

MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H

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CASEY AND COMPANY OF COLUMBIA, L.L.C.



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December 10, 2008

INDEPENDENT AUDITORS' REPORT

Department of Natural Resources
and
Mid-Missouri Solid Waste Management District – Region H
Executive Board and District Council



We have audited the accompanying financial statements of the governmental activities and General Fund of the Mid-Missouri Waste Management District – Region H (the "District"), as of and for the year ended June 30, 2008, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the Mid-Missouri Solid Waste Management District – Region H as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

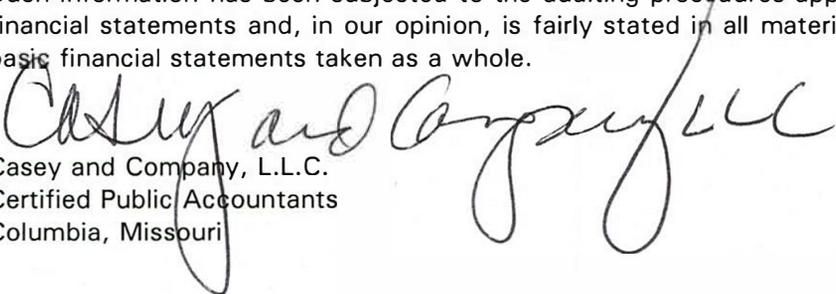
In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2008 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
INDEPENDENT AUDITORS' REPORT (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

The accompanying Managements' Discussion and Analysis (pages 4 - 7) and Budgeted Financial Information (pages 21 - 22), are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the Mid-Missouri Solid Waste Management District - Region H's basic financial statements. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


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

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MANAGEMENTS' DISCUSSION AND ANALYSIS

**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
MANAGEMENTS’ DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

Our discussion and analysis of the Mid-Missouri Solid Waste Management District’s (the “District” or “MMSWMD”) financial performance provides an overview of the District’s financial activities for the year ended June 30, 2008. Please read in conjunction with the District’s financial statements which begin on page 9.

FINANCIAL HIGHLIGHTS

- The District’s net assets totaled \$87,139 on June 30, 2008.
- The District’s funding comes from the Solid Waste Management Fund (the Fund) through the Missouri Department of Natural Resources. Tipping fees from landfills in the state are deposited into this fund. The current tip fee is \$2.11/ton. A formula for annually dividing the Fund between the 20 districts of the state and Department of Natural Resources is set through legislation. A district’s allotment is dependent on the location of a landfill(s) within the district, the activity of the landfill(s) within the district and the population of the district. The District’s allotment for the four quarters of FY2008 totaled \$430,631.
- The District used 44% of the funds for administration of the District and to provide technical assistance to the cities and counties of the District.
- The remaining 56% of the grant funds were used for projects of the cities and counties of the District.
- District expenditures, excluding depreciation, totaled \$376,882 during the fiscal year.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34.

Report Components

This annual report consists of four parts as follows:

Government-Wide Financial Statements: The Statement of Net Assets and the Statement of Activities (pages 9 - 10) provide information about the activities of the District and present a longer term view of the District’s finances.

Fund Financial Statements: The fund financial statements (pages 11 - 12) report the District’s operations in more detail than the government-wide statements by providing information about the District’s General Fund. For government activities, this statement tells how the services were financed in the short term as well as what remains for future spending.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statement and provide expanded explanation and detail regarding the information reported in the statements. The notes to the financial statements are on pages 14 - 19 of this report.

Required Supplementary Information: The Managements’ Discussion and Analysis and Budget to Actual Comparison represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as “the basic financial statements”).



**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
MANAGEMENTS’ DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

Basis of Accounting

The District uses a current financial resources measurement focus and the accrual basis of accounting. Its revenues are recognized when susceptible to accrual, i.e. when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized under the accrual basis of accounting when the related fund liability is incurred, if measurable.

Statement of Net Assets

The District’s net assets are summarized as follows:

	<u>June 30,</u> <u>2008</u>	<u>June 30,</u> <u>2007</u>	<u>June 30,</u> <u>2006</u>
ASSETS:			
Cash and investments	\$ 509,335	\$ 517,834	\$ 364,112
Accounts (Grants) receivable	88,149	-	176,319
Equipment, fixtures, furnishings	22,904	22,904	20,604
Less: Accumulated depreciation	<u>(5,077)</u>	<u>(2,786)</u>	<u>(515)</u>
Total Assets	<u>\$ 615,311</u>	<u>\$ 537,952</u>	<u>\$ 560,520</u>
LIABILITIES:			
Accounts payable	\$ 52,919	\$ 27,688	\$ 37,097
Retainage Payable	3,302	14,360	7,863
Deferred revenue (Unearned grant revenue)	<u>471,951</u>	<u>415,515</u>	<u>446,416</u>
Total liabilities	<u>\$ 528,172</u>	<u>\$ 457,563</u>	<u>\$ 491,376</u>
NET ASSETS:			
Invested in capital assets, net of related debt	\$ 17,827	\$ 20,118	\$ 20,089
Restricted	<u>69,312</u>	<u>60,271</u>	<u>49,025</u>
Total Net Assets	<u>\$ 87,139</u>	<u>\$ 80,389</u>	<u>\$ 69,114</u>

The District’s net assets were \$87,139 as of June 30, 2008, for an 8% increase from the prior year. Total restricted funds reached \$69,312, for an increase of \$9,041 or 15%, from the previous year.

In April of 2004, the Executive Board adopted the District’s Policies and Administrative Rules (PAR). The PAR states that “MMSWMD shall maintain an unreserved fund balance that is equal to at least 25% of the average operating budget for the prior three fiscal years but no more than 33% of the average operating budget for the prior three fiscal years.” When all MMSWMD activities, including tire collections, HHW, salaries, and other administrative costs are added together for the last three years, the average expenditure for MMSWMD is \$160,941. The target fund balance should therefore be between \$40,235 and \$53,111. Our current fund balance of 43% exceeds the highest allowable level, therefore interest revenues and program income will be obligated in the FY 2009 Grant Round 2 to reduce the target fund balance to not exceed 33%. The District will obligate a minimum of \$25,000 in the FY 2009 Round 2 grant application which includes interest earned in FY 2009 and program income earned from recent tire collection events.

**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
MANAGEMENTS' DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

Revenues and Expenditures

	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Subgrantee Grants (DNR Solid Waste Grants)	\$ 227,474	\$ 210,718	\$ 154,336
DNR Administrative Grants (PI-D0)	131,978	142,629	153,247
Other Grants (DNR State Grant)	-	10,271	-
Intergovernmental - contributions	47,314	-	-
Charges for Services	9,450	7,328	10,808
Interest income	17,021	19,650	9,682
Total Revenues	\$ 433,237	\$ 390,596	\$ 328,073
Subgrantee Grant Expenditures	\$ 227,474	\$ 210,719	\$ 155,723
Personnel	119,800	86,121	63,475
Contracted Services	41,350	46,493	51,520
Depreciation	2,291	2,271	515
Other	35,572	33,717	26,924
Total Expenditures	\$ 426,487	\$ 379,321	\$ 298,157
Increase (decrease) in net assets	\$ 6,750	\$ 11,275	\$ 29,916
Net assets, beginning of year	80,389	69,114	39,198
Net assets, end of year	<u>87,139</u>	<u>80,389</u>	<u>69,114</u>

The decrease in total revenues in FY2008 from FY2007 is due to grant funds not expended in the administrative grants. The permanent Administrative Support Assistant position was vacated and replaced with a temporary employee. The position did not become a full-time permanent position until October 2008. Also, the \$75,000 budgeted for revisions of the District's comprehensive solid waste management plan was de-obligated from Grant #2008002 and re-obligated to #2009002. The bid for this project was issued August 15, 2008; and the contract was awarded to Gredell Resources Engineering on November 12, 2008. Program income (charges for services) is derived from fees charged at county one-day tire collection events. In FY2008 and FY2006, there were no State grants. Intergovernmental contributions from the City of Columbia are not included in the tables for the years ended June 30, 2007 and 2006.

Budgetary Highlights

	<u>Actual</u>	<u>Budgeted</u>
Grants	\$ 359,452	\$ 590,871
Intergovernmental - contributions	47,314	-
Interest revenue	17,021	9,000
Charges for services	9,450	5,000
Total Revenues	\$ 433,237	\$ 604,871
Solid waste (sub-grantee) grant expenses	\$ 227,474	\$ 345,228
Personnel	119,800	97,439
Contracted Services	41,350	130,710
Other	35,572	36,494
Total Expenditures	\$ 424,196	\$ 609,871

**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
MANAGEMENTS' DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

Fewer grant applications were received in FY 2008 than anticipated. In contracted services, the \$75,000 budgeted for a consultant to revise the District's comprehensive solid waste management plan was de-obligated from FY 2008 and re-obligated to the FY 2009 Plan Implementation Grant. Overall, expenditures for FY 2008 were conservative.

Contacting MMSWMD's Financial Management

This financial report is designed to provide MMSWMD's funding sources; the Missouri Department of Natural Resources, the U.S. Department of Agriculture, those who pay the solid waste tipping fee that fund the Solid Waste Program, vendors, creditors and others interested with a general overview of MMSWMD's finances and to demonstrate MMSWMD's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District Coordinator, Cindy Jolly, Mid-Missouri Solid Waste Management District "H", P.O. Box 6015, Columbia MO 65205-6015.

BASIC FINANCIAL STATEMENTS

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MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Governmental Activities</u>
ASSETS:	
Cash	\$ 509,335
Accounts receivable	88,149
Capital assets, net of accumulated depreciation	17,827
Total Assets	<u>\$ 615,311</u>
LIABILITIES:	
Accounts payable	\$ 52,919
Retainage payable	3,302
Deferred revenues	471,951
Total Liabilities	<u>\$ 528,172</u>
Net Assets:	
Invested in capital assets, net of related debt	\$ 17,827
Restricted	69,312
Total Net Assets	<u>\$ 87,139</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Governmental Activities
Governmental Activities:				
Program and subgrant expenditures -				
Solid Waste Services	\$ (379,173)	\$ 9,450	\$ 359,452	\$ (10,271)
Intergovernmental-contributions	(47,314)	-	47,314	-
Total Governmental Activities	\$ (426,487)	\$ 9,450	\$ 406,766	\$ (10,271)
		General Revenues:		
			\$	17,021
				Change in net assets
			\$	6,750
Net assets at beginning of year			\$	80,389
Net assets at end of year			\$	87,139

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
BALANCE SHEET
JUNE 30, 2008**

		General Fund
Assets:	\$	
Cash		509,335
Accounts receivable		<u>88,149</u>
 Total Assets	 \$	 <u><u>597,484</u></u>
 Liabilities and Fund Balance:		
Accounts payable	\$	52,919
Retainage payable		3,302
Deferred revenues		<u>471,951</u>
 Total Liabilities	 \$	 <u>528,172</u>
 Fund balance - reserved	 \$	 <u>69,312</u>
 Total Liabilities and Fund Balance	 \$	 <u><u>597,484</u></u>
 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets		
 Total fund balance - governmental fund	 \$	 69,312
 Amounts reported for governmental activities in the statement of net assets are different because:		
 Capital assets used in the operation of governmental funds are not financial resources and, therefore, are not reported in the funds.		
These assets consist of:		
Trailer and equipment	\$	22,904
Accumulated depreciation		<u>(5,077)</u>
Total capital assets, net	\$	<u>17,827</u>
 Total net assets - governmental activities	 \$	 <u><u>87,139</u></u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

MID - MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund
Revenues:	
Intergovernmental	\$ 359,452
Intergovernmental - contributions	47,314
Charges for services	9,450
Interest income	17,021
Total Revenues	\$ 433,237
Expenditures:	
Administration-	
Personnel expense	\$ 91,728
Fringe benefits	28,072
Contractual services	41,350
Supplies and materials	10,728
Travel	6,707
Other	18,137
District grant expenditures-	
Contractual services	35,779
Equipment	170,119
Operating	21,576
Total Expenditures	\$ 424,196
Excess (Deficiency) of revenues over expenditures	9,041
Fund balance - beginning of year	\$ 60,271
Fund balance - end of year	\$ 69,312
Total net change in fund balance - governmental fund	\$ 9,041
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays.	
	\$ (2,291)
Change in net assets of governmental activities	\$ 6,750

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

NOTES TO THE BASIC FINANCIAL STATEMENTS

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MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

1.A. Financial Reporting Entity

The accompanying financial statements present the activity of the Mid-Missouri Solid Waste Management District – Region H (the "District"). The District was formed pursuant to Section 260.305 of the Revised Statutes of Missouri, and its operation is under the control of an Executive Board and District Council under the oversight of the Missouri Department of Natural Resources. The District was formed in December 1991 and includes the counties of Audrain, Boone, Callaway, Cole, Cooper, Howard, Moniteau, and Osage. There are twenty-four cities within these counties that belong to the District. The District is not a component unit of another government organization.

1.B. Basis of Presentation

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues; however the District does not receive any taxes but mainly operates under grants received from the Missouri Department of Natural Resources.

The General Fund is the primary and only fund of the District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

1.C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the Statement of Net Assets and the Statement of Activities, the governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental funds utilize a "current financial resources" measurement focus and the accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

1.D. Assets, Liabilities, and Equity

**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Cash

For the purpose of financial reporting "cash" includes all demand accounts. The District held three demand checking accounts of which two are interest-bearing. Petty cash of \$75 is also included in cash.

Accounts Receivable

Amounts billed to the state of Missouri for grant funds not yet received as of June 30, 2008 are classified as accounts receivable.

Capital Assets

The District's accounting reports capital assets and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements. All capital assets are used in governmental operations and represent those assets owned by the District. Capital assets purchased through state grants by subgrantees are not included in the basic financial statements. The District must file a UCC-1 form or for those items that require a title through the Department of Revenue the District must be listed as the lien holder to perfect its security interest for all assets in excess of \$5,000 purchased by subgrantees. The security interest in the equipment shall be equivalent to the amount of funding provided for the purchase of the equipment. The security interest period begins on the start date of the project for a period of four years that will decrease at the rate of 25% per year until the period is up and then the security interest is relinquished on the part of the state. The capital asset then belongs to the subgrantee.

Government-Wide Statements

In the government-wide financial statements, capital assets owned by the District are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The District has not established a capitalization threshold for recording its capital assets but has recorded the purchase of a trailer and associated equipment items. The estimated useful life used on the District's equipment items is 10 years.

Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Accounts Payable

Accounts payable represent invoices received after June 30, 2008 for goods and services received prior to year end.

**MID – MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Retainage Payable

Retainage payable represents amounts held from particular grant projects pending the completion of the project along with filing a final report with the Executive Board for approval.

Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grants received before the eligibility requirements are met are reported as deferred revenue.

Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

The District has no unrestricted net assets since all monies in the District's bank accounts are to be used for future grant projects in accordance with regulations of the Missouri Department of Natural Resources.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is designated as reserved since these monies are to be used for future grant projects.

1.E. Revenues and Expenditures

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the District are reported as program revenues. The District has only one program:

Solid Waste Services	Program revenues are intergovernmental revenues from the state of Missouri for solid waste services and charges for services for tire collections and household hazardous waste collections.
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All other governmental revenues are reported as general.

**MID – MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

1.F. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation). Actual results could differ from those estimates and assumptions. By its nature as a local government unit, the District is subject to various federal, state, and local laws and contractual regulations.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2.A. Insured and Collateralized Deposits

In accordance with state law, all uninsured deposits of municipal and state funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit. At June 30, 2008 the District's deposits were entirely insured and collateralized.

NOTE 3. CASH AND INVESTMENTS

Custodial Credit Risk – Deposits

The table presented below is designed to disclose the level of custodial credit risk assumed by the District based upon how its deposits were insured or secured with collateral at June 30, 2008. The categories of custodial credit risk are defined as follows:

- Category 1- Insured by Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the District or by its agent in its name.
- Category 2- Uninsured by collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3- Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the District's name; or properly collateralized with no written and approved collateral agreement.

Type of Deposits	Total Bank Balance	Custody Credit Risk Category			Total Carrying Value
		1	2	3	
Bank deposits	\$ 509,416	\$ 509,416	-	-	
Total Deposits	\$ 509,416	\$ 509,416	-	-	\$ 509,335

Reconciliation to Statement of Net Assets:

Cash in bank	\$ 509,260
Petty cash	75
Total	\$ 509,335

**MID – MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Investments and Custodial Credit Risk

Investments are limited by State law to the following:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that is either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper, and repurchase agreements with certain limitations.
- d. County, municipal, or school district tax-supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the Securities and Exchange Commission and in which investments consist of the investments mentioned in the previous paragraphs a, b, c, and d.

The District did not have any investments during the year ended June 30, 2008 or at June 30, 2008.

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2008, is as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Trailer and equipment	\$ 22,904	\$ -	\$ -	\$ 22,904
Total	<u>\$ 22,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,904</u>
Less accumulated depreciation for:				
Trailer and equipment	\$ (2,786)	\$ (2,291)	\$ -	\$ (5,077)
Total accumulated depreciation	<u>\$ (2,786)</u>	<u>\$ (2,291)</u>	<u>\$ -</u>	<u>\$ (5,077)</u>
Capital assets, net	<u>\$ 20,118</u>	<u>\$ (2,291)</u>	<u>\$ -</u>	<u>\$ 17,827</u>

Depreciation expense for governmental activities of \$2,291 was charged to Solid Waste Services in the Statement of Activities.

**MID – MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 5. RISK MANAGEMENT

The District purchases commercial insurance to provide coverage for the various types of risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

NOTE 6. RELATED ORGANIZATION

The District contracts with the City of Columbia to provide for the District's administration. The District receives in-kind contributions from the city through the payment of personnel costs, intergovernmental services, rent and utilities. The value of the contribution totaled \$47,314 during the year ended June 30, 2008. The revenues and expenditures have been adjusted accordingly as follows:

Revenues	Intergovernmental – contributions	\$47,314
Expenditures:	Personnel	\$29,166
	Fringe benefits	4,246
	Supplies and Materials	9,377
	Travel	121
	Other	4,404

REQUIRED SUPPLEMENTARY INFORMATION

MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget, Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Solid waste grants from state	\$ 345,228	\$ 345,228	\$ 227,474	\$ (117,754)
Administrative grants from state	245,643	245,643	131,978	(113,665)
Interest income	9,000	9,000	17,021	8,021
Intergovernmental- contributions	-	-	47,314	47,314
Charges for services	5,000	5,000	9,450	4,450
Total Revenues	<u>\$ 604,871</u>	<u>\$ 604,871</u>	<u>\$ 433,237</u>	<u>\$ (171,634)</u>
Expenditures:				
Administration-				
Personnel expense	\$ 72,354	\$ 72,354	\$ 91,728	\$ 19,374
Fringe benefits	25,085	25,085	28,072	2,987
Contractual services	130,710	130,710	41,350	(89,360)
Capital expenses	1,500	1,500	-	(1,500)
Supplies and materials	5,850	5,850	10,728	4,878
Travel	11,100	11,100	6,707	(4,393)
Other	18,044	18,044	18,137	93
District grant expenditures-				
Contractual services	-	-	35,779	35,779
Equipment	274,911	274,911	170,119	(104,792)
Management	63,662	63,662	-	(63,662)
Operating	6,655	6,655	21,576	14,921
Total Expenditures	<u>\$ 609,871</u>	<u>\$ 609,871</u>	<u>\$ 424,196</u>	<u>\$ (185,675)</u>
Excess (deficiency) of Revenues over Expenditures	\$ (5,000)	\$ (5,000)	\$ 9,041	\$ 14,041
Fund balance, beginning of year	<u>\$ 60,271</u>	<u>\$ 60,271</u>	<u>\$ 60,271</u>	<u>\$ -</u>
Fund balance, end of year	<u>\$ 55,271</u>	<u>\$ 55,271</u>	<u>\$ 69,312</u>	<u>\$ 14,041</u>

SEE ACCOMPANYING NOTES TO THE BUDGETARY COMPARISON SCHEDULE

MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008

Budget Law

The District prepares its annual operating budget under the provisions of RSMo Section 67.010. In accordance with those provisions, the following process is used to adopt the annual budget:

- a. A budget committee consisting of several Executive Board members and the District Coordinator hold budget meetings in March to prepare a proposed operating budget for the fiscal year commencing the following July 1.
- b. The budget committee presents the proposed budget to the Executive Board in April for any changes.
- c. The Executive Board approves or adopts the proposed budget in May and presents the approved budget to the District Council.
- d. The District Council reviews and adopts the budget in May.

The legal level of control at which expenditures may not legally exceed appropriations is the object category level by department within a fund. During the year ended June 30, 2008, the District did not exceed the total budgeted expenditures.

All transfers of appropriations between departments and supplemental appropriations require Executive Board approval. During the year ended June 30, 2008, the District did not amend its budget.

Basis of Accounting

The budget is prepared on the same basis of accounting as applied to the governmental fund in the fund financial statements. The budget document reconciles to the Statement of Activities as follows:

Net change in fund balance	\$	9,041
Less: depreciation expense		<u>(2,291)</u>
Change in Net Assets	\$	<u>6,750</u>

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Department of Natural Resources
and
Mid-Missouri Solid Waste Management District – Region H
Executive Board and District Council

We have audited the financial statements of the governmental activities and General Fund of the Mid-Missouri Solid Waste Management District – Region H (the “District”), as of and for the year ended June 30, 2008, which comprise the District’s basic financial statements and have issued our report thereon dated December 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency (2008-01) in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control. We consider the deficiency described in the accompanying financial statement findings (2008-01) to be a significant deficiency in internal control over financial reporting.

MEMBER
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Public
Accountants
•
Missouri
Society of
Certified
Public
Accountants
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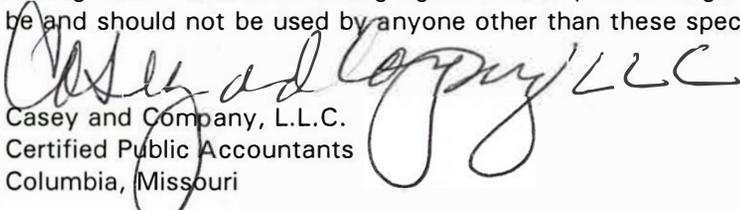
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


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

December 10, 2008

MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT – REGION H
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2008

FINANCIAL STATEMENT FINDINGS:

Finding 2008-01

Condition: Some transactions were incorrectly posted to Unearned Grant Revenues and District Grant Revenue materially misstating the District's total liabilities, net assets, and net income. After corrections were posted to the accounting system by the District Coordinator, Unearned Grant Revenues, Net Income, and Total Fund Equity was affected by \$56,132.

Criteria: Employees assigned responsibility for recording and reporting financial transactions should have adequate knowledge of accounting procedures and concepts.

Cause: The cause appears to be due to misposting of certain transactions and a lack of proper oversight and review of financial statements.

Effect: The financial statements prepared monthly and presented to the Executive Board were materially misstated and the error was not detected by the District.

Recommendation:

The District Coordinator ensure that all transactions to the accounting system have been posted correctly and the Executive Board review the financial statements more thoroughly to ensure that the financial statements are correctly stated.

Response: *The District concurs and notes there were errors made in posting to District Grant and Unearned Revenue accounts. Corrections have been made and future entries will be more thoroughly reviewed to ensure the financial statements are accurately presented. The District Coordinator has received additional QuickBooks training and new accounts were set up to better track obligation of interest and program income.*

SUPPLEMENTAL INFORMATION

MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
COMPOSITION OF CASH BALANCE
JUNE 30, 2008

Project Grant Number	Project Name	Project Funding Amount	Carryover Funds Obligated	Program & Interest Income Allocated	Total Project Funding	Total Disbursements	Additional Program Funds Used	June 30, 2008 Grants Cash Balance
H2008-01	Region H District Operations	\$ 81,193	\$ 26	\$ 2,000	\$ 83,219	\$ 31,088	\$ -	\$ 52,131
H2008-02	Region H Plan Implementation	167,799	6,937	6,689	181,425	28,327	2,244	150,854
H2008-03	City of Jefferson Citizen Survey	4,134	866	-	5,000	5,000	-	-
H2008-05	River Relief, Inc. Hartsburg Cleanup	4,900	-	-	4,900	3,431	-	1,469
H2007001	Region H District Operation District-wide	93,999	3,354	10,500	107,853	104,679	1,019	2,155
H2007003	University of Missouri-Columbia Recycling Bin/Banner Purchase	5,000	-	-	5,000	-	-	5,000
H2007004	River Relief, Inc. Boat/Trailer and Cleanup Purchase	28,087	A 1,283	-	29,370	28,073	-	1,297
H2007005	City of Mexico HHW Collection	19,787	-	-	19,787	5,939	-	13,848
H2007006	Boonslick Industries, Inc. Compactor Truck, Bins/Containers Purchase	50,396	-	-	50,396	50,365	-	31
H2007007	University of Missouri-Columbia Campus Recycling Container Purchase	75,000	-	-	75,000	-	-	75,000
H2007008	City of Fulton Recycling Consulting Fees	40,000	-	-	40,000	34,000	-	6,000
H2007009	City of Columbia Eddy Current Separator Purchase	45,000	-	-	45,000	-	-	45,000
H2007011	Central Mo Association for the Education of Young Children Reduce/Reuse Curriculum	5,000	-	-	5,000	-	-	5,000
H2007012	Central Methodist University Campus Recycling Container Purchase	4,964	-	-	4,964	3,096	-	1,868
H2007013	Kingdom Projects, Inc. Recycling Dumpsters/Containers Purchase	5,000	-	-	5,000	-	-	5,000
H2007014	City of Columbia Reconditioned Baler Purchase	5,000	-	-	5,000	4,250	-	750
H2007015	City of Columbia Plastic Recycling Container Purchase	4,000	-	-	4,000	3,400	-	600
H2006004	City of Columbia Box Truck with Tommy Lift Purchase	48,750	-	-	48,750	-	-	48,750
H2006005	City of Columbia Recycling Mini-Roll-off Truck Purchase	36,250	-	-	36,250	36,250	-	-
H2006007	City of Columbia Truck Scale Purchase	11,250	-	-	11,250	11,250	-	-
Totals		\$ 735,509	\$ 12,466	\$ 19,189	\$ 767,164	\$ 349,148	\$ 3,263	\$ 414,753

A = \$1,000 decrease in funding amount due to a change in the financial assistance agreement

1 = Grant funds carryover unobligated are as follows:

- H2005154 = \$6,715
- H2005159 = \$388
- H2006003 = \$9,622
- H2006006 = \$3,282
- H2006008 = \$82
- H2006009 = \$2,820
- H2006010 = \$682
- H2006012 = \$3
- H2006013 = \$1,628

2 = The unreconciled difference is partially due to a travel expense of \$69 paid twice to the City of Columbia and is due back to the District, and an unidentified difference of \$50.

Program income unobligated	11,945
Interest income unobligated	57,534
Carryover unobligated	1 25,222
Adjusted cash balance	\$ 509,454
Reconciled Bank Balances:	
Checking account	\$ 1,000
Administration account	227,100
District Grants account	281,160
Petty cash	75
Total Cash Balance	\$ 509,335
Unreconciled difference	\$ (119) 2

**MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
SCHEDULE OF SUBGRANT EXPENDITURES BY GRANT NUMBER
FOR THE YEAR ENDED JUNE 30, 2008**

Grant Number	Project Grant Description	Expenditures
H2007001	Region H District Operation District-Wide	\$ 34,830
H2007002	Loganbill Enterprises, Inc. Compost Lagoon Pumping Station	750
H2007004	River Relief, Inc. Boat/Trailer and Cleanup Purchase	17,068
H2007005	City of Mexico HHW Collection	6,247
H2007006	Boonslick Industries, Inc. Compactor Truck, Bins/Containers Purchase	50,365
H2007008	City of Fulton Recycling Consulting Fees	34,899
H2007012	Central Methodist University Campus Recycling Container Purchase	4,125
H2007014	City of Columbia Reconditioned Baler Purchase	5,000
H2007015	City of Columbia Plastic Recycling Container Purchase	3,716
H2008-01	Region H District Operations	47,578
H2008-02	Region H Plan Implementation	67,000
H2008-03	City of Jefferson Citizen Survey	5,000
H2008-05	River Relief, Inc. Hartsburg Cleanup	3,432 ✓
H2005155	City of Columbia Non-Residential/Commercial Compactors & Balers	9,003
H2006002	Boonslick Industries, Inc. - Increasing Effectiveness	2,871
H2006003	City of Fulton HHW Collections	7,540
H2006005	City of Columbia Recycling Mini-Roll-off Truck Purchase	36,250
H2006006	City of Jefferson City Neighborhood Recycling Bin Purchase	33,718
H2006008	University of Missouri Special Event Recycling Bin Purchase	1,050
H2006010	City of Columbia Informational Kiosks	3,068
H2006013	Lincoln University Recycling Program Expansion	3,372
	Total Subgrant Expenditures	\$ 376,882
	Expenditure contributions provided by City of Columbia	47,314
	Depreciation expense	2,291
	Total Expenditures	\$ 426,487

MID-MISSOURI SOLID WASTE MANAGEMENT DISTRICT - REGION H
SCHEDULE OF CAPITAL ASSETS HELD BY SUBGRANTEES
JUNE 30, 2008

ASSET	GRANT AMOUNT	PROJECT	SUBGRANTEE
Fiber Sort Line and Polishing Screen	\$ 96,506	2003119	City of Columbia
Isuzu Box Truck	9,758	2003120	River City Habitat 4-H
Logger Baler	100,000	2004092	City of Columbia
Playground Equipment	28,673	2004094	Osage R-1 School District
International Baler	23,839	2004095	New World Recycling
3 - 30 yard Recycling Containers	11,412	2004095	New World Recycling
3 - Alley Cat Recycle Trailers	29,249	2005153	Handi-Shop, Inc.
4 - Roll-off Compactors	21,002	2005155	City of Columbia
Flender Shredder Blower & Conveyer	9,425	2005156	Ryan Enterprises, Inc.
Flatbed Trailer	4,897	2005156	Ryan Enterprises, Inc.
Grinder/shredder	47,625	2005156	Ryan Enterprises, Inc.
Load Leveler	17,291	2005157	City of Columbia
Horizontal Baler	52,360	2006002	Boonslick Industries, Inc.
Box Truck	46,898	2006004	City of Columbia
Mini Recycling Roll off Truck	36,250	2006005	City of Columbia
5 - 20 yd Recycling Roll off Containers	33,720	2006006	City of Jefferson City
Spring Mounted Truck Scale	11,250	2006007	City of Columbia
Roll-off Recycling Trailer	4,129	2006011	Columbia College
Water Reel w/SimeHydra Sprinkler	5,000	2007002	Loganbill Enterprises, Inc.
2007 Mercury Motor	7,500	2007004	River Relief, Inc.
24 ft aluminum plate boat with trailer	8,495	2007004	River Relief, Inc.
HHW 40 ft Metal Storage Container	7,869	2007005	City of Mexico
Compactor Truck	43,000	2007006	Boonslick Industries, Inc.
Eddy Current Separator	45,000	2007009	City of Columbia
Reconditioned Fox 60" Baler	5,000	2007014	City of Columbia
Total	\$ <u>706,148</u>		

Notes:

The above includes only those equipment items that the District/State still has security interest in for which there is a UCC-1 filed or a title filed with the Department of Revenue listing the District as the lien holder. Other items included on the District's inventory listing that were purchased with grant funds that are below the \$5,000 security interest level are not included in the listing above.