

**QUAD-LAKES SOLID WASTE  
MANAGEMENT DISTRICT  
CLINTON, MISSOURI**

**FINANCIAL STATEMENTS  
(With Independent Auditors'  
Reports Thereon)**

**JUNE 30, 2013 AND 2012**

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**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT  
CLINTON, MISSOURI**

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**SECTION I**  
**FINANCIAL STATEMENTS**

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# ARTHUR WHITE & ASSOCIATES, L.L.C.

## CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

December 30, 2013

Executive Committee  
Quad-Lakes Solid Waste  
Management District  
Clinton, Missouri

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Quad-Lakes Solid Waste Management District, (the District) as of and for the year ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's 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 the modified cash basis of accounting described in Note 1.D.; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 audits 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 entity'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 entity'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.

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## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of Quad-Lakes Solid Waste Management District, as of June 30, 2013, and the respective changes in financial position-modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.D.

## Basis of Accounting

We draw attention to Note 1.D. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## Other Matters

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. The supplementary schedules on page 12 are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 30 2013, 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. 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* in considering the District's internal control over financial reporting and compliance.

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*Arthur White & Associates, L.L.C.*

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**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT  
CLINTON, MISSOURI**

**STATEMENTS OF NET POSITION - MODIFIED CASH BASIS  
JUNE 30, 2012 AND 2013**

	Primary Government Governmental Activities	
	2013	2012
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 81,719	\$137,414
Total current assets	81,719	137,414
TOTAL ASSETS	\$ 81,719	\$137,414
<u>NET POSITION</u>		
NET POSITION - MODIFIED CASH BASIS:		
Unrestricted	\$ 81,719	\$137,414
TOTAL NET POSITION - MODIFIED CASH BASIS	\$ 81,719	\$137,414

See Notes to Financial Statements.

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**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT  
CLINTON, MISSOURI**

**STATEMENTS OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

		2013		Net Revenue and Change in Net Assets
		Program Revenues		Primary Government Governmental Activities
Functions and Programs	Expenditures	Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental Activities:				
Waste management	\$ 133,019	\$ -	\$ 74,647	\$ (58,372)
General Revenues:				
Interest				298
Gain on sale of property				2,379
Total general revenues				2,677
Change in net position				(55,695)
Net Position - Modified Cash Basis - Beginning of year				137,414
Net Position - Modified Cash Basis - End of year				\$ 81,719

	2012			Net Revenue and Change in Net Assets
Functions and Programs	<u>Expenditures</u>	<u>Program Revenues</u>		<u>Primary Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary Government: Governmental Activities:				
Waste management	<u>\$ 126,767</u>	<u>\$ -</u>	<u>\$ 135,287</u>	<u>\$ 8,520</u>
General Revenues:				
Interest				<u>947</u>
Total general revenues				<u>947</u>
Change in net position				9,467
Net Position - Modified Cash Basis - Beginning of year				<u>127,947</u>
Net Position - Modified Cash Basis - End of year				<u>\$ 137,414</u>

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**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT  
CLINTON, MISSOURI**

**BALANCE SHEETS - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
JUNE 30, 2012 AND 2013**

		2013		
		Governmental Funds		
		General	Special Revenue	Total
		<u>ASSETS</u>		
ASSETS:				
Cash		\$ 66,286	\$ 15,433	\$ 81,719
	TOTAL ASSETS	\$ 66,286	\$ 15,433	\$ 81,719
		<u>FUND EQUITY</u>		
FUND EQUITY:				
	Fund balance - unreserved and undesignated	\$ 66,286	\$ 15,433	\$ 81,719
	TOTAL FUND EQUITY	\$ 66,286	\$ 15,433	\$ 81,719

	<u>2012</u>		
	<u>Governmental Funds</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<u>ASSETS</u>			
ASSETS:			
Cash	\$ 59,556	\$ 77,858	\$ 137,414
TOTAL ASSETS	<u>\$ 59,556</u>	<u>\$ 77,858</u>	<u>\$ 137,414</u>
<u>FUND EQUITY</u>			
FUND EQUITY:			
Fund balance - unreserved and undesignated	<u>\$ 59,556</u>	<u>\$ 77,858</u>	<u>\$ 137,414</u>
TOTAL FUND EQUITY	<u>\$ 59,556</u>	<u>\$ 77,858</u>	<u>\$ 137,414</u>

See Notes to Financial Statements.

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**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT  
CLINTON, MISSOURI**

**STATEMENTS OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL  
FUNDS - MODIFIED CASH BASIS  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013		
	Governmental Funds		
	General	Special Revenue	Total
<b>REVENUES:</b>			
Intergovernmental revenue:			
State revenue		\$ 66,967	\$ 66,967
Member assessments	\$ 7,680		7,680
Interest	298		298
Gain on sale of property	2,379		2,379
Total	<u>10,357</u>	<u>66,967</u>	<u>77,324</u>
<b>EXPENDITURES:</b>			
Current:			
District operations:			
Administration		4,520	4,520
Insurance		1,672	1,672
Miscellaneous	3,627		3,627
Subgrants		123,200	123,200
Total	<u>3,627</u>	<u>129,392</u>	<u>133,019</u>
<b>TRANSFERS</b>		-	-
<b>NET CHANGE IN FUND BALANCE</b>	6,730	(62,425)	(55,695)
<b>FUND BALANCE - Beginning of year</b>	<u>59,556</u>	<u>77,858</u>	<u>137,414</u>
<b>FUND BALANCE - End of year</b>	<u>\$ 66,286</u>	<u>\$ 15,433</u>	<u>\$ 81,719</u>

(211 + 4154)

	2012		
	Governmental Funds		
	General	Special Revenue	Total
<b>REVENUES:</b>			
Intergovernmental revenue:			
State revenue		\$ 122,966	\$ 122,966
Member assessments	\$ 12,321		12,321
Interest	947		947
Total	<u>13,268</u>	<u>122,966</u>	<u>136,234</u>
<b>EXPENDITURES:</b>			
Current:			
District operations:			
Administration		745	745
Insurance		2,775	2,775
Miscellaneous	4,324		4,324
Subgrants		118,923	118,923
Total	<u>4,324</u>	<u>122,443</u>	<u>126,767</u>
NET CHANGE IN FUND BALANCE	8,944	523	9,467
FUND BALANCE - Beginning of year	<u>50,612</u>	<u>77,335</u>	<u>127,947</u>
FUND BALANCE - End of year	<u>\$ 59,556</u>	<u>\$ 77,858</u>	<u>\$ 137,414</u>

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See Notes to Financial Statements.

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**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT  
CLINTON, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization:

The Quad-Lakes Solid Waste Management District (the District) is organized under the Missouri Solid Waste Management Law (Senate Bill 530, RSMo Chapter 260.200 through 260.432 and Chapter 477.071). The District operates under the direction of an Executive Board primarily composed of members who represent the local units of government within the boundaries of the region. The District provides the following services as authorized by its charter: cooperation for the planning, development, operation, and maintaining of solid waste disposal services and facilities for and on the behalf of the counties of Bates, Benton, Cedar, Henry, Hickory and St. Clair and the cities within these counties.

B. Principles Determining Scope of Reporting Entity:

The District's reporting entity includes the District's governing board and all related organizations for which the District exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component in the District's financial statements. In addition, the District is not aware of any entity which would exercise such oversight resulting in the District being considered a component unit of another entity.

C. Accounting Estimates:

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Basis of Presentation:

The accounting records are maintained on the modified cash basis of accounting. The modified cash basis of accounting generally omits recognition of accounts receivable, pre-paid expenses, accounts payable, and accrued expenses. These items would need to be recognized for the financial statements to be in accordance with accounting principles generally accepted in the United States of America.

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities, with interfund activities removed. Governmental activities include programs supported primarily by taxes, state and federal grants, local sources, and other intergovernmental revenues. The District has no business-type activities that rely, to a significant extent, on fees and charges for support.

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QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT  
CLINTON, MISSOURI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Basis of Presentation, Continued:

The Statement of Activities demonstrates the degree to which the direct expenditures of a given function are offset by program revenues. Direct expenditures are those clearly identifiable with a specific function. 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 and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the District are organized on the basis of funds, each of which is a separate accounting entity. The operations of each fund are accounted for through a set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures. The following funds are used by the District:

Governmental Funds:

**General Fund** - The General Fund is the main operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Fund** - The Special Revenue Fund is used to account for revenues derived from earmarked revenue sources that are restricted to disbursement for specified purposes.

The major sources of revenues are grants, state financial assistance, and other receipts as discussed below:

**State Grant Revenue** - Grant revenue is recognized in the period received, regardless of the period it is related to. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

**Other Revenues** - Other revenues are composed primarily of interest and charges for services. Interest income and charges for services are recorded as revenue when received.

E. Allowance for Doubtful Accounts:

No allowance for doubtful accounts has been provided, as the District believes the receivable will be collected.

F. Capital Assets:

Purchased capital assets are recorded as expenditures in the fund for which the item is intended to be used. Since accounting records are maintained on the modified cash basis of accounting, capital acquisitions are also reflected as expenditures on the government-wide statement of activities. No depreciation has been provided on capital assets.

**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT  
CLINTON, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

G. Restricted Resources:

It is the District's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

H. Budgets and Budgetary Accounting:

The District planner submits to the executive committee a proposed annual operating budget for adoption by the executive committee prior to the beginning of the fiscal year. The executive committee will also approve the budget and any budget amendments. The operating budget covers all funds and includes proposed revenues and expenditures for the upcoming year.

The District's primary funding source is state grants which have grant periods that may or may not coincide with the District's fiscal year. These grants normally are for a twelve-month period; however, they can be awarded for periods shorter or longer than twelve months. \*

Because of the District's dependency on federal, state and local budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding at the time the budget is adopted.

The resultant annual budget is subject to constant change within the fiscal year due to: increases or decreases in actual grant awards from those estimated, changes in grant periods, unanticipated grant awards not included in the budget, and expected grant awards which fail to materialize.

I. Fair Value:

Cash deposits are reported at carrying amount, which reasonably approximates fair value. The note receivable is carried at cost which reasonably approximates fair value.

2. CASH AND INVESTMENTS

The District complies with various restrictions on deposits and investments which are imposed by state statute as follows:

All deposits with financial institutions must be collateralized in an amount at least equal to uninsured deposits. At June 30, 2013, the bank balance of the District's deposits was \$81,759, which was covered by federal depository insurance. At June 30, 2012, the bank balance of the District's deposits was \$138,024, which was covered by federal depository insurance.

The District may invest in certificates of deposit, bonds of the State of Missouri or any wholly owned corporation of the United States, or in other short-term obligations of the United States.

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**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT  
CLINTON, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013 AND 2012**

3. RELATED PARTY TRANSACTIONS

The District is related to Kaysinger Basin Regional Planning Commission (the Commission) by having the Commission provide administration services for the District's operations. Administration expenses of \$26,459 and \$27,337 were paid to the Commission in the years ended June 30, 2013 and 2012, respectively.

4. ECONOMIC DEPENDENCY

The District receives a substantial amount of its support from the state government. If a significant reduction in this level of government support were to occur, it may have an effect on the District's programs.

5. CONTINGENCY

The District receives state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures disallowed under, or other noncompliance with, the terms of the grants and funding.

6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in the years ended June 30, 2013 and 2012.

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**SECTION II**  
**COMPLIANCE AND INTERNAL CONTROL**

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**ARTHUR WHITE & ASSOCIATES, L.L.C.**

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**INDEPENDENT AUDITORS' 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**

December 30, 2013

Executive Committee  
Quad-Lakes Solid Waste  
Management District  
Clinton, Missouri

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 Quad-Lakes Solid Waste Management District, (the District) as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated December 30, 2013.

**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 auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 entity'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 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 matter 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 the 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 with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Arthur White & Associates, L.L.C.*

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**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT  
CLINTON, MISSOURI**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

**UNAPPROVED LOAN TO KAYSINGER BASIN REGIONAL PLANNING COMMISSION**

**Condition:** In September, 2005, Quad-Lakes Solid Waste Management District extended a \$20,000 loan to the Kaysinger Basin Regional Planning Commission. This note had a \$15,000 outstanding balance at June 30, 2010. The parties to the loan did not create and sign a legally binding agreement. No documentation is available showing approval by Missouri Department of Natural Resources. This loan has since been repaid.

**Criteria:** 10 CSR 80-9.050(4)(B) states that "Accounting records must be supported by source documentation such as cancelled checks, paid bills, payrolls, time and attendance records, contract, and agreement award documents."

**Effect:** Quad-Lakes Solid Waste Management District is not in compliance with 10CSR 80-9.050(4)(B).

**Cause:** District oversight.

**Recommendation:** We recommend Quad-Lakes Solid Waste Management District not make unapproved, undocumented loans.

**Current status:** Quad-Lakes Solid Waste Management District has received repayment of this loan and has not made additional loans.

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**SECTION III**  
**SUPPLEMENTAL SCHEDULES**

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**QUAD-LAKES SOLID WASTE MANAGEMENT DISTRICT  
CLINTON, MISSOURI**

**SUPPLEMENTAL SCHEDULES OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET VS. ACTUAL -  
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013		
	Original & Final Budget	Actual	Variance
<b>REVENUES:</b>			
Intergovernmental revenue:			
State revenue	\$ 95,000	\$ 66,967	\$ (28,033)
Membership assessments		7,680	7,680
Interest		298	298
Gain on sale of property		2,379	2,379
Total	95,000	77,324	(17,676)
<b>EXPENDITURES:</b>			
Current:			
Administration	1,500	4,520	(3,020)
Insurance	3,000	1,672	1,328
Miscellaneous	3,450	3,627	(177)
Subgrants	149,121	123,200	25,921
Total	157,071	133,019	24,052
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (62,071)</b>	<b>(55,695)</b>	<b>\$ 6,376</b>
FUND BALANCE - Beginning of year		137,414	
FUND BALANCE - End of year		<b>\$ 81,719</b>	

	2012		
	Original & Final Budget	Actual	Variance
<b>REVENUES:</b>			
Intergovernmental revenue:			
State revenue	\$ 95,000	\$ 122,966	\$ 27,966
Membership assessments		12,321	12,321
Interest		947	947
Total	<u>95,000</u>	<u>136,234</u>	<u>41,234</u>
<b>EXPENDITURES:</b>			
Current:			
Administration	4,800	745	4,055
Insurance	2,900	2,775	125
Miscellaneous	3,200	4,324	(1,124)
Subgrants	152,500	118,923	33,577
Total	<u>163,400</u>	<u>126,767</u>	<u>36,633</u>
NET CHANGE IN FUND BALANCE	<u>\$ (68,400)</u>	9,467	<u>\$ 77,867</u>
FUND BALANCE - Beginning of year		<u>127,947</u>	
FUND BALANCE - End of year		<u>\$ 137,414</u>	

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