

BOOTHEEL SOLID WASTE MANAGEMENT DISTRICT -
REGION S

Years ended June 30, 2010 and June 30, 2011

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FINANCIAL SECTION



HILLIN AND CLARK, PC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bootheel Solid Waste Management District
Dexter, Missouri

To the Board of Directors:

We have audited the accompanying financial statements of the governmental activities and the major fund of Bootheel Solid Waste Management District as of and for the years ended June 30, 2010 and 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 Bootheel Solid Waste Management 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Bootheel Solid Waste Management District at June 30, 2010 and June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof 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 our report dated December 14, 2011, on our consideration of the Bootheel Solid Waste Management District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 22 through 23 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express or provide any assurance.

Yours truly,



HILLIN AND CLARK, P.C.

December 14, 2011
Hayti, Missouri

BOOTHEEL SOLID WASTE MANAGEMENT DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

(UNAUDITED)

The discussion and analysis of the BSWMD financial performance provides an overview of the District's financial activity for the fiscal years ending June 30, 2010 and June 30, 2011. Please read it in conjunction with the District's financial statements, notes to the financial statements, and other supplemental information, which immediately follow this section.

This is the 6th year of implementing the new reporting model for the Bootheel Solid Waste Management District (the "District"), as promulgated by the Governmental Accounting Standards Board (GASB) in its Statement No. 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in this analysis. The financial analysis comparison for FY '10 and FY '11 are included with this statement.

Financial Highlights

- The District's assets exceeded its liabilities by \$67,396.00 (net assets) for the fiscal year reported.
- Total net assets are comprised of the following:
 - Unrestricted net assets of \$12,081.00 represent the portion available for operations.
 - Restricted net assets of \$55,315.00 are to be used for the Solid Waste Program.
- There were no new capital asset outlays during the year.

Overview of the Financial Statements

This financial section of the annual report consists of three parts:

- Management's discussion and analysis (this section),
- Financial statements including notes to the financial statements, and
- Supplemental information.

The financial statements consist of two different kinds of statements that present different views of the District's financial activities.

- District-wide financial statements – provide both short-term and long-term information about the District's overall financial status. The District-wide statements include the Statement of Net Assets and Statement of Activities.
- The remaining statements are fund financial statements that focus on *individual funds* of the District, reporting the District's operations in more detail than the District-wide statements. The fund financial statements present each of the District's funds, without regard to major or non-major funds.

The financial statements also include notes that explain some of the information in the financial statements and also provide more detailed data. The statements are followed by a section of supplemental information that further explains and supports the financial statements.

District-wide Statements

The District-wide statements report information about the District as a whole, using accounting methods similar to those used by private-sector companies. The District-wide statement reports the District's *net assets*. Net assets (the difference between the District's assets and liabilities) is one way to measure the District's financial health or financial position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*.

Governmental Activities: Accounts for the grant funds from the Missouri Department of Natural Resources.

Financial Analysis of the District as a Whole

The net assets of the District are summarized as follows:

	2010 Primary Governmental Activities	2011 Primary Governmental Activities
Current and Other Assets	\$223,398.00	\$218,827.00

Capital Assets	<u>0.00</u>	<u>0.00</u>
Total Assets	\$223,398.00	\$218,827.00
Current Liabilities	<u>\$164,719.00</u>	<u>\$151,431.00</u>
Net Assets	<u>\$ 58,679.00</u>	<u>\$ 67,396.00</u>

The District's total net assets were \$67,396.00 as of June 30, 2011. Of this amount, \$12,081.00 is unrestricted and \$55,315.00 is restricted.

Governmental Activities

The financial activities of the District for the year ended June 30, 2010 are summarized as follows:

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Revenue</u>
General Activities	\$ 38,084.00	\$ 40,666.00	\$ 2,582.00
Solid Waste Grant Activities	<u>125,244.00</u>	<u>134,257.00</u>	<u>9,013.00</u>
	\$163,328.00	\$174,923.00	\$11,595.00
		General Revenues	<u>\$ 565.00</u>
		Increase in Net Assets	<u>\$ 12,160.00</u>

The financial activities of the District for the year ended June 30, 2011 are summarized as follows:

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Revenue</u>
General Activities	\$ 36,244.00	\$ 40,666.00	\$ 4,422.00
Solid Waste Grant Activities	<u>126,879.00</u>	<u>130,622.00</u>	<u>3,743.00</u>
	\$163,123.00	\$171,288.00	\$ 8,165.00
		General Revenues	<u>\$ 552.00</u>
		Increase in Net Assets	<u>\$ 8,717.00</u>

The Bootheel Solid Waste Management District primarily relies on grants from the Missouri Department of Natural Resources for funding its activities.

The District's major activities include: solid waste management planning for six counties.

- The cost of all activities this year was \$163,123.00.

Financial Analysis of the District's Funds

At June 30, 2011, the District reported combined fund balances of \$67,396.00.

The District originally budgeted an equal amount of revenues to expenses in the General Fund but ended the year with an increase of \$8,717.00. This variance primarily resulted from the incompleteness of various grant projects.

General Fund Budgetary Highlights

During the course of the year, the District did not amend the annual operating budget. Actual revenues were slightly over budget due to interest earned on accounts and match income provided by member counties.

Actual expenses were under budget in the General Fund. This variance primarily resulted from the incompleteness of various grant projects.

Economic Factors and Next Year's Budget

The budget for the year to end June 30, 2012 has been prepared and approved by the Board of Directors. This budget includes several economic conditions that will produce reasonably certain results:

- The District's expenses will decrease approximately 8% due to a lower number of district grant projects funded this fiscal year.
- The District's revenues are expected to decrease approximately 3% due to a lower amount of district grant projects funded this fiscal year. Also, the District has added \$22,911.05 of District carryover funds to the projects funded this fiscal year to expend those funds.

Contacting the District's Financial Management

This financial report is designed to provide the District's members, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chairman, Boothel Solid Waste Management District, 105 E. North Main, Dexter, MO 63841.

BOOTHEEL SOLID WASTE MANAGEMENT DISTRICT- REGION S

STATEMENT OF NET ASSETS

June 30, 2010

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 218,954
Accounts Receivable	4,444
Total Current Assets	<u>\$ 223,398</u>
LIABILITIES	
Current Liabilities:	
Projects Payable	\$ 97
Deferred Revenue	164,622
Total Current Liabilities	<u>\$ 164,719</u>
NET ASSETS	
Restricted for Solid Waste Grant	\$ 51,132
Unrestricted	7,547
Total Net Assets	<u>\$ 58,679</u>

See accompanying notes to the financial statements.

BOOTHEEL SOLID WASTE MANAGEMENT DISTRICT- REGION S

STATEMENT OF NET ASSETS

June 30, 2011

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 213,272
Accounts Receivable	5,555
Total Current Assets	<u>\$ 218,827</u>
LIABILITIES	
Current Liabilities:	
Projects Payable	\$ 167
Deferred Revenue	151,264
Total Current Liabilities	<u>\$ 151,431</u>
NET ASSETS	
Restricted for Solid Waste Grant	\$ 55,315
Unrestricted	12,081
Total Net Assets	<u>\$ 67,396</u>

See accompanying notes to the financial statements.

BOOTHEEL SOLID WASTE MANAGEMENT DISTRICT-REGION S

Balance Sheet - Governmental Funds

June 30, 2010

	<u>General</u>	<u>Solid Waste Grant</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 37,103	\$ 181,851	\$ 218,954
Accounts Receivable	4,444	-	4,444
Total Assets	<u>\$ 41,547</u>	<u>\$ 181,851</u>	<u>\$ 223,398</u>
Liabilities and Fund Balances			
Liabilities:			
Payable:			
Projects	\$ -	\$ 97	\$ 97
Deferred Revenue	34,000	130,622	164,622
Total Liabilities	<u>\$ 34,000</u>	<u>\$ 130,719</u>	<u>\$ 164,719</u>
Fund Balances			
Reserved for Solid Waste Grant	\$ -	\$ 33,666	\$ 33,666
Unreserved reported in:			
General	7,547	-	7,547
Solid Waste Grant	-	17,466	17,466
Total Fund Balances (Deficit)	<u>\$ 7,547</u>	<u>\$ 51,132</u>	<u>\$ 58,679</u>
Total Liabilities and Fund Balances	<u>\$ 41,547</u>	<u>\$ 181,851</u>	<u>\$ 223,398</u>

See accompanying notes to the financial statements.

BOOTHEEL SOLID WASTE MANAGEMENT DISTRICT-REGION S

Balance Sheet - Governmental Funds

June 30, 2011

	<u>General</u>	<u>Solid Waste Grant</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 40,526	\$ 172,746	\$ 213,272
Accounts Receivable	5,555	-	5,555
Total Assets	<u>\$ 46,081</u>	<u>\$ 172,746</u>	<u>\$ 218,827</u>
Liabilities and Fund Balances			
Liabilities:			
Payable:			
Projects	\$ -	\$ 167	\$ 167
Deferred Revenue	34,000	117,264	151,264
Total Liabilities	<u>\$ 34,000</u>	<u>\$ 117,431</u>	<u>\$ 151,431</u>
Fund Balances			
Assigned for Solid Waste Grant	\$ -	\$ 37,862	\$ 37,862
Unassigned reported in:			
General	12,081	-	12,081
Solid Waste Grant	-	17,453	17,453
Total Fund Balances (Deficit)	<u>\$ 12,081</u>	<u>\$ 55,315</u>	<u>\$ 67,396</u>
Total Liabilities and Fund Balances	<u>\$ 46,081</u>	<u>\$ 172,746</u>	<u>\$ 218,827</u>

See accompanying notes to the financial statements.

BOOTHEEL SOLID WASTE MANAGEMENT DISTRICT-REGION S

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2010

	<u>General</u>	<u>Solid Waste Grant</u>	<u>Total Governmental Funds</u>
<u>Revenues:</u>			
Grant Revenue	\$ 34,000	\$ 134,257	\$ 168,257
Grant Match Revenue	6,666	-	6,666
Interest Earnings	128	437	565
Total Revenues	\$ 40,794	\$ 134,694	\$ 175,488
<u>Expenditures:</u>			
Management Fees	\$ 34,000	\$ -	\$ 34,000
Project Expenses	-	125,244	125,244
Board Meeting Expenses	354	-	354
Dues & Membership Expenses	-	-	-
Audit Fees	2,100	-	2,100
Advertising	231	-	231
Insurance	1,399	-	1,399
Conference & Training	-	-	-
Miscellaneous	-	-	-
Total Expenditures	\$ 38,084	\$ 125,244	\$ 163,328
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ 2,710	\$ 9,450	\$ 12,160
<u>Other Financing Sources (Uses):</u>			
Transfers In	\$ -	\$ -	\$ -
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ 2,710	\$ 9,450	\$ 12,160
Fund Balances (Deficit) - beginning	4,837	41,682	46,519
Fund Balances (Deficit) - ending	\$ 7,547	\$ 51,132	\$ 58,679

See accompanying notes to the financial statements.

BOOTHEEL SOLID WASTE MANAGEMENT DISTRICT-REGION S

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2011

	<u>General</u>	<u>Solid Waste Grant</u>	<u>Total Governmental Funds</u>
<u>Revenues:</u>			
Grant Revenue	\$ 34,000	\$ 130,622	\$ 164,622
Grant Match Revenue	6,666	-	6,666
Interest Earnings	112	440	552
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 40,778	\$ 131,062	\$ 171,840
	<hr/>	<hr/>	<hr/>
<u>Expenditures:</u>			
Management Fees	\$ 34,000	\$ -	\$ 34,000
Project Expenses	-	126,879	126,879
Board Meeting Expenses	147	-	147
Dues & Membership Expenses	275	-	275
Audit Fees	-	-	-
Advertising	357	-	357
Insurance	1,341	-	1,341
Office Supplies	124	-	124
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 36,244	\$ 126,879	\$ 163,123
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ 4,534	\$ 4,183	\$ 8,717
	<hr/>	<hr/>	<hr/>
<u>Other Financing Sources (Uses):</u>			
Transfers In	\$ -	\$ -	\$ -
Transfers Out	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	\$ 4,534	\$ 4,183	\$ 8,717
Fund Balances (Deficit) - beginning	7,547	51,132	58,679
	<hr/>	<hr/>	<hr/>
Fund Balances (Deficit) - ending	\$ 12,081	\$ 55,315	\$ 67,396
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See accompanying notes to the financial statements.

BOOTHEEL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2010 AND JUNE 30, 2011

NOTE 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The Bootheel Solid Waste Management District (the “District”) was created for the purposes of solid waste management planning and providing for, or causing to be provided for, the safe and sanitary management of solid wastes within all of the incorporated and unincorporated territory of the joint district. The District was formed under the auspices of Senate Bill 530, and Missouri Revised Statutes, Section 260.200 – 260.345.

It shall be the purpose and resulting objective of the district to carry out the mandate of Senate Bill 530 or as amended by the state legislature as it pertains to Missouri counties and solid waste districts, to include:

- a. To jointly prepare and implement a solid waste management plan for the citizens of the participating Cities and all of the incorporated and unincorporated territory of each participating County for the District that complies with the provisions of SB 530 or its amendments.
- b. Establishing an educational program to inform the public.
- c. Establishing procedures to minimize the introduction of hazardous waste, including household hazardous waste, into the solid waste stream.
- d. Assuring adequate capacity to manage waste which is not otherwise removed from the solid waste stream.
- e. Promoting and assisting with resource recovery and recycling.

The District shall not interfere into the permitted operations and/or ownership of landfills operated or controlled by political entities or private enterprises within its district except in an advisory capacity if requested by that entity or private enterprise.

Each of the six counties within the Missouri Department of Natural Resources designated region “S” is a member of the Bootheel Solid Waste Management District. Those counties include Dunklin, Mississippi, New Madrid, Pemiscot,

Scott and Stoddard.

The Executive Board shall consist of one member from each of the six county commissions which are members of the District, or a person they have appointed, the Executive Director of the Bootheel Regional Planning and Economic Development Commission as an ex-officio non voting member, plus the Solid Waste Planner of the Bootheel Regional Planning and Economic Development Commission as an ex-officio non voting member. The chairman will be a member of the executive board and will be selected by a majority vote of the members of the executive board. The Solid Waste Planner will also represent the Bootheel Solid Waste Management District as the alternate voting member of the State Solid Waste Advisory Board. The presiding commissioner of each member county with the approval of the county commission, will appoint a commissioner or a representative to serve on the Executive board, and may also appoint an alternate to serve in the absence of the appointed commissioner or representative. Terms of their appointments are at the pleasure of the respective county commission.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Grants and entitlements and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The District only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be 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 balances.

The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Missouri and the bylaws of the District.

Solid Waste Grant Fund – This fund accounts for the grant funds from the Missouri Department of Natural Resources.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within thirty-one days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

D. Cash and Cash Equivalents

Cash received by the District is pooled for investment purposes. Equity interest in the pool is presented as "Cash and Cash Equivalents" on the statement of net assets and governmental fund balance sheet by activity or fund.

For presentation in the financial statements, investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not purchased from the pool are reported as investments.

E. Interfund Transactions

During the course of normal operations, the District has transactions between funds. Interfund transactions are generally classified as follows:

- Transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Transfers In" by the recipient fund, and "Transfers Out" by the disbursing fund.

F. Reservations of Fund Balance

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditure in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

G. Governmental Fund Financial Statements

Fund Balance – GASB Statement number 54 is in effect in the year ended June 30, 2011. This statement substantially changes the terminology used to describe different components of fund balance. Under this statement, fund balance is separated into five categories as follows:

- Nonspendable – Permanently nonspendable by decree of the donor, such as an endowment, or items which may not be used for another purpose.
- Restricted - Legally restricted under federal or state law, bond authority, or grantor contractor.
- Committed - Commitments passed by the Board.
- Assigned - Funds Constrained by the intent to be used for specific purposes.
- Unassigned- Funds available for future operations.

Funds are liquidated when conditions have been met releasing these funds for legal, contractual, Board, or managerial obligations, using restricted funds first, followed by committed funds, assigned funds, then unassigned funds.

H. Net Assets

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets are reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

I. 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 the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

J. Deferred Revenues

The District reports unearned deferred revenue in the governmental fund balance sheet. Deferred and unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

K. Subsequent Events

Subsequent events were evaluated through December 14, 2011, which is the date the financial statements were available to be issued.

NOTE 2 – Deposits and Investments

Custodial Credit Risk - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2010, the carrying amount of the District's deposits (cash and savings account deposits) was \$218,594 and the bank balance was \$228,207. At June 30, 2011, the carrying amount of the District's deposits (cash and savings account deposits) was \$213,272 and the bank balance was \$213,272. The entire bank balance throughout the years was covered by federal depository insurance.

The deposits were deemed collateralized under Missouri statutes and the District maintains copies of all safekeeping receipts held by the pledging financial institution's agent in the District's name. The following is disclosed:

- a. Depository: First National Bank
- b. Largest cash, savings and time deposit combined account balance amounted to \$228,207 and occurred during the month of June 2010.
- c. Total amount of FDIC coverage at the time of largest combined balance was \$250,000.

Investment Interest Rate Risk – The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. For the years ended June 30, 2010 and June 30, 2011, the District had no investments.

Investment Credit Risk – The District has no investment policy that limits its

investment choices other than the limitation of state law. These investments include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (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.

For the years ended June 30, 2010 and June 30, 2011, all of the District's funds were deposited with a financial institution.

NOTE 3 – Risk Management

The District is exposed to various risks of loss related to torts, damage to, and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. The District maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage since the District's inception.

NOTE 4 – Commitment

The District has contracted with Bootheel Regional Planning and Economic Development Commission for the Commission to provide administrative, technical, planning, fiscal and support capabilities to assist the District in the implementation of the District's Solid Waste Management Plan. For the years ended June 30, 2010 and June 30, 2011, the annual fee was \$34,000.

REQUIRED SUPPLEMENTARY INFORMATION

BOOTHEEL SOLID WASTE MANAGEMENT DISTRICT-REGION S

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Revenues:</u>				
Grant Revenue	\$ 168,257	\$ 168,257	\$ 168,257	\$ -
Grant Match Revenue	6,000	6,000	6,666	666
Interest Earnings	-	-	565	565
Total Revenues	<u>\$ 174,257</u>	<u>\$ 174,257</u>	<u>\$ 175,488</u>	<u>\$ 1,231</u>
<u>Expenditures:</u>				
Management Fees	\$ 34,000	\$ 34,000	\$ 34,000	\$ -
Project Expenses	134,257	134,257	125,244	9,013
Grant Administration	6,000	6,000	4,084	1,916
Total Expenditures	<u>\$ 174,257</u>	<u>\$ 174,257</u>	<u>\$ 163,328</u>	<u>\$ 10,929</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ -	\$ -	\$ 12,160	\$ 12,160
Fund Balance - beginning	<u>46,519</u>	<u>46,519</u>	<u>46,519</u>	<u>-</u>
Fund Balance - ending	<u>\$ 46,519</u>	<u>\$ 46,519</u>	<u>\$ 58,679</u>	<u>\$ 12,160</u>

See accompanying notes to the required supplementary information.

BOOTHEEL SOLID WASTE MANAGEMENT DISTRICT-REGION S

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Revenues:</u>				
Grant Revenue	\$ 164,622	\$ 164,622	\$ 164,622	\$ -
Grant Match Revenue	6,000	6,000	6,666	666
Interest Earnings	-	-	552	552
Total Revenues	<u>\$ 170,622</u>	<u>\$ 170,622</u>	<u>\$ 171,840</u>	<u>\$ 1,218</u>
<u>Expenditures:</u>				
Management Fees	\$ 34,000	\$ 34,000	\$ 34,000	\$ -
Project Expenses	130,622	130,622	126,879	3,743
Grant Administration	6,000	6,000	2,244	3,756
Total Expenditures	<u>\$ 170,622</u>	<u>\$ 170,622</u>	<u>\$ 163,123</u>	<u>\$ 7,499</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ -	\$ -	\$ 8,717	\$ 8,717
Fund Balance - beginning	<u>58,679</u>	<u>58,679</u>	<u>58,679</u>	<u>-</u>
Fund Balance - ending	<u>\$ 58,679</u>	<u>\$ 58,679</u>	<u>\$ 67,396</u>	<u>\$ 8,717</u>

See accompanying notes to the required supplementary information.

BOOTHEEL SOLID WASTE MANAGEMENT DISTRICT

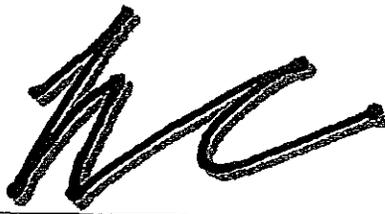
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2010 and June 30, 2011

NOTE 1 – BUDGETARY PROCESS

The Executive Board shall be responsible for preparing an annual budget for the District to be submitted in June of each year to the County Commissioners for review and comment. After review, the budget will be adopted at the July board meeting.

INTERNAL CONTROL AND COMPLIANCE



HILLIN AND CLARK, PC
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**

Board of Directors
Bootheel Solid Waste Management District
Dexter, Missouri

We have audited the financial statements of the governmental activities and the major fund of Bootheel Solid Waste Management District as of and for the years ended June 30, 2010 and June 30, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2011. 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 Bootheel Solid Waste Management District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bootheel Solid Waste Management District's internal control over financial reporting.

A *deficiency in internal control* 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial

reporting which is described as follows:

Finding: The District does not have a system of internal control that would enable management to conclude the financial statements and the related disclosures are complete and presented in accordance with generally accepted accounting principles. The District relies on their auditor to prepare a draft of the financial statements and related notes. The outsourcing of this service is not unusual in organizations of this size.

Response: The District feels the cost of putting this control in place would outweigh the benefits. It has been determined that since a CPA is not on staff, it is more cost effective to have the auditor draft the financial statements and footnotes.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bootheel Solid Waste Management District'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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described as follows:

Finding: The District did not maintain documentation of bids for equipment purchases. The District should require submission of bid documentation from subgrantees prior to reimbursing for equipment.

Response: We will comply with the above recommendations.

Bootheel Solid Waste Management District's response to the finding is described above. We did not audit Bootheel Solid Waste Management District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Board of Directors, Management, and the Missouri Department of Natural Resources and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,



HILLIN AND CLARK, P.C.

December 14, 2011
Hayti, Missouri