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NATURAL RESOURCES

Eric R. Greitens, Governor

Carol S. Comer, Director

MAR 13 2017

Mr. Bob Caldwell, Chairperson
Region D Recycling and Waste Management District
P.O. Box 206
Savannah, MO 64485

Dear Mr. Caldwell:

RE: Region D Recycling and Waste Management District Financial Monitoring Program
Report for Years Ending June 30, 2015 and June 30, 2016

Please find herein the Missouri Department of Natural Resources' (Department) Solid Waste Management Program's (SWMP) District D - Recycling and Waste Management District (District D or Region D) Financial Monitoring Program Report for the years ending June 30, 2015 and June 30, 2016.

Region D receives less than \$250,000 of Department allocations per year and is monitored biennially by the Department's SWMP pursuant to section 260.325.9 RSMo. Region D's financial monitoring report by the Department's SWMP Accounting Unit has been completed. This portion of the monitoring report is the program review which examines Region D's security interests, certain information regarding property records and physical inventory along with site visits to the District Subgrantees to review the projects.

Monitoring reviews are part of SWMP's oversight of solid waste management district activities to ensure public moneys are fully accounted for and reported and to promote fiscal accountability at the district level. We are committed to working cooperatively with the District to ensure compliance with the solid waste management laws, the district grant rule and the Department's SWMP General Terms and Conditions. We appreciate Region D's assistance with the monitoring process.

Region D encompasses the counties of Andrew, Buchanan, Clinton and De Kalb.
Ms. Brenda Kennedy is an employee of the District and is the District Planner.

The District's grants for the fiscal years 2015 and 2016 are: D2016-001 District Operation, D2016-002 Plan Implementation, D2016-003 Clinco Industries, Inc. Upgrade (box truck), D2016-004 District Education Project, D2016-005 District Electronics Recycling Grant, D2016-006 District Household Hazardous Waste and Agricultural Waste Collection, D2015-001 District Operation, D2015-002 Plan Implementation, D2015-003 City of Cameron Recycling Program (recycling containers, bins and bags), D2015-004 City of Stewartsville Recycling Bins and Rock, D2015-005 Clinco Industries, Inc. Replacement Forklift Tires and Bins, D2015-006 District Education Project, D2015-007 District Electronics Recycling and D2015-008 District Household and Agricultural Chemical Waste Collection.



Re recycled paper

The site visit on October 25, 2016, to Region D included visits to Clinco Industries, Inc., City of Cameron City Park, Stewartsville Recycling Center and the Region D Office in Clarksdale.

The site visit to Clinco Industries, Inc., showed the sheltered workshop/recycling center is properly maintained with safeguards such as security cameras, doors being barred by 2 x 4's when closed and many lights. They do have a separate 24 hour drop-off recycling building and though it has open windows for drop-off recycling collection, the doors are locked and they do not collect scrap metal (a target for theft). Outdoor storage of glass is covered with a roof constructed over the glass bins between two (2) buildings. Clinco's Recycling Center equipment had equipment tags and a posted list of equipment on their bulletin board stating funding was provided by the Department.

The City of Cameron City Park has both trash cans and recycling containers in the park. The grant funded the recycling containers and bags. Security interests were not required since the unit cost was less than \$5,000 each.

The City of Stewartsville Recycling Center site received two (2) loads of rock and four (4) recycling bins through its grant. The bins are the heavy plastic containers and the rock was used for access to the center. The recycling containers are covered and are also used to transport the recyclables to Clinco for processing. Security interests were not required since the unit cost was less than \$5,000 each.

On October 25, 2016, SWMP visited the District's project sites. SWMP monitored the equipment, equipment tags, Department source of funding signage and asset control system. SWMP scrutinized the projects to see if the actual project matched the approved project with the Attachment 1 and Financial Assistance Agreement. SWMP also went to the District office and reviewed the District's security interests and records showing whether the District is doing a physical inventory check every two (2) years. The District is in compliance with one (1) exception.

The District's security interests vary depending on the type of equipment, building or site improvement. For equipment costing \$5,000 or more, a UCC-1 filed with the Missouri Secretary of State is required unless the collateral is fixtures then the deed of trust or property title lien would be filed with the Missouri State County Recorder of Deeds. We note that security interests for motor vehicles are filed with the Missouri Department of Revenue as a lien on the title. Security interests for building or site improvements are filed with the Missouri State County Recorder of Deeds as a lien on the deed of trust or property title.

One (1) Subgrantee, Clinco Industries, Inc., has filed its UCC-1s for equipment with the Missouri County Recorder of Deeds. This is not the correct filing per section 400.9-501 RSMo. For a proper filing of the District's security interest for equipment, the subgrantee must file its UCC-1s for equipment with the Missouri Secretary of State. Any District security interest in

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equipment with a UCC-1 for Clinco Industries, Inc. which is within the five (5) year period per the Department SWMP General Terms and Conditions section I. M. or longer if provided for by the Council or Executive Board approved District's Policies and Procedures, must be filed with the Missouri Secretary of State. Please provide a copy of the Missouri Secretary of State UCC-1 filings when the UCC-1s are filed with the Missouri Secretary of State but no later than 60 days from the date of this letter.

Due to the limited scope of the financial monitoring- program review, the SWMP is not assessing the property records and physical inventory, including annual use statements and current insurance records per the District Grant Rule 10 CSR 80-9.050 (7) K, L and M and the Department's SWMP General Terms and Conditions section I.Mand I.N. The Performance Audits scheduled every five (5) years will do that review. However, based upon the results from the performance audits this year for certain districts, SWMP recommends that the District's one (1) inventory spreadsheet be expanded to include all of the asset inventory information including a description of the equipment, serial number or other identification number, the source of the equipment, who holds the title, the acquisition date, cost of the equipment, percentage of state participation in the cost of the equipment, and the location, use and condition of the equipment and a physical inventory date when the inventory was personally looked at once every two (2) years with the equipment condition listed. See section J.M. 2.a. and b. of the Department's SWMP General Terms and Conditions.

Neither the financial review nor the program review indicates the need for a financial statement audit. Thank you for your cooperation in the monitoring program review of Region D.

If you have any questions, please contact me at 573-751-5401 or Ms. Anita Stansfield at 573-522-1553 or by email at atjeff.heisler@dnr.mo.gov or anita.stansfield@dnr.mo.gov or by mail at Missouri Department of Natural Resources, Solid Waste Management Program, P.O. Box 176, Jefferson City, MO 65102.

Sincerely,

SOLID WASTE MANAGEMENT PROGRAM


Jeffrey T. Heisler, Chief
Operations Section

JTH/asl

c: Ms. Brenda Kennedy, Planner, Region D Recycling and Waste Management District

