes government-wide financial statements, fund financial statements and notes to financial statements.

The government-wide financial statements, consisting of the Government-Wide Statement of Net Assets and the Government-Wide Statement of Activities, provide highly consolidated financial information and render a government-wide perspective of the District's financial condition. They present an aggregate view of the District's finances. These statements seek to answer the question, "How did the District do financially during the 2008-2009 fiscal year?" In short, is the District better or worse financially this year than the prior year? These statements include assets and liabilities using the modified cash basis of accounting. This basis of accounting reflects revenues and expenses when received or paid, except for certain capital assets which are reflected as assets and are depreciated.

By showing the change in net assets for the years, the reader may ascertain whether the District's financial condition has improved or deteriorated. The changes which are discussed in the MD&A may be financial or non-financial in nature. Non-financial factors which may have an impact on the District's financial condition include increases in or erosion of the facilities, maintenance, and condition or other external factors.

To provide more in-depth reporting of the District's financial position and changes in financial position, fund basis financial information is presented in the "Fund Financial Statements" section beginning on page 10. These funds are required to be established by state law and/or by bond covenants. These fund financial statements help the reader to determine whether there are more or fewer financial resources that can be spent in the near future for District programs.

Fund financial statements also provide more in-depth data on the District's General Fund. This fund is considered a "major fund" under GASB Statement No. 34. The relationship between governmental activities reported in the government-wide financial statements and the governmental fund reported in the fund financial statements is reconciled in the financial statements on pages 11 and 13.

Government-Wide Financial Analysis

Net assets of the District reflect the excess of assets over liabilities. Net assets of the District at June 30 consist of the following:

	2009	2008
Current assets	\$ 169,789	224,061
Capital assets	5,014	6,067
Total assets	<u>174,803</u>	<u>230,128</u>
Total liabilities	<u>-</u>	<u>-</u>
Net assets:		
Invested in capital assets, net of related debt	5,014	6,067
Restricted	154,060	204,553
Unrestricted	<u>15,729</u>	<u>19,508</u>
Total net assets	<u>\$ 174,803</u>	<u>230,128</u>

Net assets at June 30, 2009 and 2008 reflect a decrease of \$55,325 and a decrease of \$23,373, respectively, from the prior year balances. Key elements of these changes consist of the following:

	<u>2009</u>	<u>2008</u>
Revenues:		
Program revenues:		
Charges for services	\$ -	-
Operating grants and contributions	385,497	400,775
Capital grants and contributions	-	-
General revenues:		
Investment earnings	3,491	8,492
Other	<u>1,726</u>	<u>360</u>
Total revenues	<u>390,714</u>	<u>409,627</u>
Expenses:		
Grant expenses	357,357	345,137
Payroll and payroll taxes	38,664	37,498
Benefits	19,100	12,000
Office expense	708	5,965
Executive board	5,615	9,225
Dues and subscriptions	1,796	1,816
Travel	15,298	11,350
Utilities	1,148	1,164
Office space and storage	3,600	4,800
Depreciation	<u>2,753</u>	<u>4,045</u>
Total expenses	<u>446,039</u>	<u>433,000</u>
Change in net assets	(55,325)	(23,373)
Net assets, beginning of year	<u>230,128</u>	<u>253,501</u>
Net assets, end of year	<u>\$ 174,803</u>	<u>230,128</u>

As reflected above the expenses of the District's government-wide activities for the years ended June 30, 2009 and 2008 are not all borne by the District. Of these amounts \$385,497 and \$400,775, respectively, were paid through the state grant from the Missouri Department of Natural Resources.

The table below shows the total cost of programs and the net cost of these programs (after deducting charges for services and grant revenue) of the various categories of expenses for the years ended June 30, 2009 and 2008. The "net cost" presentation allows the District to determine the remaining cost of the various categories which were paid from other general revenues, and allows them the opportunity to assess the cost of each of these functions in comparison to the perceived benefits received.

	2009		2008	
	Total Expense of Program	Net Expense (Revenue) of Program	Total Expense of Program	Net Expense (Revenue) of Program
Grant expenses	\$ 357,357	(28,140)	345,137	(55,638)
Payroll and payroll taxes	38,664	38,664	37,498	37,498
Benefits	19,100	19,100	12,000	12,000
Office expense	708	708	5,965	5,965
Executive board	5,615	5,615	9,225	9,225
Dues and subscriptions	1,796	1,796	1,816	1,816
Travel	15,298	15,298	11,350	11,350
Utilities	1,148	1,148	1,164	1,164
Office space and storage	3,600	3,600	4,800	4,800
Depreciation	2,753	2,753	4,045	4,045
Total	<u>\$ 446,039</u>	<u>60,542</u>	<u>433,000</u>	<u>32,225</u>

Governmental Fund Financial Analysis

The District uses the fund to control and manage money for particular purposes. The fund basis financial statements allow the District to demonstrate its stewardship over and accountability for resources provided by grantees and other entities. These statements also allow the reader to obtain more insight into the financial workings of the District, and assess further the District's financial health.

The District completed the fiscal year ended June 30, 2009 with a fund balance for governmental funds (as presented in the balance sheet on page 10) of \$169,789 as compared to a fund balance of \$224,061 as of July 1, 2008, a decrease of \$54,272.

The major source of revenue for operations consist of grants from the Missouri Department of Natural Resources totaling \$385,497 and \$400,775 in 2009 and 2008, respectively.

	2009	2008
<u>Revenue</u>		
Grant revenue	\$ 385,497	400,775
Interest income	3,491	8,492
Other	1,726	360
Total revenues	<u>\$ 390,714</u>	<u>409,627</u>
<u>Expenditures</u>		
Grant expenses	\$ 359,057	345,137
Administration and support	85,929	83,818
Total expenditures	<u>\$ 444,986</u>	<u>428,955</u>

-continued-

Capital Assets

At June 30, 2009, the District had \$5,014 (net of accumulated depreciation) invested in capital assets, which consisted of furniture, vehicles and equipment.

During 2009 and 2008, the District had capitalized asset additions of \$1,700 and \$ - , respectively. There were no disposals of assets in 2009 and 2008. Depreciation expense amounted to \$2,753 and \$4,045 for 2009 and 2008, respectively.

Additional information on the District's capital assets can be found in Note 3 on page 16 of this report.

Contacting the District's Financial Management

While this Management's Discussion & Analysis is designed to provide a general overview of the financial condition and operations of the District, citizens groups, investors or creditors may want further details. To obtain such details, please contact District Coordinator Lynda Roehl at the District administration offices, 5436 Hwy 17, Eunice, MO 65468.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT
 Government-Wide Statements of Net Assets
 (Modified cash basis)
 June 30, 2009 and 2008

	2009	2008
<u>Assets</u>		
Cash	\$ 169,789	224,061
Capital assets, net of accumulated depreciation	5,014	6,067
Total assets	174,803	230,128
 <u>Liabilities</u>		
Liabilities	-	-
 <u>Net Assets</u>		
Invested in capital assets	5,014	6,067
Restricted for grants	154,060	204,553
Unrestricted	15,729	19,508
Total net assets	\$ 174,803	230,128

The accompanying notes are an integral part of these financial statements.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT
 Government-Wide Statements of Activities
 (Modified cash basis)
 Years Ended June 30, 2009 and 2008

Functions/Programs	2009				2008	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities						
Grant expenses	\$ 357,357	-	385,497	-	28,140	61,138
Payroll and payroll taxes	38,664	-	-	-	(38,664)	(37,498)
Benefits	19,100	-	-	-	(19,100)	(17,500)
Office expense	708	-	-	-	(708)	(5,965)
Executive board	5,615	-	-	-	(5,615)	(9,225)
Dues and subscriptions	1,796	-	-	-	(1,796)	(1,816)
Travel	15,298	-	-	-	(15,298)	(11,350)
Utilities	1,148	-	-	-	(1,148)	(1,164)
Office space and storage	3,600	-	-	-	(3,600)	(4,800)
Depreciation	2,753	-	-	-	(2,753)	(4,045)
Total	<u>\$ 446,039</u>	<u>-</u>	<u>385,497</u>	<u>-</u>	<u>(60,542)</u>	<u>(32,225)</u>
General Revenues						
					3,491	8,492
					1,726	360
					<u>5,217</u>	<u>8,852</u>
					(55,325)	(23,373)
					<u>230,128</u>	<u>253,501</u>
					<u>\$ 174,803</u>	<u>230,128</u>

The accompanying notes are an integral part of these financial statements.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

Balance Sheets - Governmental Funds

(Cash basis)

June 30, 2009 and 2008

	2009	2008
<u>Assets</u>		
Cash	\$ 169,789	224,061
	\$ 169,789	224,061
 <u>Liabilities and Equity</u>		
Liabilities	-	-
Fund Equity		
Undesignated	169,789	224,061
Total Fund Balance	169,789	224,061
	\$ 169,789	224,061

The accompanying notes are an integral part of these financial statements.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT
 Reconciliations of the Balance Sheets - Governmental Funds
 to the Government-Wide Statements of Net Assets
 June 30, 2009 and 2008

	2009	2008
Amounts reported for governmental activities in the statement of net assets are different due to the following:		
Total fund balance - Governmental Funds	\$ 169,789	224,061
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
	5,014	6,067
Total net assets - Government-Wide Statement of Net Assets	\$ 174,803	230,128

The accompanying notes are an integral part of these financial statements.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT
Statements of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
(Cash basis)
Years Ended June 30, 2009 and 2008

	2009	2008
Revenues collected:		
Grant income	\$ 385,497	400,775
Miscellaneous	1,726	360
Interest income	3,491	8,492
Total Revenues Collected	390,714	409,627
Expenditures paid:		
Grant expenses	359,057	339,637
Payroll and payroll taxes	38,664	37,498
Benefits	19,100	17,500
Office expense	708	5,965
Executive board	5,615	9,225
Dues and subscriptions	1,796	1,816
Travel	15,298	11,350
Utilities	1,148	1,164
Office space and storage	3,600	4,800
Total Expenditures Paid	444,986	428,955
Revenues collected over expenditures paid	(54,272)	(19,328)
Fund balance, beginning of year	224,061	243,389
Fund balance, end of year	\$ 169,789	224,061

The accompanying notes are an integral part of these financial statements.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT
 Reconciliations of the Statements of Revenues, Expenditures and Changes in Fund
 Balance - Governmental Funds to the Government-Wide Statements of Activities
 Years Ended June 30, 2009 and June 30, 2008

	2009	2008
Amounts reported for governmental activities in the statement of activities are different due to the following:		
Net change in fund balance - Governmental Funds	\$ (54,272)	(19,328)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.		
Capital Additions	1,700	-
Depreciation expense	(2,753)	(4,045)
Change in net assets - Government-Wide Statement of Activities	\$ (55,325)	(23,373)

The accompanying notes are an integral part of these financial statements.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

Notes to Financial Statements

June 30, 2009 and 2008

Note 1: Summary of Significant Accounting Policies

A. Principles Used to Determine Reporting Entity

The accompanying financial statements present the activity of the South Central Solid Waste Management District (the District). The District is established under statutory or administrative authority, and its operation is under the control of the Executive Board and District Council under the oversight of the State of Missouri Department of Natural Resources.

The District reporting entity includes the District's governing board and all related organizations for which the District exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships. Based upon the application of these criteria, there were no component units included in the District's reporting entity.

B. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the nonfiduciary financial activities of the District. These statements report those activities of the District that are governmental (i.e. generally supported by intergovernmental revenues).

The statement of net assets presents the financial position of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities and the remaining revenues that are not directly associated with specific programs. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions (including related investment earnings) that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues.

Fund Financial Statements - The District maintains fund accounting in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level. The focus of governmental fund financial statements is on major funds.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

Notes to Financial Statements (continued)

June 30, 2009 and 2008

Note 1: Summary of Significant Accounting Policies (continued)

Governmental Funds - Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they are used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The District maintains only one fund, the General Fund, which accounts for the general activities of the District.

C. Basis of Accounting/Measurement Focus

The Government-Wide financial statements of the District have been prepared on the modified cash basis of accounting, which is a comprehensive basis other than accounting principles generally accepted in the United States of America as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles.

The measurement focus establishes the basis of accounting. The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Differences in the modified cash and the cash basis of accounting arise in the recording of capital assets and the recognition of depreciation. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

The government-wide financial statements are prepared using the flow of current financial resources measurement focus and the modified cash basis of accounting. Revenues are recorded when received and expenses are recorded when paid, except that capital assets are recorded as assets and are depreciated.

The governmental fund financial statements are prepared using a flow of current financial resources measurement focus and the cash basis of accounting. Revenues are recognized when received and expenditures are recorded when paid. Proceeds from issuance of long-term debt, if any, are recognized when received and payment of long-term debt principal is reported as an expenditure when paid. Capital asset purchases are recorded as expenditures and depreciation is not recognized.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized when received.

D. Cash

Cash resources consist of a checking account and a certificate of deposit which is managed by the District Coordinator. These assets are carried at cost, which approximates market.

E. Other Revenues

The District mainly operated under grants received from the State of Missouri Department of Natural Resources. State grant aid is reported as revenue when the reimbursements are received. Unrestricted aid, interest income and miscellaneous revenues are reported as revenue in the fiscal year the cash is received.

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT
Notes to Financial Statements (continued)
June 30, 2009 and 2008

Note 1: Summary of Significant Accounting Policies (continued)

F. Capital Assets

In the government-wide financial statements, capital assets are recorded at cost and updated for additions and retirements during the year. Donated assets are recorded at their estimated fair value as of the date received. Capital assets are depreciated over their useful lives of 5 to 40 years, using the straight-line method.

All capital assets purchased through state grants by sub grantees are excluded from the basic financial statements. The District files UCC-1 forms to perfect its security interest for all assets with purchase cost in excess of \$5,000 purchased by sub grantees. The security interest period runs for a period of four years with the secured value decreasing at the rate of 25% per year until the period is up, when the security interest is relinquished on the part of the state. The capital asset then belongs to the sub grantee.

Note 2: Cash and Investments

The District maintains a cash and temporary cash investment pool that is available for use by the general fund. This is displayed on the Governmental Funds balance sheet as "Cash". Interest income received is recorded in the general fund.

Deposits - All deposits with financial institutions must be collateralized in an amount at least equal to uninsured deposits.

Investments - The District may purchase any investments allowed by the State Treasurer. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than five years from the date of purchase, (2) repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law, (3) bankers' acceptances, and (4) commercial paper.

The District has not invested in any securities at June 30, 2009. At June 30, 2009, the District had bank balances of \$171,459. The bank balances were covered by federal depository insurance and by collateral held at the District's safekeeping bank agent, in the District's name.

Note 3: Capital Assets and Accumulated Depreciation

A summary of changes in capital assets for the years ended June 30, 2008 and 2009 follows:

	<u>Furniture, Vehicles and Equipment</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>
Balance at July 1, 2007	\$ 38,779	28,667
Capital asset additions	-	-
Capital asset disposals	-	-
Depreciation expense	-	4,045
Balance at June 30, 2008	38,779	32,712
Capital asset additions	1,700	-
Capital asset disposals	-	-
Depreciation expense	-	2,753
Balance at June 30, 2009	<u>\$ 40,479</u>	<u>35,465</u>

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT

Notes to Financial Statements (continued)

June 30, 2009 and 2008

Note 4: Employee Benefits

The District contributes to an Individual Retirement Account and a Health Savings Account on behalf of the District Coordinator in addition to her salary. Contributions for 2009 and 2008 were \$19,100 and \$17,500, respectively.

Note 5: Related Party Transactions

The District has a contract with Backwoods Services, LLC (Backwoods) to provide services to the District for grant projects. Backwoods has been in business since 1984 and also provides real estate sales, construction, and general contracting services. The owners of the business are the District's Coordinator and her husband, who also performs work for the District and receives an hourly fee and expense reimbursements approved by the Executive Board. Backwoods serves as a bill payer in which it hires workers and pays the bills for the projects and presents the District detailed invoices each month for each project. The District then reimburses Backwoods for expenses paid on behalf of the District. The District also pays the District Coordinator \$400 per month for office space and rent.

During 2009 and 2008, the District reimbursed Backwoods \$110,389 and \$196,550, respectively, for expenses paid on the District's behalf, including office space and rent.

OTHER SUPPLEMENTARY INFORMATION

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT
Schedule of Subgrant Expenditures by Grant Number
Year Ended June 30, 2009

<u>Grant Number</u>	<u>Grant Description</u>	<u>Expenditures</u>
2006-6	School chemical cleanouts	\$ 12,603
2008-1	Administration	41,075
2008-2	Technical Assistance	23,944
2008-3	Household hazardous waste collections	7,618
2008-4	Electronics collections	12,367
2008-5	Waste tire collections	4,755
2008-6	Illegal dumping	9,142
2008-7	School chemical cleanouts	15,632
2008-8	Wages -- Ozark County	12,208
2008-9	Glass pulverizer -- City of West Plains	25,901
2008-10	Shredder -- Oregon County Sheltered Workshop	11,580
2008-11	Wages -- Douglas County Sheltered Workshop, Inc.	12,187
2008-12	Glass pulverizer -- Douglas County Sheltered Workshop, Inc.	6,674
2008-13	Wages -- Shannon County	8,028
2008-14	Baler -- Ozark County	14,229
2008-15	Baler -- Texas County	15,000
2008-16	Texas County recycling	11,952
2008-17	Chipper	23,298
2009-1	Administration	36,514
2009-2	Technical Assistance	34,038
2009-3	Household hazardous waste collections	22,940
2009-4	Electronics collections	23,928
2009-5	Waste tire collections	18,321
2009-6	Illegal dumping	15,967
2009-8	Wages -- Douglas County Sheltered Workshop, Inc.	2,240
2009-10	OCRA truck	22,845
		<u>\$ 444,986</u>

SOUTH CENTRAL SOLID WASTE MANAGEMENT DISTRICT
Schedule of Capital Assets Held by Subgrantees
Year Ended June 30, 2009

Asset	Cost	Project Number	Location
Four roll-off containers	\$ 14,769	2005-17	S&S Recycling - City of Mountain Grove
Truck	20,000	2005-18	City of West Plains
Storage shed	15,000	2005-19	OCRA - City of Thayer
Garage doors	2,100	2005-20	Ozark County Recycling Center
Alley Cat	1,000	2005-9	City of Houston, SCCC
Big flat bed trailer	1,700	2005-9	Do Co. Inc., Douglas County
Bobcat truck	630	2005-9	OCRA - City of Thayer
Mitsubishi truck	1,400	2005-9	Do Co. Inc., Douglas County
Shredder	1,227	2005-9	Oregon County Family Services
Storage shed	14,850	2006-10	Do Co. Inc., Douglas County
Recycling equipment	11,333	2006-11	West Plains Recycling
Two gooseneck trailers	9,026	2006-12	OCRA - City of Thayer
Paint trailers	4,445	2006-12	OCRA - City of Thayer
Horse trailer	3,200	2006-2	Hodgson Mill - Ozark County
Two home-made trailers	1,550	2006-2	Do Co. Inc., Douglas County
Recycling truck	30,000	2006-8	City of Mountain View
Recycling truck bed	30,000	2006-9	City of West Plains
Pickup truck	16,496	2007-10	City of Houston, SCCC
Electric and concrete work	10,000	2007-11	Do Co. Inc., Douglas County
Brush chipper	24,000	2007-14	Douglas County Commission
Storage shed	29,675	2007-7	Ozark County Recycling Center
500 curbside recycling bins	3,720	2007-9	City of West Plains
Used oil collection sites	6,000	2007-12	Douglas County - Ava
Used oil collection sites	6,000	2007-12	Douglas County - Squires
Used oil collection sites	6,000	2007-12	Shannon County Shed - Eminence
Used oil collection sites	2,000	2007-12	Midway Auto - Pomona, Howell County
Baler	15,000	2007-15	OCRA - City of Thayer
Glass Pulverizer, large	28,059	2008-9	City of West Plains
Glass Pulverizer, large	25,941	2008-9	City of West Plains
Paper shredder	8,000	2008-10	Oregon County Sheltered Workshop
Baler	11,580	2008-10	Oregon County Sheltered Workshop
Glass Pulverizer, small	15,000	2008-12	Do Co. Inc., Douglas County
Brush chipper	23,000	2008-17	City of Gainesville
Ver-Tech HD Baler	9,472	2008-15	Texas County Food Pantry
York Forklift	5,528	2008-15	Texas County Food Pantry
Trailer	500	2008-2	Do Co. Inc., Ava
Used forklift	2,500	2008-2	Ozark Green in Birch Tree
Truck bed trailer	250	2008-2	Do Co, Inc
Meshed in trailer	1,200	2008-16	Texas County Recycling
Chevy Pick up	22,852	2009-8	OCRA - City of Thayer
4x4 floor scale	2,165	2009-2	Ozark Green in Birch Tree

Do Co Inc. - Douglas County Sheltered Workshop Incorporated
OCRA - Oregon County Recycling Association
SCCC - South Central Correctional Center
MRF - Materials Recovery Facility



SCHULTZ, DURHAM & RAPP, P.C.
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS
MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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

December 2, 2009

South Central Solid Waste Management District
Executive Board and District Council
Eunice, MO 65468

Dear Members of the Board and Council:

We have audited the basic financial statements of the South Central Solid Waste Management District, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 2, 2009. Those basic financial statements were prepared on the modified cash basis and cash basis, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America. 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 South Central Solid Waste Management District's internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the South Central Solid Waste Management District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Central Solid Waste Management District'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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

The significant deficiency noted is as follows:

SEGREGATION OF DUTIES (REPEAT) (Finding 09-1)

In any system of internal accounting control, one primary goal is adequate segregation of duties. The District's bookkeeper is basically responsible for all areas of the accounting cycles; therefore, an adequate segregation of duties and responsibilities is not present.

The size and budget constraints of the District limit the application of adequate segregation of duties. These areas should be reviewed periodically and consideration given to improving the segregation of duties.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the South Central Solid Waste Management District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the South Central Solid Waste Management District's financial statements that is more than inconsequential will not be prevented or detected by the South Central Solid Waste Management District's internal control. We consider the deficiency described above to be a significant deficiency in internal control over financial reporting.

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 South Central Solid Waste Management District's internal control.

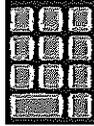
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Central Solid Waste Management District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board, management, the Missouri Department of Natural Resources, and other audit agencies and is not intended to be, and should not be, used by anyone other than those specified parties.

Schultz, Durham & Rapp, P.C.



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INDEPENDENT AUDITOR'S COMMUNICATION
WITH THOSE CHARGED WITH GOVERNANCE

December 2, 2009

South Central Solid Waste Management District
Executive Board and District Council
Eunice, MO 65468

We have audited the financial statements of the South Central Solid Waste Management District as of and for the year ended June 30, 2009, and have issued our report thereon dated December 2, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to the District dated October 7, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 7, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the South Central Solid Waste District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the South Central Solid Waste Management District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates, if any, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No known or likely misstatements were identified during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 2, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

This information is intended solely for the use of the Board of Education and management of the South Central Solid Waste Management District and is not intended to be and should not be used by anyone other than these specified parties.

Schultz, Durham & Rapp, P.C.