

SOUTHEAST MISSOURI
SOLID WASTE MANAGEMENT
DISTRICT - REGION R
Perryville, Missouri

June 30, 2011

ANNUAL FINANCIAL STATEMENTS

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SWMP OPERATIONS

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT
DISTRICT - REGION R

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BAER & EDINGTON LLC
certified public accountants and consultants

Independent Auditors' Report

Board of Directors
Southeast Missouri Solid Waste
Management District - Region R
Perryville, Missouri

We have audited the accompanying financial statements of governmental activities and the major funds of Southeast Missouri Solid Waste Management District - Region R as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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. 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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the respective financial position of the governmental activities and the major funds of Southeast Missouri Solid Waste Management District - Region R as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 5 and 13 through 15, are not a required part of the basic 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 express no opinion on it.

Baer & Edington LLC

Baer & Edington LLC
Certified Public Accountants and Consultants
Jackson, Missouri

December 22, 2011

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis

June 30, 2011

Introduction

As management of the Southeast Missouri Solid Waste Management District, we offer readers of Southeast Missouri Solid Waste Management District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this narrative.

The Solid Waste Management District receives its funding through the Missouri Department of Natural Resources, Solid Waste Management Program (SWMP). An annual District Grant covers operational expenses. To obtain this funding an application is prepared and submitted around April or May of each year to allow for funding to be received by the first of July. Preparation of the application on this time schedule allows ample review time by SWMP staff, avoiding any breaks in service.

In addition, funding for subgrants to support recycling and other projects is provided to the Solid Waste Management District. This funding is generated from the tipping fees at landfills and transfer stations. A portion of these fees are designated for the use of Solid Waste Management Districts to make grants to entities working on recycling and waste reduction projects. As these funds come available for subgrants, grant calls are made. Typically these calls are made annually although, funds permitting, a second call may be made in any year. When projects are approved by the Solid Waste Management District and the Missouri Department of Natural Resources, funds are requested and received by the District in advance of expenditures on projects. These funds are deposited and the interest income received is returned to the program.

Financial Analysis

The Statement of Net Assets, which can be found in Statement 1, provides an overview of the SEMO SWMD's financial position at a given point in time. The Statement of Activities, which can be found in Statement 2, reports changes in the District's financial position resulting from the year's activities. Both statements are used to evaluate the financial health of the SEMO SWMD.

Total assets increased slightly for the year due to funds being received for subgrantee projects in FY2010-11 for disbursement in FY2011-12. Liabilities increased significantly due to

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis

June 30, 2011

year-end expenditures. In both cases the changes are simply the result of timing of income and expenditures.

Summary of Assets, Liabilities and Net Assets

	June 30, 2011	June 30, 2010	Increase (Decrease)	% Change
Current Assets	135,021	108,485	26,536	24.5%
Total Assets	135,021	108,485	25,536	24.5%
Current Liabilities	40,879	7,648	33,231	434.5%
Total Liabilities	40,879	7,648	33,231	434.5%
Unrestricted	56,812	48,724	8,088	16.6%
Restricted	37,329	52,113	(14,784)	-28.4%
Total Net Assets	94,141	100,837	(6,696)	-6.6%

Unrestricted funds are the General Fund account and Restricted funds are the Special Revenue Funds which are obligated funds for specific subgrant projects using DNR pass-through funding. For a presentation of the General Fund and Special Revenue Fund, see Statement 3.

June 30, 2011

Summary of Statement of Activities

	June 30, 2011	June 30, 2010	Increase (Decrease)	% Change
Dues	-0-	-0-	-0-	-0-
State Grants	201,017	183,179	17,838	9.7%
Interest	1,611	1,746	(135)	-7.7%
Total Revenue	202,628	184,925	17,703	9.6%
District Expenses	62,278	61,814	464	0.8%
Sub Grants	147,047	129,205	17,842	13.8%
Total Expenses	209,325	191,019	18,306	9.6%
Change in Net Assets	(6,696)	(6,094)	(602)	-9.9%
Beginning Net Assets	100,837	106,932	(6,095)	-5.7%
Ending Net Assets	94,141	100,837	(6,696)	-6.6%

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis

June 30, 2011

SEMO SWMD revenue increased in the current year. The reason for this is that funds were received from the Department of Natural Resources to aid in funding the subgrantee projects in FY 2009-10 for projects that began in FY2010-11. The number of grants approved also increased due to fund availability.

The increase in SEMO SWMD expenses is due to the fact that more funds were reimbursed to subgrantees for their projects during FY2010-11. In addition, significant staff commitment of time devoted to the Assessment Inventory Project, including the preparation of an Operator's Manual for the new electronic for maintaining that inventory drove up expenses. For a presentation of the General Fund and Special Revenue Fund, see Statement 4.

June 30, 2011
Budgetary Analysis

	Actual	Budget	Variance Favorable (Unfavorable)	% Difference
Revenues	202,628	212,789	(10,161)	-4.8%
Expenses	209,324	195,544	(13,780)	7.5%
Revenues (Under) Expenses	(6,696)	17,245	(23,941)	-72.0%

Actual revenues were below budgeted levels during FY 2010-11 due to an applicant not pursuing a budgeted project. Expenses were higher than budgeted amounts as the result of the additional staff work noted above. Not all projects for which funding had been received from the SWMP were completed by June 30, 2011. The variance between budgeted and actual expenses simply reflects the fact that funds carry over from fiscal year to fiscal year when projects run over between those years.

Next Year's Budget and Other Conditions

Funding for the District in Fiscal Year 2011-12 is anticipated to include a grant from the State of Missouri in an amount of \$65,923 for operations. Interest is anticipated to be \$1,850. The restricted funds in the Summary of Assets, Liabilities and Net Assets table are funds received from DNR in FY2010-11 for projects that will not be reimbursed until FY2011-12. Local subgrant expenses are anticipated to be approximately \$200,000 including approximately \$100,000 already committed to subgrantees and another \$100,000 to be allocated by the

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis

June 30, 2011

Missouri Department of Natural Resources in FY2011-12. The expenses for FY2011-12 subgrants will be dependent upon the quality of applications received by the District and availability of funding.

Request for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in them. Questions concerning any of the information provided should be addressed to the Executive Director, SEMO Solid Waste Management District, P.O. Box 366, Perryville, Missouri 63775.

BASIC FINANCIAL STATEMENTS

STATEMENT 1

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT
DISTRICT - REGION R

Perryville, Missouri

STATEMENT OF NET ASSETS

June 30, 2011

	<u>Governmental</u>
<u>Assets</u>	
Cash	\$ 135,020.51
Total Assets	\$ 135,020.51
<u>Liabilities</u>	
Accounts Payable	<u>40,879.44</u>
Total Liabilities	<u>40,879.44</u>
<u>Net Assets</u>	
Unrestricted	\$ 56,812.12
Restricted	<u>37,328.95</u>
Total Net Assets	\$ <u>94,141.07</u>

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

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT
DISTRICT - REGION R

Perryville, Missouri

STATEMENT OF NET ACTIVITIES

For the Year Ended June 30, 2011

	<u>Functions/Programs:</u>		<u>Total</u>
	<u>Administration</u>	<u>Sub-Grants</u>	
<u>Expenses</u>			
Sub-Grants	\$ -	\$ 147,046.75	\$ 147,046.75
Planning and Administration	58,798.00	-	58,798.00
Professional Services	1,906.25	-	1,906.25
Insurance	1,225.39	-	1,225.39
Advertising	-	-	-
Miscellaneous	348.54	-	348.54
Total Expenses	<u>\$ 62,278.18</u>	<u>\$ 147,046.75</u>	<u>\$ 209,324.93</u>
<u>Program Revenues</u>			
Operating Grants	\$ 62,647.00	\$ 138,370.44	\$ 201,017.44
Total Program Revenues	<u>\$ 62,647.00</u>	<u>\$ 138,370.44</u>	<u>\$ 201,017.44</u>
Net Program Revenue(Expense)	<u>\$ 368.82</u>	<u>\$ (8,676.31)</u>	<u>\$ (8,307.49)</u>
<u>General Revenue</u>			
Restricted Investment Income			\$ 1,034.05
Unrestricted Investment Income			577.04
Total General Revenues			<u>1,611.09</u>
<u>Change in Net Assets</u>			\$ (6,696.40)
Net Assets - July 1, 2010			<u>100,837.47</u>
Net Assets - June 30, 2011			<u>\$ 94,141.07</u>

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

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT
DISTRICT - REGION R

Perryville, Missouri

BALANCE SHEET -
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash	\$ 56,812.12	\$ 78,208.39	\$ 135,020.51
Total Assets	\$ 56,812.12	\$ 78,208.39	\$ 135,020.51
<u>Liabilities</u>			
Accounts Payable	\$ -	\$ 40,879.44	\$ 40,879.44
Total Liabilities	\$ -	\$ 40,879.44	\$ 40,879.44
<u>Net Assets</u>			
Unrestricted	\$ 56,812.12	\$ -	\$ 56,812.12
Restricted	-	37,328.95	37,328.95
Total Net Assets	\$ 56,812.12	\$ 37,328.95	\$ 94,141.07

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

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT
DISTRICT - REGION R

Perryville, Missouri

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Total Governmental Funds
<u>Revenues</u>			
Operating Grants	\$ 62,647.00	\$ 138,370.44	\$ 201,017.44
Interest Income	577.04	1,034.05	1,611.09
Total Revenues	\$ 63,224.04	\$ 139,404.49	\$ 202,628.53
<u>Expenditures</u>			
Sub-Grants	\$ -	\$ 147,046.75	\$ 147,046.75
Planning and Administration	58,798.00	-	58,798.00
Professional Services	1,906.25	-	1,906.25
Insurance	1,225.39	-	1,225.39
Advertising	-	-	-
Miscellaneous	348.54	-	348.54
Total Expenditures	\$ 62,278.18	\$ 147,046.75	\$ 209,324.93
Excess (Deficit) of Revenues Over Expenditures	\$ 945.86	\$ (7,642.26)	\$ (6,696.40)
Other Financing Sources/(Uses) Transfer In/(Out)	7,141.91	(7,141.91)	-
Excess (Deficit) of Revenues and Other Sources over Expenditures and other uses	\$ 8,087.77	\$ (14,784.17)	\$ (6,696.40)
Net Assets - July 1, 2010	48,724.35	52,113.12	100,837.47
Net Assets - June 30, 2011	\$ 56,812.12	\$ 37,328.95	\$ 94,141.07

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

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT
DISTRICT - REGION R

Perryville, Missouri

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

The District is a wholly owned subsidiary of county and municipal government and was created under Chapter 260 of the Revised Statutes of the State of Missouri through the authority granted in Chapter 70 of the Revised Statutes of the State of Missouri. As such, it is operated by the membership and has representation from county commissions and municipalities.

The District serves the counties of Perry, Bollinger, Cape Girardeau, Iron, Madison, St. Francois, and Ste. Genevieve.

B. Basis of Accounting

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Government-wide and fund financial statements categorized primary activities as either governmental or business-type. All District activities are classified as governmental activities.

In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis by column, and are reported on the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported as restricted or unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (grants, interest income, etc.). The Statement of Activities reduce gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants.

The government-wide focus is on the sustainability of the District as an entity and the change in net assets resulting from the current year's activities.

D. Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in the governmental activities category. GASB No. 34 sets forth minimum criteria for the determination of major funds. Both of the District's funds satisfy these criteria.

Governmental Funds

General Fund - The General Fund is the general 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 state grants received from the Missouri Department of Natural Resources and expenditures to sub-recipients.

NOTE 2 - CASH DEPOSITS

Deposits are carried at cost, which approximates fair value. As of June 30, 2011, the bank balance was \$135,051.76 and the carrying amount was \$135,020.51. The entire bank balance was covered by federal depository insurance.

NOTE 3 - REVENUE

The District's main source of revenue consists of the state grants received from the Missouri Department of Natural Resources. These grants represent approximately 99% of the District's annual revenue.

NOTE 4 - ADMINISTRATIVE FEES

The Southeast Missouri Regional Planning and Economic Development Commission provides various planning, bookkeeping, secretarial, grant administration and other services for the District. These are rendered pursuant to a contract, the current contract covers fiscal years 2010 to 2014. For the year ended June 30, 2011, the planning, bookkeeping, secretarial and administrative contract allowed for an amount not to exceed \$58,798 and the actual cost was \$58,798.

NOTE 5 - 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 covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

NOTE 6 - SUB-GRANTS

During the year ended June 30, 2011, the District paid the following amounts for sub-grants:

Perry County Recycling Center, Purchase of Baler.	\$ 32,158.50
Midwest Recycling Center, Purchase of dock leveler and events.	17,000.00
City of Farmington, Construction of Recycling Collection Site.	3,889.35
Bollinger County Recycling, Initial Purchases and Mileage.	933.28
Ste. Genevieve Co. Recycling Center, Paving.	9,351.75
Cape Girardeau Co. Sheltered Workshop, d/b/a VIP Industries, Purchase of Fork Lift.	23,767.05
Perry Co. Recycling Center, Purchase of Forklift.	22,062.75
City of Jackson, Recycling Center Expansion.	<u>37,884.07</u>
TOTAL	<u><u>\$ 147,046.75</u></u>

NOTE 7 - TRANSFERS

Transfers during the year ended June 30, 2011 represent reimbursement of administrative and operating expenses from a prior year paid by the Special Revenue Fund on behalf of the General Fund and the unused portion of the administrative grant for fiscal year 2011 which will be reallocated to funds available for sub-grantees.

NOTE 8 - COMMITMENTS

As of June 30, 2011, the District had three open contracts with \$17,071.68 in grant money available to the sub-grantees.

NOTE 9 - SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 22, 2011, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT
DISTRICT - REGION R

Perryville, Missouri

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET VS ACTUAL

GENERAL FUND

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance vs. Final Budget Positive/ (Negative)
Revenues				
Operating Grants	\$ 62,647.00	\$ 62,647.00	\$ 62,647.00	\$ -
Interest Income	900.00	585.00	577.04	(7.96)
Total Revenues	\$ 63,547.00	\$ 63,232.00	\$ 63,224.04	\$ (7.96)
Expenditures				
Planning and Administration	\$ 58,798.00	\$ 58,798.00	\$ 58,798.00	\$ -
Professional Services	2,500.00	1,950.00	1,906.25	43.75
Insurance	1,400.00	1,225.39	1,225.39	-
Advertising	-	-	-	-
Miscellaneous	-	250.00	348.54	(98.54)
Total Expenditures	\$ 62,698.00	\$ 62,223.39	\$ 62,278.18	\$ (54.79)
Excess (Deficit) of Revenues Over Expenditures	\$ 849.00	\$ 1,008.61	\$ 945.86	\$ (62.75)
Other Financing Sources /(Uses) Transfers In/(Out)	-	-	7,141.91	7,141.91
Excess (Deficit) of Revenues and other Sources over Expenditures and other uses	\$ 849.00	\$ 1,008.61	\$ 8,087.77	\$ 7,079.16
Net Assets - July 1, 2010			48,724.35	
Net Assets - June 30, 2011			\$ 56,812.12	

See Independent Auditors' Report.

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT
DISTRICT - REGION R

Perryville, Missouri

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET VS ACTUAL

SPECIAL REVENUE FUND

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance vs. Final Budget Positive/ (Negative)
<u>Revenues</u>				
Operating Grants	\$ 97,231.00	\$ 148,456.50	\$ 138,370.44	\$ (10,086.06)
Interest Income	1,100.00	1,100.00	1,034.05	(65.95)
Total Revenues	\$ 98,331.00	\$ 149,556.50	\$ 139,404.49	\$ (10,152.01)
<u>Expenditures</u>				
Sub-Grants	\$ 109,178.00	\$ 133,320.81	\$ 147,046.75	\$ (13,725.94)
Total Expenditures	\$ 109,178.00	\$ 133,320.81	\$ 147,046.75	\$ (13,725.94)
Excess (Deficit) of Revenues over Expenditures	\$ (10,847.00)	\$ 16,235.69	\$ (7,642.26)	\$ (23,877.95)
Other Financing Sources/(Uses) Transfers In/(Out)	-	-	(7,141.91)	(7,141.91)
Excess (Deficit) of Revenues and other Sources over Expenditures and other uses	\$ (10,847.00)	\$ 16,235.69	\$ (14,784.17)	\$ (31,019.86)
Net Assets - July 1, 2010			52,113.12	
Net Assets - June 30, 2011			\$ 37,328.95	

See Independent Auditors' Report.

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT
DISTRICT - REGION R

Perryville, Missouri

NOTES TO BUDGETARY COMPARISON SCHEDULES

For the Year Ended June 30, 2011

NOTE 1 - BUDGETARY INFORMATION

An annual budget is prepared under the accrual basis of accounting and adopted prior to the beginning of each fiscal year for all revenues and expenditures. This basis of accounting is the same basis the District uses to prepare its financial statements. Any increase in appropriations during the fiscal year must be approved by the District.

See Independent Auditors' Report.