



**DISTRICT G - MARK TWAIN SOLID WASTE MANAGEMENT DISTRICT  
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January 25, 2018

## INDEPENDENT AUDITORS' REPORT

Missouri Department of Natural Resources  
and  
Region G - Mark Twain Solid Waste Management District  
Perry, Missouri

The Missouri Department of Natural Resources (DNR), Solid Waste Management Program is responsible for administering the policies and programs developed to ensure solid waste is managed in such a way that protects both public health and the environment. The DNR provides funding from solid waste tonnage fee collections to the solid waste management districts in the State of Missouri to fund their operations and community-based waste reduction, reuse, composting and recycling projects. We have completed a performance audit of activities of District G - Mark Twain Solid Waste Management District's (SWMD) compliance with state laws, regulations, and policies. The procedures were conducted pursuant to the authority of the DNR.

### Objectives

The objectives of our audit of District G SWMD included:

- To determine the district, council, executive board, and the advisory committee were organized properly and in accordance with the Revised Statutes of Missouri.
- To determine the council and executive board have carried out their duties as specified in the Revised Statutes of Missouri.
- To review the district's internal controls for accounting and financial matters, safeguarding assets, subgrantees, and compliance with laws, regulations, financial assistance agreements, solid waste plans, policies, and procedures.
- To determine the district was in compliance with laws, regulations, financial assistance agreements, solid waste plans, policies, and procedures.
- To determine the quarterly and final reports submitted to the DNR-Solid Waste Management Program by the district, along with accounting records and supporting documentation, were timely, presented accurately, and in accordance with the DNR-Solid Waste Management Program guidelines.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**  
**DISTRICT G – MARK TWAIN SOLID WASTE MANAGEMENT DISTRICT**

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- To determine expenditures by the district from advancements and reimbursements made by the district to subgrantees were made for allowable and eligible costs.
- To determine the district grant funds were awarded to subgrantees or placed under contract properly and to review grant/contract management and monitoring of subgrantees and contractors.
- To determine the subgrant project effectively met its goal of diverting waste from landfills or providing environmental education and to determine the per unit cost (ton of waste diverted or per student).

Scope

The scope of our audit of District G SWMD was for the two fiscal years ended June 30, 2016.

Methodology

Our methodology included: reviewing the organization of the district, minutes of meetings, written policies and procedures, financial records, and quarterly and final reports; interviewing district personnel; evaluating internal controls; and evaluating and inspecting grant projects. Our audit procedures and objectives were set forth in the Missouri Department of Natural Resources, Solid Waste Management Program audit program. See the separate section for a detailed list of the audit procedures.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This report is intended solely for the information and use of District G SWMD and the DNR and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Beard-Boehmer & Associates, PC*

Beard-Boehmer & Associates, PC  
Columbia, Missouri

**DISTRICT G - MARK TWAIN SOLID WASTE MANAGEMENT DISTRICT  
HISTORY AND ORGANIZATION**

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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.

District G - Mark Twain Solid Waste Management District was formed on April 17, 1992, and consists of seven counties in Northeastern Missouri and 20 cities within these counties with a population of 500 or more. On January 14, 1999, the District executed an Intergovernmental Cooperation Agreement that changed the management structure to the "Alternative Management Structure". The agreement was recorded in each of the seven counties and filed with the Secretary of State. The District does not have a Full Council. The District is managed by an Executive Board consisting of one member from each county. The officers of the District Executive Board are the Chairman, Vice-Chairman, Secretary, and Treasurer. The Executive Committee is composed of the officers of the District Executive Board.

The District is not a subsidiary of a larger unit of government but is a body corporate and politic and a separate legal entity exercising public and essential government functions to provide for the public health, safety, and welfare and shall have all the powers granted under the Solid Waste Management Law.

The counties that comprise the District include Macon, Marion, Monroe, Pike, Ralls, Randolph, and Shelby.

The 20 cities with a population of 500 or more that comprise the District are as follows:

Cities			
Bevier	Hannibal	Macon	Palmyra
Bowling Green	Higbee	Madison	Paris
Center	Huntsville	Moberly	Perry
Clarence	LaPlata	Monroe City	Shelbina
Clarksville	Louisiana	New London	Shelbyville

**DISTRICT G - MARK TWAIN SOLID WASTE MANAGEMENT DISTRICT  
HISTORY AND ORGANIZATION (CONTINUED)**

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The District Executive Board members as of June 30, 2016, were as follows:

Alan Wyatt, Chairman	Macon County– Presiding Commissioner
Glenn D. Turner, Vice-Chairman	Monroe County–Associate Commissioner
Kerry McCarty, Secretary	Shelby County – Associate Commissioner
Steve Whitaker, Treasurer	Ralls County – Associate Commissioner
Jim Luebrecht	Pike County – Associate Commissioner
John Truesdell	Randolph County – Presiding Commissioner
Randy Spratt	Marion County – Associate Commissioner

The District Executive Board Members as of January 22, 2018, were as follows:

Alan Wyatt, Chairman	Macon County– Presiding Commissioner
Mike Minor, Vice-Chairman	Monroe County–Associate Commissioner
Tom Shively, Secretary	Shelby County – Associate Commissioner
Wiley Hibbard, Treasurer	Ralls County – Associate Commissioner
Chris Gamm	Pike County – Associate Commissioner
John Truesdell	Randolph County – Presiding Commissioner
Steve Begley	Marion County – Associate Commissioner

Article V of the District’s by-laws states officers will hold a term of office for two years and must be a current member of the Executive Board. Article VI of the District’s by-laws states the Executive Board shall consist of the Presiding Commissioner of each member county in the District. Should a Presiding Commissioner wish to designate someone to fill their seat on the Executive Board they will, with the approval of their county commission, select a resident of the county to serve on the Executive Board. Said designee shall have the same powers and responsibilities as the Presiding Commissioner they are representing.

The District has one advisory committee consisting of four members.

The duties for managing the District have been awarded to the Mark Twain Regional Council of Governments through an administrative contract. The entity is paid a monthly fee for administration of the District.

During the engagement period, the District maintained one checking account.

**DISTRICT G – MARK TWAIN SOLID WASTE MANAGEMENT DISTRICT  
AUDIT PROCEDURES  
FOR THE TWO YEARS ENDED JUNE 30, 2016**

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During the dates of January 22-25, 2018, the audit firm of Beard-Boehmer & Associates, PC conducted a performance audit of District G – Mark Twain Solid Waste Management District. Our audit procedures were set forth in the Missouri Department of Natural Resources (DNR), Solid Waste Management Program audit program and included:

1. Entrance Conference

- We conducted an entrance conference with the solid waste management district to discuss the scope of the engagement and the status of the district activities.

2. History and Organization

- We reviewed the history and organization of the district.
- We reviewed the district's policies and procedures for monitoring the qualifications, terms, vacancies, and conflict of interest of the members of the Executive Board.
- We obtained and reviewed a listing of the Executive Board's advisory committee members including their affiliation.
- We obtained and reviewed the district's bylaws to determine requirements are in compliance with the Revised Statutes of Missouri and are approved.
- We prepared a summary of the current organization of the district.

Findings: See finding No. 1.

3. Minutes of Meetings

- We reviewed minutes of Executive Board meetings for the engagement period.
- We evaluated six sets of board minutes utilizing The Missouri Sunshine Law Compliance Checklist prepared by the DNR.
- We reviewed the district's written policy regarding the Sunshine Law and procedures regarding requests for district records.

Findings: None.

4. Follow-up to Prior Audits

- We reviewed the findings of the previous performance engagement and the financial audits performed for the district and documented the status of the findings and the corrective action taken by the district.

Findings: See Summary of Prior Audit Findings.

**DISTRICT G – MARK TWAIN SOLID WASTE MANAGEMENT DISTRICT  
AUDIT PROCEDURES (CONTINUED)  
FOR THE TWO YEARS ENDED JUNE 30, 2016**

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5. Internal Controls

- We completed the "Internal Control Questionnaire" form prepared by the DNR, which identified strengths and weaknesses of the internal controls.

Findings: None.

6. Cash

- We obtained the monthly bank statements and bank reconciliations for each month of the audit period and reviewed them for propriety and accuracy.
- We determined whether the board was provided an opportunity to review financial reports/reconciliations and that they were dated and signed as being reviewed by the board.
- We obtained a listing of DNR funds for the engagement period.
- We provided a makeup of the district's cash balance at June 30, 2015 and June 30, 2016, and reconciled the cash balance reported to the DNR on the Quarterly Project Financial Summary Report to the bank and checkbook balances.
- We reviewed the system used by the district to allocate interest income to state and local funds.
- We reviewed the district's cash management process for forecasting cash needs and requesting funds.

Findings: See finding No. 2.

7. Administrative/Management Services

- We determined whether the district contracted out administrative/management services.
- We determined if the contract was in compliance with DNR rules and regulations; contract terms are written and properly approved; and invoices and supporting documentation for billing of services are appropriate, properly approved, and in compliance with contract terms.

Findings: None.

8. Records

- We documented the availability and completeness of the district's records and supporting documentation directly related to the funds and projects supported by DNR funding for a period of three years from the date of submission of the final status report.

Findings: None.

**DISTRICT G – MARK TWAIN SOLID WASTE MANAGEMENT DISTRICT  
AUDIT PROCEDURES (CONTINUED)  
FOR THE TWO YEARS ENDED JUNE 30, 2016**

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9. General Terms and Conditions

- We reviewed procedures and documented the district's compliance with the General Terms and Conditions, which are included as part of the financial assistance agreement between the DNR and the solid waste management district and which also applies to any subgrantee that receives DNR funding.

Findings: See finding No. 3.

10. District Grants

- We obtained a schedule of district grants from the DNR for Fiscal Year 2015 and Fiscal Year 2016 and reviewed the Guidance Document for Solid Waste Management District Grants.
- We reviewed proposals for Fiscal Year 2015 and Fiscal Year 2016, the project and budget periods, and the proposal review and evaluation process used by the district to determine compliance with the guidance document.
- We reviewed a sample of awarded projects selected by the DNR and completed a "Detailed Review of District Grant Projects" form prepared by the DNR on each project.

Findings: None.

11. Exit Conference

- We conducted an exit conference with the district and DNR to discuss the results of the engagement.

**DISTRICT G - MARK TWAIN SOLID WASTE MANAGEMENT DISTRICT  
SUMMARY OF FINDINGS AND QUESTIONED COSTS  
FOR THE TWO YEARS ENDED JUNE 30, 2016**

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**1. By-Laws Change Required for Update on Financial Audits**

**Condition:** The District's by-laws in Section 9.3 have not been updated to reflect the Department of Natural Resources' (DNR) policy on financial audits. The by-laws indicate the District shall have a financial audit performed annually.

**Criteria:** I.J.5. of the DNR General Terms and Conditions (GTC) indicate the District's executive board shall have their records audited by a certified public accounting or firm of certified public accounts pursuant to Section 260.325, RSMo. Districts receiving more than eight hundred thousand dollars of financial assistance annually shall have an annual independent financial statement audit. Districts receiving between two hundred fifty thousand dollars and eight hundred thousand dollars annually shall have a biennial independent financial statement audit for the two-year period. All other Districts shall be monitored biennially by the Department.

**Cause:** The District had changed its policies and procedures manual for the new policy on financial audits but did not update its by-laws.

**Effect:** The District's by-laws and the policies and procedures manual are not in agreement regarding financial audit requirements and the District may not remember or misinterpret when a financial audit is required.

**Recommendation:** The District should review its by-laws and amend them to correspond with the DNR policy on financial audits, unless the Executive Board still decides to have an annual financial audit.

**District Response:** *The District concurred with the finding and recommendation.*

**2. District's Carryover Unobligated Amount in Excess of Requirements**

**Condition:** Our review of the unobligated carryover balances presented each quarter on the quarterly project financial summary reports for the engagement period noted the following:

- The District presented a balance of \$99,685 as the amount of unobligated carryover on the June 30, 2016, quarterly project financial summary report. This amount is in excess of the amount allowed according to the Code of State Regulations (CSR). This amount includes balances from various grant projects and monies from the disposition of equipment from a grant project closed by the District. This balance does not include interest income on hand.

**DISTRICT G - MARK TWAIN SOLID WASTE MANAGEMENT DISTRICT  
SUMMARY OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

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- The District did not have a detailed listing of all the grant projects and other amounts comprising the \$99,685 unobligated carryover as of June 30, 2016. Upon request, the District prepared a detailed listing of all the monies that composed the unobligated carryover amount.

**Criteria:** 10 CSR 80-9.050 (2)(C) 6 states that at the end of a District's fiscal year, any district carryover funds and interest income in excess of twenty thousand dollars shall be allocated for projects other than district operations in the District's next request for project proposals in accordance with Section 260.335, RSMo, unless approved by the department.

**Cause:** The District did not realize the amount unobligated had grown to such a large amount.

**Effect:** The District was not in compliance with the CSR regarding the amount of unobligated carryover it could have. The District requested an amount of \$75,000 from the DNR in the Fiscal Year 2017 grant call to be taken from the unobligated carryover to use for a District implementation grant project. This left the unobligated amount at a much lower level but still at an amount of \$40,498 as of June 30, 2017.

**Recommendations:**

1. The District should allocate carryover and interest income in excess of \$20,000 for various grant projects other than district operations on the next request for project proposals to get this unobligated carryover down to the \$20,000 maximum limit, unless approved by the DNR.
2. The District should maintain a detailed listing of the total unobligated amount as presented on the quarterly project financial summary report to show what the balance consists of.

**District Response:** *The District concurred with the finding and recommendations.*

**3. District's Independent Financial Audit Not Containing All Required Information**

**Condition:**

- A. The independent financial audit obtained by the District from an independent accountant did not contain all the required information as indicated in the GTC and is also required by generally accepted accounting principles (GAAP). The audit report did not show a Management's Discussion and Analysis (MD&A), an Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in accordance with generally accepted

**DISTRICT G - MARK TWAIN SOLID WASTE MANAGEMENT DISTRICT  
SUMMARY OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

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accounting standards (GAAS), a section on current findings and questioned costs, and a follow-up on prior findings and questioned costs.

- B. The independent financial audit report for the year ended June 30, 2015, presented an accounts payable amount but did not include the retainage payable. The District withholds and retains a retainage amount from subgrantees for grant projects until the final report is submitted and approved. The amount withheld from subgrantees and held by the District at fiscal year-end should be reflected in the independent financial audit report.

**Criteria:** Section I.J.5 of the GTC and also GAAP require the financial audit reports to contain an MD&A, an Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters, a section on current findings and questioned costs, and a follow-up on prior findings and questioned costs.

**Cause:** The District did not properly review the outside financial audit report to ensure compliance with the GTC. The District also did not prepare an MD&A to include in the financial audit report.

**Effect:** The District was not in compliance with the GTC and with GAAP. The financial audit report does not provide an accurate presentation of the District's financial condition.

**Recommendation:** The District ensure the independent financial audit report reflects all requirements according to the GTC and with GAAP.

**District Response:** *The District concurred with the finding and recommendation.*

**DISTRICT G - MARK TWAIN SOLID WASTE MANAGEMENT DISTRICT**  
**SUMMARY OF PRIOR AUDIT FINDINGS**

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The prior performance audit was conducted by an audit firm contracted by the Missouri Department of Natural Resources for the period July 1, 2008, through June 30, 2010. Of the two audit findings, both were implemented by the District.

Finding 1: Executive Board Meeting Public Notices/Agendas Not in Compliance With Sunshine Law

Status: Implemented.

Finding 2: Subgrantee Did Not Properly Retain the Project Grant File

Status: Implemented.



**APPENDICES**

DISTRICT G - MARK TWAIN SOLID WASTE MANAGEMENT DISTRICT  
SCHEDULE OF STATE FUNDING  
YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

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	<u>Amount</u>
<u>Year Ended June 30, 2016</u>	\$ -0-
<u>Year Ended June 30, 2015</u>	\$440,400

**DISTRICT G - MARK TWAIN SOLID WASTE MANAGEMENT DISTRICT  
SCHEDULE OF GRANT FUNDING, DISBURSEMENTS, AND GRANTS CASH BALANCES  
JUNE 30, 2016**

Project Grant Number	Project Name	Program Funding Amount	Carryover Funds Obligated	Program Income Allocated	Total Program Funding	Total Disbursements	June 30, 2016 Grants Cash Balance
G2015-02	Regional Household Hazardous Waste and E-Waste Collections	\$ 75,000	\$ -	\$ -	\$ 75,000	\$ 37,371	\$ 37,629
G2015-03	Monroe City Sheltered Workshop - Recycling Box Truck	36,076	-	-	36,076	26,595	9,481
G2015-04	City of Moberly Household Hazardous Waste Facility	3,314	-	-	3,314	3,196	118
G2015-05	Pike County Recycling	39,080	-	-	39,080	29,361	9,719
G2015-06	Macon County Sheltered Workshop - Box Truck and Holiday Light Equipment	67,500	-	-	67,500	56,747	10,753
G2015-07	Paris R-II School District Promoting Recycling	15,903	-	-	15,903	12,335	3,568
G2015-08	Northeast Missouri Sheltered Workshop - NEMO Rebuild	1 38,779	-	-	38,779	24,946	13,833
G2016-01	District Operations	77,634	-	-	77,634	44,187	33,447
<b>Totals</b>		<b>\$ 353,286</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 353,286</b>	<b>\$ 234,738</b>	<b>\$ 118,548</b>
<u>Carryover unobligated consists of the following:</u>							
G2007-01	District Operations	\$ 24,193				Interest income unobligated	473
G2012-01	District Operations	24,161				Carryover unobligated *	99,685
G2012-02	City of Palmyra Recycling Program	101				Adjusted grant balance	\$ 218,706
G2012-03	Perry Christian Academy Education Recycling	342				Reconciled cash balance	\$ 218,706
G2012-04	Center Elementary School Recycling	1,037					
G2012-08	Macon County Economic Development Recycling Program	3,951					
G2012-09	Macon Diversified Industries - Plastic and Aluminum Recycle	1,472					
G2012-12	Randolph County Sheltered Workshop - Styrofoam Recycling	527					
G2013-01	District Operations	4,839					
G2014-01	District Operations	16,683					
G2014-02	Shelby County - Recycle Today and Breathe Easier Today	3,825					
G2014-03	Macon County Economic Development - Curbside Recycling Pilot Project	13,795					
G2014-05	Pike County Sheltered Workshop - Curbside Sorting Equipment	1,178					
G2014-06	City of Clarence - Hometown Pride	306					
G2014-09	Macon Diversified Industries - Skid Steer Vehicle	1,125					
G2014-13	Randolph County Sheltered Industries - Recycling Trailers for Randolph County	288					
G2014-14	Vanessa Thomas - Composting in Louisiana	6,605					
G2014-14	Sale of equipment after project closed - net of costs of \$245	14,268					
G2015-01	District Operations	11,473					
G2015-01	District Operations	658				Overpayment	
G2015-08	Northeast Missouri Sheltered Workshop - NEMO Rebuild	9,480				1 Board deobligated original funding amount	
		140,307					
	Less: Carryover used on project 2014-10	(40,622)					
<b>Total carryover unobligated</b>		<b>\$ 99,685</b>					<b>*</b>

**DISTRICT G - MARK TWAIN S.W. WASTE MANAGEMENT DISTRICT  
 SCHEDULE OF GRANT FUNDING, DISBURSEMENTS, AND GRANTS CASH BALANCES  
 JUNE 30, 2015**

Project Grant Number	Project Name	Program Funding Amount	Carryover Funds Obligated	Program Income Allocated	Total Program Funding	Total Disbursements	June 30, 2015 Grants Cash Balance
G2014-02	Shelby County-Recycle Today and Breathe Easier Today	\$ 43,300	\$ -	\$ -	\$ 43,300	\$ 39,475	\$ 3,825
G2014-09	Macon Diversified Industries-Skid Steer Vehicle	22,500	-	-	22,500	21,375	1,125
G2014-10	Mark Twain Regional Council of Governments - Regional HHW Collections	34,378	40,622	-	75,000	-	75,000
G2014-11	Monroe City Sheltered Workshop - Vertical Balers	8,976	-	-	8,976	7,630	1,346
G2014-12	Northeast Missouri Sheltered Workshop - NEMO Needs You	30,000	-	-	30,000	30,000	-
G2014-13	Randolph County Sheltered Industries - Recycling Trailers for Randolph County	17,558	-	-	17,558	14,094	3,464
G2015-01	District Operations	77,634	-	-	77,634	49,663	27,971
G2015-02	Regional Household Hazardous Waste and E-Waste Collections	75,000	-	-	75,000	-	75,000
G2015-03	Monroe City Sheltered Workshop - Recycling Box Truck	36,076	-	-	36,076	-	36,076
G2015-04	City of Moberly Household Hazardous Waste Facility	3,314	-	-	3,314	-	3,314
G2015-05	Pike County Recycling	39,080	-	-	39,080	-	39,080
G2015-06	Macon County Sheltered Workshop - Box Truck and Holiday Light Equipment	67,500	-	-	67,500	-	67,500
G2015-07	Paris R-II School District Promoting Recycling	15,903	-	-	15,903	-	15,903
G2015-08	Northeast Missouri Sheltered Workshop - NEMO Rebuild	48,259	-	-	48,259	-	48,259
G2016-01	District Operations	77,634	-	-	77,634	-	77,634
<b>Totals</b>		<b>\$ 597,112</b>	<b>\$ 40,622</b>	<b>\$ -</b>	<b>\$ 637,734</b>	<b>\$ 162,237</b>	<b>\$ 475,497</b>

Interest income unobligated	392
Carryover unobligated	72,835
Adjusted grant balance	\$ 548,724
Reconciled cash balance	\$ 548,724