

EAST CENTRAL SOLID WASTE MANAGEMENT DISTRICT

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**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED UPON PROCEDURES

Missouri Department of Natural Resources
Jefferson City, Missouri
And
East Central Solid Waste Management District- Region I
Warrenton, Missouri

We have performed the procedures enumerated below, which were agreed to by the Missouri Department of Natural Resources (the "Department or MDNR"), solely to assist you in evaluating the effectiveness of the East Central Solid Waste Management District's (the "District") compliance with state law, regulations, and policies, for the period July 1, 2004 through June 30, 2006. Management is responsible for the District's internal control over compliance with these requirements and the accompanying appendices.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

In accordance with Government Auditing Standards, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the District's solid waste management program and any fraud or illegal acts that are more than inconsequential that come to our attention. We are also required to obtain the views of management on those matters. Our agreed-upon procedures engagement disclosed certain findings that are required to be reported under Government Auditing Standards and those findings, along with the views of management, are described as follows:

1. History and Organization

Criteria: Review the District's organization for compliance with state law. Review the structure of the Council and Executive Board for compliance with state law and the District's policies and procedures for monitoring qualifications, terms, vacancies, and conflict of interest of the Council and Executive Board members. Review the District's by-laws for compliance with state laws and for proper approval.

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**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES (CONTINUED)**

Procedures: We reviewed whether the District retained the orders of the governing body of the counties that joined the District, the written notice to the Department of the formation of the District, and the Notification of Formation issued by the Department. We reviewed the structure of the Council and Executive Board and any potential conflicts of interest on being a member. We reviewed the District's by-laws for proper approval and compliance with state law.

Results: The orders of the governing body of each county that joined the District were on file, along with the written notice to the Department of the formation of the District, and the Notification of Formation issued by the Department. Signed instruments were on file for the cities with a population over 500 that joined the District. The District amended its by-laws in June 1996 to adopt the "Alternative Management Structure" allowed by state law and also approved its by-laws again in December 2003. We reviewed the structure of the Council and Executive Board of the District which consists of one member from each county. The District Planner serves on the Executive Board but is not a voting member. (See Appendix I for History and Organization)

A review of the District's by-laws noted no conflict with state laws. The by-laws were properly approved and amendments were adhered to properly except for the collection of membership fees from counties and cities. Article III, Section A, of the by-laws requires that each county and city shall pay a membership fee each January 31, but this fee has not been charged or collected since 2004.

Finding: Membership Fee for Counties and Cities Not Collected

Condition: A membership fee for each county and city within the District has not been charged or collected since 2004. The counties paid their fees for 2004, but some of the cities had not paid the fee invoiced in 2004. The cities and counties have not been billed for 2005 and 2006.

Criteria: Article III, Section A, of the District's by-laws state that each county shall pay a membership fee each January 31. The total fee of \$7,500 for all counties is allocated to each county based upon a percentage of the District's unincorporated population. Likewise, a membership fee of \$7,500 for all cities is allocated to each city based upon a percentage of the District's incorporated population.

Cause: The District had not pursued the membership fee or collection of the amounts not paid since the district administrative grants (DAG) were discontinued. These fees were a part of the District's matching funds for the district administrative grants.

Effect: The District did not collect the required membership fees from the counties and cities as required by its by-laws.

Recommendation:

We recommend that the District review its by-laws to determine whether the membership fees are still needed. If the Executive Board determines that the fees are needed, then the monies should be collected accordingly and policies and procedures for the collection and non-payment of fees should be adopted. If the Executive Board determines that the fees are not needed, then the by-laws should be amended.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES (CONTINUED)**

District Response:

The District concurs. The District will address this issue in the Standard Operating Procedures and open an account strictly for these funds, keeping them separated from grant funds.

2. Board Minutes

Criteria: Review the Executive Board and any full council minutes for adherence to state laws and for pertinent facts and information.

Procedures: We reviewed the Executive Board minutes for adherence to state laws and for pertinent facts and information for the two years ended June 30, 2006. There were no full council meeting minutes during this period to review.

Results: The District had agendas for each Executive Board meeting held, but the agendas did not include the location of the meeting and whether the meeting was open or closed to the public. The agenda also served as the public notice, which was posted the day before at the District office. During the two years ended June 30, 2006, the Executive Board did not enter into a closed session.

We noted that motions made and passed were designated with the phrase of "all present were in favor" for unanimous votes of all board members. We noted the Executive Board minutes were not signed by the secretary to the Executive Board or an Executive Board member for attestation purposes after approval by the Executive Board. We also noted that the District did not have a written policy consistent with RSMo Chapter 610 (commonly referred to as the Sunshine Law) regarding the release of information on any meeting, record, or vote as required by state law. In addition, the District did not hold a full council meeting during the two years ended June 30, 2006 as required by Article IV section B of its by-laws.

Finding 1: Agendas Not Including All Required Information

Condition: The Executive Board meeting agendas did not include the location of the meeting and whether the meeting was open or closed to the public. A similar condition was noted in the previous report.

Criteria: RSMo Sections 610.020 to 610.022 require that the notice of a board meeting include the location of a meeting, whether the meeting is open or closed to the public, and the reason for holding a closed session by reference to the specific exception allowed pursuant to the provisions of Section 610.021.

Cause: The District did not realize that these items had to be properly included on the agenda or public notice for a board meeting.

Effect: The District did not fully abide by the Sunshine Law regarding the posting of public notices relative to its board meetings.

Recommendation:

We recommend that the District include in its public notice/agenda the location of the meeting, whether the meeting is open or closed to the public, and if applicable, the specific statutory authority for the board to hold a closed session.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES (CONTINUED)**

District Response:

The District concurs. The District did not include this information prior to August 2006. Since that time, the above information is listed on the posted agenda.

Finding 2: Executive Board Minutes Not Signed or Attested to by a Board Member

Condition: The Executive Board minutes were not signed by the secretary to the board and attested to by the Chairman or another board member.

Criteria: RSMo Section 610.020.7 requires that a journal or minutes of open and closed meetings shall be taken and retained by a public governmental body. Good business and management practices require that the minutes taken of meetings be signed by the secretary or person taking the minutes along with the attestation of the Chairman of the Executive Board or another board member.

Cause: The District did not realize that this was considered necessary since the full Executive Board approved the minutes.

Effect: The District could miss a potential problem with the minutes if someone is not responsible for reviewing the written content of the minutes to ensure that the minutes are accurately stated and reflect all important information needed.

Recommendation:

We recommend that the District require the secretary and the Chairman of the Executive Board or another board member to sign and attest to the accuracy of the written content of the board minutes.

District Response:

The District concurs. The secretary will sign all future meeting minutes.

Finding 3: Executive Board Minutes Regarding Information Presented

Condition: The Executive Board minutes did not document the place the meeting occurred, the board members absent, and a vote to adjourn the meeting along with the time adjourned. A similar condition was noted in the previous report.

Criteria: RSMo Section 610.020.7 requires that the board minutes contain the location of the meeting, names of those board members both present and absent, the time of the meeting, and a record of any votes taken.

Cause: The District stated they did not know that these specific items of the Sunshine Law had to be addressed in the minutes.

Effect: The District did not fully follow the Sunshine Law when completing the board minutes.

Recommendation:

We recommend that the District record in the minutes the location of the meeting, the names of the board members present and those absent, and the motion and vote to adjourn the meeting along with the time of adjournment.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES (CONTINUED)**

District Response:

The District concurs. The District did not include this information prior to August 2006. Both members present and absent are stated in meeting minutes.

Finding 4: Lack of Policy on Release of Information to the Public

Condition: The District does not have a policy, which is open to public inspection, regarding the release of information on any meeting, record, or vote to the public in accordance with the Sunshine Law.

Criteria: RSMo Section 610.028.2 requires that each political subdivision have a policy on the release of information on any meeting, record, or vote to the public.

Cause: The District was unaware of this statutory provision of the Sunshine Law.

Effect: The District did not fully comply with the Sunshine Law requiring that each political subdivision have a policy on the release of information on any meeting, record, or vote to the public.

Recommendation:

We recommend that the District adopt a written policy on the release of information on any meeting, record, or vote to the public in accordance with the Sunshine Law.

District Response:

The District concurs. The District has no written policy; this will be added to the District Standard Operating Procedures.

Finding 5: No Meeting Held by the Full Council of the District

Condition: The full council did not hold a meeting during the two years ended June 30, 2006. A full council meeting when a quorum was present had not been held since December 2003. A similar condition was noted in the previous report.

Criteria: Article IV, Section B, of the District's by-laws states that the Council shall call at least two meetings per annum; of which at least one shall be used to transact District business.

Cause: The District scheduled full council meetings, but a quorum of the Council was not present to officially conduct business.

Effect: The District did not abide with its by-laws for holding a full Council meeting to conduct official business. The Council members are not kept informed of district activities.

Recommendation:

We recommend that the District hold two full council meetings per year as required in its by-laws. We also recommend that the District inform all Council members that they must be active and participate to aid in establishing a legitimate quorum at the meetings.

District Response:

The District concurs. The District is working to obtain a quorum at meetings. The District cannot conduct business if a quorum is not present.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES (CONTINUED)**

3. Internal Controls

Criteria: Review the District's internal control procedures to ensure that proper controls and reviews are in place.

Procedures: We reviewed the District's internal control procedures and the corresponding reviews of the financial records made by the Executive Board. We reviewed internal control issues required by the District's by-laws.

Results: The District Planner performs some of the receipts, disbursements, and bookkeeping functions while maintaining custody of the checkbook. This person was also able to sign checks or withdraw monies without proper Executive Board members' approval since only one signature was required on the checks. The Board Treasurer usually signs the checks but the District Planner was also authorized to sign checks. The District contracts with Boonslick Regional Planning Commission (BRPC) to do its grant administration and we noted that signed contracts were not on file with the District for the years 2004, 2005, and 2006. Bank reconciliations were performed but not properly documented until June 2006. Invoices are approved by the Executive Board and invoices are marked as "Paid" with the date and check number to prevent duplicate payment. We noted that the District has obtained sufficient bond coverage to cover the board members and the District Planner.

Finding 1: Checks Not Requiring Dual Signatures and Lack of Segregation of Duties

Condition: Checks used by the District were signed by only one person, either by the Board Treasurer or the District Planner. There is also a lack of segregation of duties since the District Planner performs some of the receipts, disbursements, and bookkeeping functions, maintains custody of the checkbook, performs the monthly bank reconciliation, and is authorized to sign checks. A similar condition was noted in the previous report.

Criteria: 10 CSR 80-9.050(4)(B) states: "An executive board receiving funds from the Solid Waste Management Fund for district grants shall themselves maintain, and require recipients of financial assistance to maintain, an accounting system according to that accurately reflects all fiscal transactions, incorporates appropriate controls and safeguards...." Section I.E.3. of the MDNR General Terms and Conditions states "Effective control and accountability must be maintained for all subgrantee cash, real and personal property, and other assets."

Cause: The District did not consider that dual signatures should be required on checks or that segregation of duties should be in place.

Effect: The District could suffer a loss of assets if proper review and approval is not made on checks issued for the payment of expenditures. The District's assets are not properly safeguarded when segregation of duties is not in place.

Recommendation:

We recommend that the District require dual signatures on all checks issued. We also recommend that adequate segregation of duties be in place in that the District Planner should not sign the checks.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES (CONTINUED)**

District Response:

The District concurs. Dual signatures on all checks were addressed in the Standard Operating Procedures presented to the board at the October 11, 2006 meeting.

Finding 2: Bank Reconciliations Not Documented and Reviewed by Board

Condition: The District did not start documenting the bank reconciliation performed by the District Planner until June 2006. The board is not reviewing and approving the monthly bank reconciliation.

Criteria: 10 CSR 80-9.050(4)(B) states: "An executive board receiving funds from the Solid Waste Management Fund for district grants shall themselves maintain, and require recipients of financial assistance to maintain, an accounting system according to that accurately reflects all fiscal transactions, incorporates appropriate controls and safeguards..." Section I.E.3. of the MDNR General Terms and Conditions states "Effective control and accountability must be maintained for all subgrantee cash, real and personal property, and other assets."

Cause: The District did not realize the necessity of having to document the monthly bank reconciliation and to have the board approve the monthly bank reconciliations.

Effect: The District could be exposed to a loss of resources without proper documentation of the bank reconciliation and a proper review and approval of the monthly bank reconciliations.

Recommendation:

We recommend the District Board continue to document the monthly bank reconciliation as well as review and approve the monthly bank reconciliations.

District Response:

The District concurs. Prior to June 2006, bank statements were reconciled to the checkbook but not on the form provided by the bank. Since June 2006, all bank statements are reconciled on the form provided, initialed, and dated.

Finding 3: Signed Written Contracts With Boonslick Regional Planning Commission Not on File

Condition: Signed written contracts between the District and BRPC that manages the District were not on file for the years 2004 through 2006. The District paid BRPC \$21,509 during the two years ended June 30, 2006.

Criteria: 10 CSR 80-9.050(4)(B) requires "Accounting records must be supported by source documentation such as cancelled checks, paid bills, payrolls, time and attendance records, contract, and agreement award documents." Good business practices require that written signed contracts between the District and BRPC be on file to document the contract terms.

Cause: The District could not locate any of the signed contracts.

Effect: The District is not assured that it has contracts with BRPC outlining the contract terms and to support the payments made to the agency.

Questioned Costs:

The total amount paid to BRPC in the amount of \$21,509 is questioned.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES (CONTINUED)**

Recommendation:

The District retain a signed written contract with BRPC each year and recover the costs paid to BRPC.

District Response:

The District concurs with retaining signed contracts. No response was taken for recovering the questioned costs paid to BRPC.

4. Review of Cash

Criteria: Review the cash balances of the District, review state funding and any local funding, review interest income earnings and any disbursement of interest for grants or other expenses, and the District's cash management process for forecasting cash needs. Review payroll checks to ensure checks are not cashed before the end of the payroll period.

Procedures: We reviewed the District's bank account and bank reconciliations, the amount of state funds received along with any local funds, and the amount of interest income earned on the District's bank account. We reviewed the procedures for presigned checks and whether checks are issued in proper sequence. We reviewed for the possible early cashing of payroll checks. We reviewed how the District used interest income earned and its cash management process for forecasting cash needs.

Results: The District has one interest-bearing checking account. The District Planner indicated she reconciled the bank account with the district checkbook monthly but did not document the reconciliation until June 2006.

There were no presigned checks held by the District. The checks were issued in numerical sequence and all checks were accounted for properly. No checks were cashed before the date written or had been presigned and there are no payroll checks written since the District has no employees.

The result of the review of the quarterly reports submitted to the Department noted that the quarterly financial reports have been filed late and are not accurately prepared. Some quarterly reports for the engagement period were examined during the prior performance review conducted by the MDNR. These reports were late and were subsequently filed in September 2006. However, the quarterly financial summary reports for the quarter ending June 30, 2006 were not filed until October 31, 2006 after corrections were made and the quarter ending December 31, 2006 was not filed until February 14, 2007. These reports are due within 30 days after the end of the quarter. Because of the late filing of prior years' reports, the state withheld monies from the District until the reports were filed.

For the period ending June 30, 2006, we noted that the quarterly report was not accurately prepared. The June 30, 2006 quarterly report indicated a bank balance of \$29,202.17 but obligated monies totaling \$132,497.19. The District has included fiscal year 2004 and fiscal year 2005 projects on the report that had not been approved or funded by the state and therefore, the District had not received any monies for these projects and should not have presented the projects on the report. With the one 2003065 project open and the unobligated interest income amount of \$3,221.14 shown at June 30, 2006, the District still had \$18,164.64 in unidentified funds in the bank account not reported on the quarterly report. (See

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES (CONTINUED)**

Appendix III for the composition of grant balances and bank account balances at June 30, 2006.) This information was not verified through audit procedures.

Finding 1: District's Quarterly Project Financial Summary Forms Not Accurately Prepared

Condition: The quarterly report for the period ending June 30, 2006, was not accurately prepared. The District included fiscal years 2004 and 2005 projects on the report that were not approved and funded by the MDNR. The total cash balance held by the District was reflected on the quarterly report. The quarterly report showed a total obligated balance for open projects of \$132,497.19. The total cash balance in the District's bank accounts was \$29,202.17. This resulted in overstating the amount of subgrant funds remaining to be spent as compared to the total cash balance held by the District by \$103,295.02 (See Appendix III.) After deducting interest income identified on the quarterly report of \$3,221.14 and an unobligated balance remaining on one project for \$7,816.39, the unidentified balance remaining in the District's bank account is \$18,164.64.

Criteria: Section 1.E.1. of the General Terms and Conditions requires that accurate, current, and complete disclosure of financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the subgrant. The Special Terms and Conditions for District Grants state that "Any funds awarded to a district which are not expended (or encumbered) for the purpose for which the funds were awarded, will be repaid by the district to the MDNR SWMP for deposit into the SWMF."

Cause: The District did not properly prepare the quarterly reports.

Effect: The District is not maintaining proper records regarding the monies remaining in each subgrant or carryover funds from prior projects compared to the total cash balance held by the District.

Questioned Costs:

The unidentified balance of \$18,164.64 remaining in the bank account is questioned.

Recommendation:

The District properly prepare its quarterly financial reports by subgrant noting the receipts and disbursements from each grant funded by the MDNR and any carryover funds unobligated. The balances remaining in each subgrant should be reconciled to the total cash balance held by the District. Any unidentified funds may need to be recovered and repaid to the MDNR.

District Response:

The District does not concur. The negative balance shows a receivable amount from DNR. In order to report to DNR, the projects must be listed. The report does reconcile to the check register and the bank reconciliation.

Finding 2: District Quarterly Financial Summary Reports Not Filed Timely

Condition: The District did not file its quarterly financial summary reports in a timely manner with the Department. A similar condition was noted in the previous report. The following quarterly reports were considered late in being filed:

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES (CONTINUED)**

Reporting Period	Due	Filed
July 1- September 30, 2004	October 30, 2004	September 15, 2006
October 1- December 31, 2004	January 30, 2005	September 15, 2006
January 1- March 31, 2005	April 30, 2005	September 15, 2006
April 1- June 30, 2005	July 30, 2005	September 15, 2006
July 1- September 30, 2005	October 30, 2005	September 15, 2006
October 1- December 31, 2005	January 30, 2006	September 15, 2006
January 1- March 31, 2006	April 30, 2006	September 15, 2006
April 1- June 30, 2006	July 30, 2006	September 15, 2006

Criteria: 10 CSR 80-9.050(3)(B)1 states "The district shall submit to the department, at the end of each state fiscal year quarter, a report which contains the following for each project in progress" In addition, the MDNR Guidance Document for Solid Waste Management District Grants states that the district shall submit Quarterly Status Reports to the department's SWMP for activities that occur during each calendar quarter thirty (30) days following the reporting period.

Cause: The District did not take the necessary steps to ensure that the quarterly reports were filed on time with the Department.

Effect: Because of the non-filing of quarterly reports, the Department withheld district grant monies from the District that could have been used for recycling projects in the four counties comprising the District.

Recommendation:

We recommend that the District establish the necessary procedures to ensure that the quarterly financial summary reports are filed with the Department within 30 days of the end of the quarter as required.

District Response:

The District concurs. Quarterly reporting was not in compliance. All delinquent reports were sent to DNR on September 15, 2006. DNR requested that the June 30, 2006 be revised and resent. This report was dated October 31, 2006 and stamped received by the SWMP on January 8, 2007.

Finding 3: Interest Income Not Properly Obligated on Quarterly Financial Summary Reports

Condition: The District has reflected on its June 30, 2006 quarterly report a total unobligated balance of \$3,221.14 in interest income that has not been properly obligated to any particular grant. The period for which the interest income was earned is not readily known. A similar condition was noted in the previous report.

Criteria: Interest income earned on state grants is considered state funds and the expenditure of interest income must be done pursuant to a state grant approved by the MDNR. The Department's Special Terms and Conditions state: "Expenditure of income earned from interest on district grant agreement funds must be in compliance with 10 CSR 80-9.050 Solid Waste Management Fund (SWMF) – District Grants." State rule 10 CSR 80-9.050(1)(C)1 states: "Grant monies made available by this rule shall be allocated by the district for projects contained within the district's approved solid waste management plan."

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES (CONTINUED)**

Cause: The District had neglected to properly allocate the interest income earned each fiscal year to a particular grant for proper spending.

Effect: The District did not follow Department guidelines on showing interest income as an obligated balance to be spent as part of another grant.

Recommendation:

We recommend the District properly report total interest income earned and adjust the quarterly reports to show the interest earned and obligated as well as interest income not yet obligated.

District Response:

The District concurs. All interest through May 2007 will be used toward 2007 grants.

5. General and Special Terms and Conditions

Criteria: Review the District's compliance with the General and Special Terms and Conditions to ensure compliance with statutory and administrative requirements.

Procedures: We reviewed the District's procedures and policies for compliance with the General and Special Terms and Conditions issued by the Department.

Results: The District attempts to follow the requirements of the General and Special Terms and Conditions to ensure that it is in compliance. The District promotes equal employment opportunity and nondiscrimination, ensures that all subgrant recipients are in compliance with state and federal environmental laws and have the required permits, prohibits the expenditure of funds for lobbying purposes, uses the Department's name for its news releases and publications, uses recycled paper as required, and promotes the use of grant funds for small and minority firms when possible. The District monitors effectively the use of the grant monies received from the state, other than the instances noted in this report, and no unusual expenditure of state funds was noted during the review. The District does not generate any program income for its use. The District does not have any capital assets that it owns since the administration of the District is handled through the BRPC.

However, we noted the following items that were not in accordance with the General and Special Terms and Conditions requirements:

A. The District has not obtained a financial audit as required. The District is required by RSMo Section 260.325.10 and the Special Terms and Conditions to have a financial audit performed every two years since the District receives less than \$200,000 per year. An annual audit is also required by the District by-laws.

B. A detailed listing of assets purchased with district grant funds and held by subgrantees is maintained; however, the building addition of a recycling center (grant 2004174) had not been entered on this listing and an identification number has not been assigned to each item as required under Section I.H.2 of the General Terms and Conditions. The subgrantees have not filed an annual statement certifying that the use of equipment is for project activities in accordance with the Special Terms and Conditions. There were no capital assets disposed of during the review period.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES (CONTINUED)**

- C. The District or subgrantees have not filed all of the required UCC-1 forms with the Secretary of State for all subgrantee fixed asset items costing over \$5,000 as required by the Special Terms and Conditions.
- D. The District has not obtained proof of insurance from subgrantees on equipment items purchased with state grant funds to ensure that adequate insurance coverage is being maintained in accordance with the Special Terms and Conditions.

Finding 1: Annual Financial Statement Audit Not Obtained

Condition: The District has not provided for a financial audit of its records and accounts of its operations by a certified public accountant or a firm of certified public accountants.

Criteria: RSMo Section 260.325.10 and the Special Terms and Conditions require that the district board shall arrange for independent financial audits of the records and accounts of its operations by a certified public accountant or a firm of certified public accountants. Districts receiving less than \$200,000 of financial assistance shall have independent financial audits at least once every two years. The district shall provide MDNR a copy of the entire audit report issued by a certified public accountant or a firm of certified public accountants within 120 days of the close of the district's fiscal year. The District's executive board by-laws at Article VII require that the board shall cause an audit of the records of the Region be made each year by a competent auditor.

Cause: The District did not recognize that the financial audit was needed and did not actively pursue the audit requirement.

Effect: The District failed to comply with RSMo Section 260.325.10, the Special Terms and Conditions as they pertain to the operations of the District, and the executive board by-laws.

Recommendation:

We recommend that the District obtain a two-year financial audit of its records and accounts as required by RSMo Section 260.325.10 and the Special Terms and Conditions.

District Response:

The District does not concur. The Boonslick Regional Planning Commission has an audit performed annually. This report is submitted to DNR annually. The District funds pass through Boonslick Regional Planning Commission. The District will procure an auditor and have the funds of the district itself audited. This report will be submitted to DNR within 180 days of the close of the fiscal year.

Finding 2: Detailed Listing of Capital Assets and Identification Tags

Condition: The District has completed a detailed listing of capital assets that the various subgrantees have purchased through grants but the listing excluded the building addition at a recycling center (grant 2004174). Identification tags have not been added to each capital asset. A similar condition was noted in the previous report.

Criteria: Section I.H.2. of the General Terms and Conditions require that complete property records be maintained that include a description of the equipment, a serial number or

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES (CONTINUED)**

other identification number, the source of the property, the acquisition date, cost of the property, percentage of federal or state participation in the cost of the property, and the location, use and condition of the property.

Cause: The District did not realize that the building addition should be listed on the inventory of capital assets. The District has just received the inventory tags but has not had time to put them on each capital asset.

Effect: The District has not totally completed the listing of all the capital assets purchased with district grant funds and held by the subgrantees. Inventory tags have not been placed on each capital asset, and therefore, items are not identifiable and may be used for unauthorized purposes.

Recommendation:

We recommend that the District maintain a detailed listing of all capital assets purchased with district grant funds and owned by the subgrantees in accordance with the requirements of the General Terms and Conditions. The District should affix an identification tag on all capital assets.

District Response:

The District concurs. An inventory ledger has been created and inventory tags purchased. Tags were not yet fixed to property during this audit. The building addition at the City of Washington recycling center has been added to the inventory listing.

Finding 3: Annual Statements of Use of Equipment Not Filed by Subgrantees

Condition: Subgrantees have not annually submitted a statement certifying that the use of equipment is for project activities.

Criteria: The Special Terms and Conditions require subgrantees to annually submit a statement as provided by the district certifying that the use(s) of said equipment is for project activities.

Cause: The District did not request the statements from the subgrantees.

Effect: The District is not properly assured that the subgrantees are using the equipment for project activities.

Recommendation:

We recommend that the District require an annual statement from each subgrantee certifying that the use of the equipment bought with district grant funds is for project activities.

District Response:

The District concurs. The District is working on a site visit check list to ensure that all equipment purchased with grant funding will be visited on an annual basis and that these visits are documented.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES (CONTINUED)**

- Finding 4:** UCC-1 Security Interest Forms Not Filed by the District or Subgrantees
- Condition:** The District or subgrantees have not filed all of the required UCC-1 security interest forms on capital assets (equipment, buildings, and site improvements of \$5,000 or more) purchased with district grant funds. Grant projects where UCC-1 forms have not been filed include 2003060; 2004173; 2004174; and 2004175.
- Criteria:** The Special Terms and Conditions require that the subgrantee shall grant to the District, its successors and assigns a security interest or lien in all equipment purchased for \$5,000 or more and all building or site improvements purchased or constructed for \$5,000 or more, in whole or in part, with SWMF monies. The subgrantee shall sign the financing statement (form UCC-1) and return the form along with the financial assistance agreement to the District for processing.
- Cause:** The District did not follow through with the subgrantees to ensure that the UCC-1 forms had been properly filed.
- Effect:** Failure of the subgrantee to file a UCC-1 could result in a loss of district grant funds to the District or MDNR. The purpose of filing the UCC-1 is to establish, in the public view, the interest of the District or the MDNR in the capital asset. If the asset is sold or an insurance claim is paid on the capital asset, the interest of the District or MDNR would not be disclosed and the funds might not be appropriately distributed to the subgrantee, District or MDNR.
- Recommendation:**
We recommend that the District ensure that the subgrantees file the required UCC-1 forms for equipment purchases or the construction of buildings or site improvements for \$5,000 or more as required under the Special Terms and Conditions for the District Grants.
- District Response:**
The District concurs. The District is working with grantees to get all UCC-1 forms. This policy will be added to the Standard Operating Procedures.
- Finding 5:** Proof of Insurance on Capital Assets Not Obtained
- Condition:** The District did not obtain proof of insurance from the subgrantees to ensure there is coverage on equipment, buildings, and site improvements purchased or constructed with SWMF monies. A similar condition was noted in the previous report.
- Criteria:** The Special Terms and Conditions require that the recipient shall procure and maintain insurance on all equipment, buildings, and site improvements purchased or constructed with SWMF monies.
- Cause:** The District did not require the subgrantees to furnish insurance coverage documentation on equipment, buildings, and site improvements purchased or constructed with SWMF monies.
- Effect:** The District and MDNR could be subject to a potential loss of assets if the equipment, buildings, and site improvements purchased or constructed with SWMF monies are not adequately insured.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES (CONTINUED)**

Recommendation:

We recommend that the District obtain insurance coverage documentation from the subgrantee for all equipment, buildings, and site improvements purchased or constructed with SWMF monies.

District Response:

The District concurs. Sub-grantees were required to report whether they had insurance on the equipment but were not required to show proof. Future grantees will be required to submit proof of insurance before any funding is reimbursed to them.

6. Review of District Grants

Criteria: Review the District's grants received from the Department and select a sample of grants to review the project proposals, the review and evaluation process for the projects, and review the accounting records for unspent funds. Review the reports filed with the Department to ensure accuracy of the grant documentation.

Procedures: The district grant projects for the fiscal years ended June 30, 2006 and 2005 were obtained from the Department. Six projects were selected for review and these grants were as follows:

2004174	City of Washington Recycling Center Facility Addition
2004176	Forrest Keeling Nursery, Inc. composting forklift purchase
2004178	Village of Innsbrook Hall parking lot and driveway Glasphalt
2005198	Boonslick Regional Planning Commission district implementation
2005202	Innsbrook Owners Association composting facility
2005203	University of Missouri Extension E-Scrap Action Program

Review the grant proposals, the evaluation of each grant award, and the reports filed with the Department for the grant projects.

Results: The District sends grant cycle notifications to each county and city within the county over 500 in population through a mailing. The proposals included the appropriate information in conformity with the Guidance Document provided by the Department, except that the FY 2004 and FY 2005 proposals did not include a specific time for submitting the proposals and the District did not date stamp the proposals as they came in. The procedures used by the Executive Board to review and rank the proposals are written and documented through a grant evaluation criteria form with the results disclosed in the board meeting minutes. All of the proposals submitted were reviewed, evaluated, and ranked by the Executive Board. We noted that project 2005203 was rescinded by the Executive Board in October 2006 for not starting any work on the project.

We also noted that the District did not require the subgrantees to submit proof of bids solicited to ensure compliance with RSMo Chapter 34 and 1 CSR 40-1.050, did not document its site visits to the projects, and did not file its 2004 and 2006 assessment inventory in accordance with RSMo Section 260.325.5. The District Planner indicated that the 2006 assessment inventory had been filed in April 2007, but as of June 2007 at the time of the engagement, the Department indicated that the assessment inventory had not been received.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES (CONTINUED)**

Finding 1: Date Stamping Grant Proposals From Subgrantees

Condition: The District did not provide a specific time (only a date) for submission of the FY 2004 and FY 2005 grant proposals from subgrantees and also did not date stamp the proposals as they came in. A similar condition was noted in the previous report.

Criteria: 10 CSR 80-9.050(2)(C)1 states: "For all proposals received by the deadline as established in their public notices to the media, the board shall determine the eligibility of the applicant, the eligibility of the proposed project...." Grant proposals should be date stamped to ensure compliance with the deadline established for submission.

Cause: The District did not realize the importance of date stamping each grant proposal to ensure that all proposals are submitted within the required time deadline.

Effect: A potential unfair advantage could be given to a specific subgrantee without specific accountability over the time of submitting the required grant proposal.

Recommendation:

We recommend that the District include a specific time deadline for submission of a grant proposal on future public notifications requesting grant proposals. We also recommend that the District stamp the date and time on each grant proposal submitted by the subgrantees in the future.

District Response:

The District concurs. Future grant rounds will be stamped with the date and the time which they were received. This policy will be added to the Standard Operating Procedures.

Finding 2: Documentation of Bids Not Required From Subgrantees

Condition: The District did not require proof of documentation on bids solicited by the subgrantees for the use of district grant monies. A similar condition was noted in the previous report.

Criteria: RSMo Chapter 34 and 1 CSR 40-1.050 provide for bids to be taken on the purchase of items over set limits and documentation retained to support bids taken.

Cause: The District left the bidding process up to the subgrantees for them to report on their quarterly reports but did not ask for or obtain documentation of bids solicited and awarded.

Effect: The District cannot be assured that the subgrantees followed appropriate state laws in soliciting bids for items purchased with district grant monies.

Recommendation:

We recommend that the District obtain documentation from the subgrantees regarding the solicitation and the awarding of bids for items purchased with district grant monies.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES (CONTINUED)**

District Response:

The District concurs. Sub-grantees were required to report on their procurement of equipment. The District has implemented a bid information sheet that is required for all procurement.

Finding 3: District Not Documenting Site Visits

Condition: The District did not document its site visits to the various projects although visits are periodically conducted. A similar condition was noted in the previous report.

Criteria: The Special Terms and Conditions for District Grants state: "Districts are responsible for ensuring proper use of the funds." Good business practices require that documentation of site visits or monitoring of grant proposals be included in the grant project folder to ensure compliance with state and district rules and regulations.

Cause: The District did not implement procedures to ensure that site visits or monitoring of various projects were documented in the grant project folder.

Effect: The District cannot be totally assured that the grant project is still being used for its intended purpose without documentation of monitoring or on-site visits conducted.

Recommendation:

We recommend that the District document its monitoring or site visits in the grant project folders.

District Response:

The District concurs. The District is working on a site visit check list to ensure that all equipment purchased with grant funding will be visited on an annual basis and that these visits are documented.

Finding 4: Assessment Inventory Not Filed

Condition: The District did not file its required 2004 and 2006 assessment inventory with the Department. The Department forgave the filing of the 2004 assessment inventory based on the timely submission of the 2006 assessment inventory, which was due on April 1, 2007.

Criteria: RSMo Section 260.325.5 states: "The board shall review the district's solid waste management plan at least every twenty-four months for the purpose of evaluating the district's progress in meeting the requirements and goals of the plan, and shall submit plan revisions to the department and council."

Cause: The District failed to complete its fiscal year 2004 assessment inventory and was late in completing and filing the 2006 assessment inventory.

Effect: The Department withheld monies from the District for fiscal year 2004 until January 2007 and has not released monies for fiscal years 2006 and 2005 grant proposals because of the non-filing of the assessment inventory and the quarterly reports.

Recommendation:

We recommend that the District implement the necessary procedures to ensure the assessment inventory for fiscal year 2006 has been received by the Department and to file the future assessment inventory in a timely manner as required.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES (CONTINUED)**

District Response:

The District concurs. The 2006 Assessment Inventory was forwarded to DNR April 4, 2007.

Auditor Comment:

As of June 2007 at the time of the engagement, MDNR had not received the 2006 Assessment Inventory.

We were not engaged to and did not conduct an examination, the objectives of which would be the expression of an opinion or limited assurance on the subject matter. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Missouri Department of Natural Resources and the East Central Solid Waste Management District and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Casey & Company LLC

Casey and Company, L.L.C.
Certified Public Accountants
Columbia, Missouri

June 21, 2007

November 27, 2007

**EAST CENTRAL SOLID WASTE MANAGEMENT DISTRICT
FOLLOW-UP ON PRIOR AGREED-UPON PROCEDURES FINDINGS**

The East Central Solid Waste Management District had previously had an agreed-upon procedures review for the fiscal years of 1992-1997. That report had the following findings with the current status for each finding noted. Of the 5 prior findings, 3 were implemented by the District and 2 were not implemented or partially implemented.

Finding: Interest Income Not Reported

The District did not report its interest income earned on its checking account for the fiscal years 1992-1997 totaling \$9,587 to the Missouri Department of Natural Resources (MDNR).

Status:

The District indicated that it would use its accrued interest income on future activities. At June 30, 2006, the District still indicated that it had \$3,221.14 of unobligated interest income. A similar comment is again noted in the current report.

Finding: Composition of the Executive Board

The Executive Board is comprised of five voting members and one non-voting member whereas Section 260.315.4(2) states that the council shall select seven persons to serve on the executive board.

Status:

The District revised its by-laws in June 1996 adopting an alternative management structure in compliance with RSMo Section 260.315 and provided the change to the MDNR. No similar condition was noted in the current report for the two years ended June 30, 2006.

Finding: MBE/WBE Utilization

The District's practices did not include a formal policy to encourage utilization of minority, women, and small disadvantaged businesses when procuring goods and services. Additionally, the MDNR had no record of the District submitting Form 334 "MBE/WBE Utilization Report."

Status:

The District indicated that it does have a MBE/WBE utilization policy in place. The executive board adopted this policy and amended its by-laws by a vote of the full council. No similar condition was noted in the current report for the two years ended June 30, 2006.

Finding: Evaluation Criteria Not Followed

The District had a policy to review and rank district grant proposals that was lacking components of the criteria set by the MDNR.

Status:

The District indicated that it would revise its evaluation criteria to comply with 10 CSR 80-9.050(2)(C)3. The Executive Board approved the new criteria and provided this documentation to the MDNR. No similar condition was noted in the current report for the two years ended June 30, 2006.

**EAST CENTRAL SOLID WASTE MANAGEMENT DISTRICT
FOLLOW-UP ON PRIOR AGREED-UPON PROCEDURES FINDINGS (CONTINUED)**

Finding: Quarterly Reports Not Filed

Quarterly reports for District grant 94103 were not submitted to the MDNR as required.

Status:

The District provided to the MDNR a copy of its criteria from its application package to potential applicants that outlines the district's policy on reimbursements, quarterly/final reporting, and 15 percent withholding. A similar condition is again noted in the current report.

EAST CENTRAL SOLID WASTE MANAGEMENT DISTRICT FOLLOW-UP ON PRIOR PERFORMANCE REVIEW FINDINGS

A separate "Performance Review" by the Missouri Department of Natural Resources (MDNR) Solid Waste Management Program and Internal Audit Program was conducted in November and December 2005. The report dated March 1, 2006 on this performance review noted the following findings with the current status. Formal written responses to that review had not been submitted to the MDNR but responses have been documented by the District and later approved at an Executive Board meeting. Of the 9 prior findings, 1 was implemented by the District and 8 were not implemented or partially implemented.

Finding: Delinquent Reports

The District was not submitting timely reports. Quarterly financial summary reports for the period ending June 30, 2004; September 30, 2004; December 31, 2004; March 31, 2005; June 30, 2005; September 30, 2005; and December 31, 2005 had not been submitted to the MDNR. The District also had not submitted its 2004 assessment inventory providing the solid waste services available in the district.

Status:

The District indicated that it submitted the indicated delinquent quarterly reports in September 2006 to the MDNR. The quarterly financial reports for the period ending March 31, 2006 and June 30, 2006 were also submitted with the other delinquent reports. The District also indicated that it would submit its 2006 assessment inventory since the 2004 assessment inventory was late but that report had not been received by the MDNR as of June 2007. A similar condition and finding is again noted in the current report for the two years ended June 30, 2006.

Finding: Council Meetings

The District had not held a full council meeting since December 11, 2003. The District's by-laws state that the council shall call at least one meeting per annum, and shall be used to transact District business.

Status:

A full council meeting with a quorum present has not been held since December 11, 2003. The District has tried to have a full council meeting but a quorum of members has not been present to hold a meeting. A similar condition is again noted in the current report for the two years ended June 30, 2006.

Finding: Notices and Minutes of Meetings

The notices of the meetings did not indicate if the meeting was open or closed to the public; reasonable notice to advise the general public of matters to be discussed at the meetings was not given; the minutes did not document the place the meeting occurred and the members absent; and two instances were noted in which the motions and/or votes of the members were not documented in the minutes.

Status:

The District did not amend its notices of board meetings or the content of its executive board meeting minutes until August 2006. A similar condition was again noted in the current report for the two years ended June 30, 2006.

**EAST CENTRAL SOLID WASTE MANAGEMENT DISTRICT
FOLLOW-UP ON PRIOR PERFORMANCE REVIEW FINDINGS (CONTINUED)**

Finding: Internal Controls

The District lacked segregation of duties for financial transactions; the District checking account requires only one signature for checks; bank reconciliations of the District checking account are not formally documented, not approved by the Executive Board, and not performed timely; the receptionist opens the mail but does not prepare a listing of receipts and does not restrictively endorse checks; the numerical sequence of checks was not accounted for properly; and invoices were not marked paid with the date and check number to prevent duplicate payment.

Status:

The District improved and amended its internal control procedures when the Executive Board approved a new Standard Operating Procedures Manual in October 2006 in which all internal controls were strengthened. Some similar conditions were again noted and included in the current report for the two years ended June 30, 2006.

Finding: Equipment

The District did not maintain a master inventory listing of equipment purchased with grant monies and equipment items were not always tagged identifying that the equipment was purchased with grant funds provided by the District and MDNR. For one of the grant recipient files reviewed, a copy of the Uniform Commercial Code (UCC) form providing the district a security interest in the equipment could not be found. The District does not verify that a grant recipient has insurance coverage for equipment purchased with grant funds.

Status:

The District did prepare and retain a master inventory of equipment purchased with grant monies but a building addition was not included on this inventory. A UCC-1 form was not on file for the one equipment item not found but the time period has expired for the state's security interest, and UCC-1 forms were not on file for other equipment items purchased for other grants. The District still does not verify that a grant recipient has insurance coverage for equipment purchased with grant funds but requires the grantee to state in its quarterly report that insurance coverage has been obtained. Similar conditions were again noted in the current report for the two years ended June 30, 2006.

Finding: Bond Coverage

The District's fidelity bond coverage for the four Executive Board members and the District planner is not adequate to cover the amount of District funds on hand.

Status:

The District increased its fidelity bond coverage to a sufficient amount of \$1 million to cover the funds held by the District. No similar condition was noted in the current report for the two years ended June 30, 2006.

Finding: Documentation of Bids Obtained

One of four grant files reviewed did not contain copies of bids showing that bidding procedures were followed by the grantee. The grant recipient included the names of the vendors contacted in their quarterly report to the District but did not include bid amounts or copies of bids.

**EAST CENTRAL SOLID WASTE MANAGEMENT DISTRICT
FOLLOW-UP ON PRIOR PERFORMANCE REVIEW FINDINGS (CONTINUED)**

Status:

The District still does not require or obtain copies of bids from grantees showing that bidding procedures were followed. The District requires the grantee to state in the quarterly report that bids were obtained. A similar condition was again noted in the current report for the two years ended June 30, 2006.

Finding: Provide Sufficient Notification When Soliciting Proposals

The District's announcement in December 2003 in newspapers in the district to seek proposals did not give an application deadline for submitting the proposals. In addition, the District did not date stamp grant applications upon receipt.

Status:

For the 2007 grant proposals, the District included a reasonable application deadline for submission of the grant proposals but did not date stamp the grant applications received. A similar condition was again noted in the current report for the two years ended June 30, 2006.

Finding: Document Site Visits

The District tries to visit all grantees at least once but these site visits are not documented.

Status:

Site visits are again made but are not documented. A similar condition was again noted in the current report for the two years ended June 30, 2006.

The MDNR also offered the following recommendations that were not considered findings.

1. Evaluate Funding of any Future Scrap Tire Amnesty Collections

The MDNR was concerned that scrap tire amnesty collection events may be counter-productive and recommended the District Board evaluate its policy to determine if any changes are needed.

The District Planner indicated that the Executive Board values the scrap tire amnesty collection event as a positive recycling event and plans to continue having them since it brings in many tires for recycling.

2. Prepare an Evaluation of Projects Funded

The District had not prepared an evaluation of all projects completed including evaluating the grant cost per ton of diverting solid waste from landfills. The MDNR recommended the District evaluate the results of projects and also document and evaluate how recipients of grants determine the amount of material diverted from landfills.

The District Planner indicated that the annual reports now filed by grantees require and show the project results and the amount of material diverted from landfills.

**EAST CENTRAL SOLID WASTE MANAGEMENT DISTRICT
FOLLOW-UP ON PRIOR PERFORMANCE REVIEW FINDINGS (CONTINUED)**

3. Establish Criteria for Repeat Grant Applications

The MDNR was concerned that some grant funds may be used to subsidize on-going operations instead of as a one-time incentive to expand recycling services in the state. The MDNR recommended that the District board evaluate its policy on repeat grant applications and determine if the board wants to place any restrictions on repeat grant applications.

The District Planner indicated that the board believes that grant funding should not be used to subsidize existing programs but to implement new programs or to expand or enhance current ones.

APPENDICES

**EAST CENTRAL SOLID WASTE MANAGEMENT DISTRICT
HISTORY AND ORGANIZATION**

Function of the District

Missouri's 20 solid waste management districts were created to foster regional cooperation among cities and counties in addressing solid waste management issues. The main function of a district is to develop a solid waste management plan with an emphasis on diverting waste from landfills and to assist with implementation of the plan. Plans should include provisions for a range of solid waste activities: waste reduction programs; opportunities for material reuse; recycling collection and processing services; compost facilities and other yard waste collection options; education in schools and for the general public; management alternatives for items banned from Missouri landfills and household hazardous waste; and prevention or remediation of illegal dumps. To help achieve their goals, districts administer grants to public and private entities in their district, made possible with monies from the Solid Waste Management Fund through the Missouri Department of Natural Resources.

Organizational Structure of the District

The East Central Solid Waste Management District (Region I or ECSWMD) was officially recognized on September 18, 1991 by the Missouri Department of Natural Resources, and presently consists of four counties in East Central Missouri and seventeen cities within these counties that have a population of 500 or more and one city less than 500 in population. The counties and the cities with a population of 500 or more (or 500 and less) that comprise the District are as follows:

<u>Counties</u>	<u>Cities</u>		
Franklin	Gerald	New Florence	Marthasville
Lincoln	New Haven	Elsberry	Warrenton
Montgomery	Pacific	Moscow Mills	Wright City
Warren	St. Clair	Troy	Washington
	Union	Winfield	Montgomery City
	Jonesburg	Wellsville	Berger (under 500)

The District revised its by-laws in June 1996 to adopt the "Alternative Management Structure" to be in compliance with RSMo Section 260.315. Participation in the District is voluntary and is formally established through a resolution of adoption filed with the District office by the member governments. The District is managed by an Executive Board consisting of one member from each of the four counties. The District is not a subsidiary of a larger unit of government. The District has a contractual relationship with the Boonslick Regional Planning Commission in Warrenton to manage the District's grants.

The District's by-laws indicate that the Full Council for the District shall consist of two members and one alternate from each of the 4 counties plus: (1) one member and one alternate by the governing body of each city within a member county with a population over 500 and, (2) one member and one alternate by the governing body of each city within a member county with a population under 500 that joins the ECSWMD.

The District Council members along with the Executive Board members are as follows:

Montgomery County

Gary Hoette* Associate Commissioner (1)

**EAST CENTRAL SOLID WASTE MANAGEMENT DISTRICT
HISTORY AND ORGANIZATION (CONTINUED)**

City of Jonesburg	Sherry Meyer, City Clerk (Alternate not designated)
City of Montgomery City	Jeff Porter, Mayor Charles Korman, Montgomery County Commissioner (Alternate)
City of New Florence	David Ramo Council Member Steve Williams, Mayor (Alternate)
City of Wellsville	Rich Daniels, Montgomery County Commissioner (Alternate)
<u>Lincoln County</u>	Marvin Himmel, Associate Commissioner (1)
City of Troy	Charles H. Kemper, Mayor James Zuroweste, Council Member (Alternate) Sean O'Brien, Lincoln County Commissioner (Alternate)
<u>Franklin County</u>	Gerald (Jerry) Goff, Emergency Management Director (1)
City of Gerald	Richard Pierce Marie Wright (Alternate)
City of Berger	Harold Englert, Mayor Lisbeth Fields (Alternate)
City of New Haven	Nathan Bailey, Aldermen (Alternate not designated)
City of Pacific	Mike Bates William Hohman (Alternate)
City of St. Clair	VACANT (City Administrator) Ted Schuermann (Alternate)
City of Washington	Brian Boehmer, Assistant City Administrator Robert Engemann (Alternate)
City of Union	Tori Karim, Planning and Zoning Terry Wilson, Franklin County Commissioner
<u>Warren County</u>	Fred Vahle, Presiding Commissioner (1)
City of Marthasville	Wendell Howard, Mayor (Alternate not designated)
City of Warrenton	Greg Costello, Council Member (Alternate) Jim Shores, Mayor Jim Logan, Warren County Commissioner (Alternate) Arden Engelage, Warren County Commissioner
City of Wright City	Kevin Kuhlmann, Administrator Eileen Klocke, Mayor

Full council members serve a term of two years.

(1) Executive Board member

The listing provided by the District planner for Council members did not have any representatives designated for the cities of Elsberry, Moscow Mills, and Winfield.

* Lon Little of Kingdom Projects in the city of Fulton was appointed to represent Montgomery County in February 2006 to serve the unexpired term after Gary Hoette resigned from the Executive Board upon retirement.

The District Planner from the Boonslick Regional Planning Commission serves as a non-voting member of the Executive Board.

**EAST CENTRAL SOLID WASTE MANAGEMENT DISTRICT
SCHEDULE OF STATE FUNDING
YEARS ENDED JUNE 30, 2006 AND JUNE 30, 2005**

Due to the District not submitting the 2004 assessment inventory report and the quarterly financial summary reports to the MDNR as required, the District did not receive any state funding during the two years ended June 30, 2006. In January 2007, the District received fiscal year 2004 grant funding in the amount of \$58,715.50 after quarterly reports were submitted and the MDNR forgave the filing of the 2004 assessment inventory based on the timely submission of the 2006 assessment inventory. The MDNR is still holding fiscal years 2005 and 2006 grant monies from the District pending completion and filing of the 2006 assessment inventory, which was due on April 1, 2007.

**EAST CENTRAL SOLID WASTE MANAGEMENT DISTRICT
COMPOSITION OF CASH BALANCE
JUNE 30, 2006**

<u>Project</u>	<u>Obligated</u>
2003065 BRPC District Implementation	\$ 7,816.39
2004173 Organic Waste Intake and Composting Marketing and Implementation	9,500.00
2004174 City of Washington Recycling Center Facility Addition	10,000.00
2004175 Central Paper Stock Company, Inc. Tree Saver Containers Purchase	8,587.00
2004176 Forrest Keeling Nursery, Inc. composting forklift purchase	9,656.50
2004178 Village of Innsbrook Hall parking lot and driveway Glassphalt	1,500.00
2005198 BRPC District Implementation	20,000.00
2005199 BRPC tire collections district-wide	27,454.20
2005200 BRPC Glassphalt parking project Warren County Extension Center	10,000.00
2005201 computer recycling	10,000.00
2005202 Innsbrook Owners Association composting facility	9,983.10
2005203 University of Missouri Extension E-Scrap Action Program	8,000.00
Total per financial summary form	\$ <u>132,497.19</u>

Total per Quarterly Project Financial Summary Form
as of June 30, 2006 \$132,497.19

Less: Bank balance at June 30, 2006 29,202.17*

Amount of financial report that exceeds cash balance \$103,295.02

* Included in this amount is \$3,221.14 of unobligated interest income.

Note: The District did not receive district grant monies for 2004 and 2005 projects listed on the Quarterly Project Financial Summary Form from the MDNR as of June 30, 2006. FY 2004 projects had a fully executed Financial Assistance Agreement, however, funds were being withheld by the MDNR due to the District's failure to timely submit Quarterly Status Report Forms. Additionally, FY 2005 projects have not been agreed to by the District and the MDNR as FY 2005 and FY 2006 fully executed Financial Assistance Agreements were not returned to the MDNR from the District. The 2003065 project obligated amount of \$7,816.39 plus the unobligated interest income of \$3,221.14 leaves an unidentified balance of \$18,164.64.