

EAST CENTRAL MISSOURI SOLID WASTE  
MANAGEMENT DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

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**EAST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT  
CONTENTS**

	Page
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>1</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
Statements of Net Assets	3
Statements of Activities	4
Balance Sheets	5
Reconciliation of the Governmental Fund Balance Sheets to the Statements of Net Assets	6
Statements of Revenues, Expenditures, and Change in Fund Balance	7
Reconciliation of the Governmental Fund Statements of Revenues, Expenditures, and Change in Fund Balance to the Statements of Activities	8
Notes to Financial Statements	9
<b>COMPLIANCE</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	15

  
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**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors  
East Central Missouri Solid Waste Management District**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and major fund of East Central Missouri Solid Waste Management District (the District), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor Responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District, as of December 31, 2013 and 2012, and the respective change in financial position, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

#### Other Matters

##### *Required Supplemental Information*

Management's Discussion and Analysis has been omitted. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Tochtrop & Associates*

Tochtrop & Associates, P.C.  
Washington, Missouri

July 29, 2014

EAST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT  
 STATEMENTS OF NET POSITION  
 DECEMBER 31, 2013 AND 2012

	<u>Governmental Activities</u>	
	<u>Totals</u>	
	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash	\$ 22,550	6,383
Accounts receivable	2,129	771
Restricted asset - cash	961 ✓	29,194 ✓
Machinery and equipment and leasehold improvements, net of depreciation	<u>103,757</u>	<u>114,978</u>
<b>TOTAL ASSETS</b>	<u>\$ 129,397</u>	<u>151,326</u>
 <b>LIABILITIES</b>		
Accounts payable	<u>\$ 9,175</u>	<u>6,415</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unearned grant revenue	<u>-</u> ✓	<u>28,267</u> ✓
 <b>NET POSITION</b>		
Invested in capital assets	103,757	114,978
Restricted:		
Grant programs	961 ✓	29,194 ✓
Unrestricted	<u>15,504</u>	<u>(27,528)</u>
<b>TOTAL NET POSITION</b>	<u>120,222</u>	<u>116,644</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
	<u>\$ 129,397</u>	<u>151,326</u>

See notes to the basic financial statements

EAST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2013  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2012

FUNCTIONS/PROGRAMS	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>			<u>NET REVENUES (EXPENSES) AND CHANGES IN NET POSITION</u>	
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS</u>	<u>CAPITAL GRANTS</u>	<u>TOTALS 2013</u>	<u>2012</u>
Governmental Activities						
Solid waste reduction	\$ <u>147,402</u>	<u>5,287</u>	<u>145,665</u>	<u>-</u>	3,550	(13,133)
General Revenues						
Investment earnings					<u>28</u>	<u>39</u>
CHANGES IN NET POSITION					3,578	(13,094)
NET POSITION - JANUARY 1					<u>116,644</u>	<u>129,738</u>
NET POSITION - DECEMBER 31					<u>\$ 120,222</u>	<u>116,644</u>

See notes to the basic financial statements

EAST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT  
 BALANCE SHEETS  
 GOVERNMENTAL FUND TYPE - GENERAL FUND  
 DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash	\$ 22,550	6,383
Accounts receivable	2,129	771
Restricted asset - cash	<u>961</u>	<u>29,194</u>
<b>TOTAL ASSETS</b>	<u>\$ 25,640</u>	<u>36,348</u>
 <b>LIABILITIES</b>		
Accounts payable	<u>\$ 9,175</u>	<u>6,415</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred grant revenue	<u>-</u>	<u>28,267</u>
 <b>FUND BALANCE</b>		
Restricted:		
Grant programs	961 ✓	29,194 ✓
Unassigned	<u>15,504</u>	<u>(27,528)</u>
<b>TOTAL FUND BALANCE</b>	<u>16,465</u>	<u>1,666</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	 <u>\$ 25,640</u>	 <u>36,348</u>

See notes to the basic financial statements

EAST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEETS  
TO THE STATEMENTS OF NET ASSETS  
DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>FUND BALANCE - GOVERNMENTAL FUND</b>	\$ <u>16,465</u>	<u>1,666</u>
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.</p>		
Cost of capital assets	142,634	142,634
Accumulated depreciation	<u>(38,877)</u>	<u>(27,656)</u>
	<u>103,757</u>	<u>114,978</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ 120,222</u>	<u>116,644</u>

See notes to the basic financial statements

EAST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT  
 STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
 GOVERNMENTAL FUND - GENERAL FUND  
 FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>REVENUES</b>		
Grants	\$ 145,665	134,518
Membership dues	5,287	5,287
Investment income	<u>28</u>	<u>39</u>
<b>TOTAL REVENUES</b>	<u>150,980</u>	<u>139,844</u>
<b>EXPENDITURES</b>		
Current:		
Solid waste reduction:		
Recycling Center contract	78,228	70,015
Administrative contract	33,391	49,347
Program grants	19,769	16,200
Professional fees	4,793	3,500
Insurance	-	2,473
Advertising	-	482
Capital outlay	<u>-</u>	<u>11,999</u>
<b>TOTAL EXPENDITURES</b>	<u>136,181</u>	<u>154,016</u>
<b>CHANGE IN FUND BALANCE</b>	14,799	(14,172)
<b>FUND BALANCE - JANUARY 1</b>	<u>1,666</u>	<u>15,838</u>
<b>FUND BALANCE - DECEMBER 31</b>	<u><u>\$ 16,465</u></u>	<u><u>1,666</u></u>

See notes to the basic financial statements

EAST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENTS OF REVENUES,  
 EXPENDITURES, AND CHANGE IN FUND BALANCE  
 TO THE STATEMENTS OF ACTIVITIES  
 FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	\$ 14,799	(14,172)
<p>Amounts reported for governmental activities in the statements of activities are different because:</p> <p>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 and reported as depreciation expense.</p>		
Capital outlay	-	11,999
Depreciation	(11,221)	(10,921)
	<u>(11,221)</u>	<u>1,078</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,578</u>	<u>(13,094)</u>

See notes to the basic financial statements

**EAST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

The East Central Missouri Solid Waste Management District (the District) was formed to develop and implement a plan for the reduction of solid waste. This plan has a goal set by the State to reduce waste by forty percent. The District, administered by a local board of directors, grants funding to operate a recycling center located in Warren County, Missouri.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America applicable to governments. The following is a summary of the more significant policies.

**1. The Reporting Entity**

The District defines its financial reporting entity in accordance with the provisions of the Governmental Accounting Standards Board Statements No. 14, *The Financial Reporting Entity* (GASB 14). GASB 14 requirements for inclusion of component units are based primarily upon whether the District's governing body has any significant amount of financial accountability for a component unit's governing body and is able to impose its will on that potential component unit, or there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on the District. Based on these criteria, the District has determined that its financial reporting entity consists of the District and no other reporting units.

**2. Government-wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by the program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Investment income and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements of the District are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise it assets, liabilities, fund balances, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon purposes for which they are to be spent and the means by which spending activities are controlled. The District uses only one category of fund, which is the General Fund.

**EAST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**2. Government-wide and Fund Financial Statements (Continued)**

Governmental funds are those through which most governmental functions are financed. The acquisition, uses, and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position rather than upon net income.

The District reports the following major governmental fund:

**General Fund** - The General Fund is the general operating fund of the District and is used to account for all financial resources.

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. At year-end, entries are recorded for financial statement reporting purposes to reflect the modified accrual basis of accounting for governmental fund types.

Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The term "available" is defined as collectible within the current period or soon thereafter to be used to pay the liabilities of the current period. For the District, available is defined as expected to be received within 60 days of fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

GASB Statement 33 (GASB 33) groups nonexchange transactions into the following four classes based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government mandated nonexchange transactions, and voluntary nonexchange transactions. Resources received in advance are reported as deferred revenues until the period of the exchange.

EAST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE A - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

4. Capital Assets

Recycling Center capital assets are reported in the government-wide financial statements. Assets capitalized have an original cost of more than \$1,000 and an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is being computed on the straight-line method, using asset lives as follows:

Machinery and Equipment	10 Years
Leasehold improvements	30 Years

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District does not have any deferred outflows of resources at December 31, 2013 or 2012.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item, deferred grant revenue, which represents funds received by the District on awards to sub-grantees that have not been paid to them as of the date of the balance sheet. At December 31, 2013 and 2012, unearned and deferred grant revenue amounted to \$0 and \$28,267, respectively.

6. Fund Balance

In the governmental fund financial statements, fund balance is reported in five classifications:

**Nonspendable** - This classification includes amounts that cannot be spent because they are either (a) not in a spendable form (such as prepaid amounts) or (b) legally or contractually required to be maintained intact (such as debt service reserves).

**Restricted** - This classification includes amounts that are restricted to a specific purpose. Fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (b) enabling legislation.

**EAST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Fund Balance (Continued)**

**Committed** - This classification includes amounts that can only be used for specific purposes due to constraints imposed by formal action of the Board of Directors, the District's highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.

**Assigned** - This classification includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed and should be reported as assigned fund balance. The District's governing body is the Board of Directors.

**Unassigned** - This classification is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The District's policy is to spend the most restricted resources first before less restricted resources in the following order: Nonspendable (if funds become spendable), restricted, committed, assigned, then unassigned.

**7. Budgetary Data**

The District is not legally required to prepare or adopt a budget and, therefore, a budgetary comparison is not presented.

**8. Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**NOTE B - CASH**

Custodial Credit Risk for deposits is the risk that, in the event of bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the District or trustee institution. The value of the securities must amount to the total of the District's cash not insured by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2013 and 2012, the District's bank balances were entirely secured by the FDIC.

**EAST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE C - RESTRICTED CASH**

Restricted cash consists of grants received from the Missouri Department of Natural Resources (DNR) and the related interest earned held in the District's bank account until expended. Cash and investment income are restricted to use under conditions specified in DNR grant agreements. At December 31, 2013 and 2012, restricted cash amounted to \$961 and \$29,194, respectively.

**NOTE D - CAPITAL ASSETS**

Following is a summary of changes in capital asset activity for the year ended December 31, 2013:

	December 31			December 31
	<u>2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>2013</u>
<b>Governmental activities:</b>				
<i>Capital assets:</i>				
Machinery & equipment	\$ 96,984	--	--	96,984
Leasehold improvements	<u>45,650</u>	--	--	<u>45,650</u>
Total capital assets being depreciated	<u>142,634</u>	--	--	<u>142,634</u>
<i>Less accumulated depreciation:</i>				
Machinery & equipment	(23,851)	(9,699)	--	(33,550)
Leasehold improvements	<u>(3,805)</u>	<u>(1,522)</u>	--	<u>(5,327)</u>
Total accumulated depreciation	<u>(27,656)</u>	<u>(11,221)</u>	--	<u>(38,877)</u>
Total capital assets, net	<u>\$114,978</u>	<u>(11,221)</u>	--	<u>103,757</u>

Following is a summary of changes in capital asset activity for the year ended December 31, 2012:

	December 31			December 31
	<u>2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>2012</u>
<b>Governmental activities:</b>				
<i>Capital assets:</i>				
Machinery & equipment	\$ 84,985	11,999	--	96,984
Leasehold improvements	<u>45,650</u>	--	--	<u>45,650</u>
Total capital assets being depreciated	<u>130,635</u>	<u>11,999</u>	--	<u>142,634</u>
<i>Less accumulated depreciation:</i>				
Machinery & equipment	(14,452)	(9,399)	--	(23,851)
Leasehold improvements	<u>(2,283)</u>	<u>(1,522)</u>	--	<u>(3,805)</u>
Total accumulated depreciation	<u>(16,735)</u>	<u>(10,921)</u>	--	<u>(27,656)</u>
Total capital assets, net	<u>\$113,900</u>	<u>1,078</u>	--	<u>114,978</u>

**EAST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE E - MISSOURI DEPARTMENT OF NATURAL RESOURCES GRANTS (DNR)**

The District has been awarded annual grants from the local funds collected by DNR that were generated from the tonnage fees imposed on landfills and transfer stations within the District's solid waste management region. These grants are passed-through from the District to recipients who are engaged in various waste reductions, education, recycling, composting, and market development activities to achieving Missouri's waste reduction goals.

Revenues derived from DNR grant allocations accounted for 96% of total revenue in 2013 and 2012.

**NOTE F - DISTRICT OPERATIONS**

The District contracts with Boonslick Regional Planning Commission (BRPC) to operate the District's programs. As part of this contract BRPC reimburses sub-grantees on projects and covers most operating expenses. BRPC is reimbursed for payments to sub-grantees and is paid an administrative fee for operating the program.

**NOTE G - FACILITY USE AGREEMENT**

The District entered into a facility use agreement (the agreement) on April 1, 2010 with Warren County, Missouri and the State of Missouri for the lease of property to be used for a recycling center. The District contracts with BRPC to operate the recycling center. User fees, which are paid to BRPC along with all operating expenses, amounted to \$78,228 and \$70,015 for the year ended December 31, 2013 and 2012, respectively.

**NOTE H - CONTINGENT LIABILITIES**

Use of federal, state, and local grant funds is subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grant. To the extent such disallowances involves expenditures under the subcontracted arrangement; the District generally has the right of recovery from such third parties. Based on prior experience, management believes the District will not incur significant losses on possible grant disallowances.



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**COMPLIANCE**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL  
AUDITING STANDARDS**

**To The Board of Directors  
East Central Missouri Solid Waste Management District**

We have audited, in accordance with the 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, the financial statements of the governmental activities and major fund of East Central Missouri Solid Waste Management District (the District), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 29, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these

limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **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*.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Tochtrop & Associates*

Tochtrop & Associates, P.C.  
Washington, Missouri

July 29, 2014