

STATE OF MISSOURI Eric R. Greitens, Governor • Carol S. Comer, Acting Director
DEPARTMENT OF NATURAL RESOURCES

dnr.mo.gov

JAN 30 2017

Mr. Brad True
Region J- Quad-Lakes Solid Waste Management District
300 North Main
El Dorado Springs, MO 64744

Dear Mr. True:

The Missouri Department of Natural Resources' Solid Waste Management Program (SWMP) has completed the desk review of the audited financial statements of Quad-Lakes Solid Waste Management District – Region J (district), conducted by Arthur White & Associates, L.L.C. of Tarkio, Missouri for the years ended June 30, 2014, and June 30, 2015.

The purpose of this desk review was to determine whether the financial audit report met applicable standards and requirements. SWMP General Terms and Conditions require the district's audit be submitted within 180 days of the close of the district's fiscal year. The audit report was submitted after the required filing date.

The district's audit contained an unqualified opinion with no reported current year findings and no questioned costs. Our review disclosed some instances of noncompliance pertaining to the auditor's reports. Please see the enclosed highlighted SWMP Audit Report Submittal Checklist.

Please refer to the enclosed "Audit Submittal Checklist" for your next audit to confirm the completeness of audit reports. This will allow you to work with the audit firm to ensure future audited financial statements are in compliance.

We appreciate your efforts in fulfilling the audit reporting requirements. If you have any questions or concerns please contact Ms. Debbie Ickes at Missouri Department of Natural Resources, Solid Waste Management Program, P.O. Box 176, Jefferson City, MO 65102 or (573) 526-3937 or by email at debbie.ickes@dnr.mo.gov.

Sincerely,

SOLID WASTE MANAGEMENT PROGRAM



Jeffrey T. Heisler, Chief
Operations Section

JTH/dil

Enclosure

c: Ms. Kristi Kelley, Region J- Quad-Lakes Solid Waste Management District



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**QUAD-LAKES SOLID WASTE
MANAGEMENT DISTRICT
CLINTON, MISSOURI
FINANCIAL STATEMENTS
(With Independent Auditors'
Reports Thereon)
JUNE 30, 2015 AND 2014**

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

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SECTION I
FINANCIAL STATEMENTS

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street
Tarkio, Missouri 64491
Telephone (660) 736-5811
Fax (660) 736-4364

2400 Frederick, Suite 500
St. Joseph, Missouri 64506
Telephone (816) 233-2855
Fax (816) 233-8238

INDEPENDENT AUDITORS' REPORT

January 15, 2016

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 years ended June 30, 2015 and 2014, 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.

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, 2015 and 2014, 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 January 15, 2016, 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.

Arthur White & Associates, L.L.C.
ARTHUR WHITE & ASSOCIATES, L.L.C.

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

**STATEMENTS OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2015 AND 2014**

	Primary Government Governmental Activities	
	2015	2014
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 23,137	\$ 47,440
Total current assets	23,137	47,440
TOTAL ASSETS	\$ 23,137	\$ 47,440

<u>NET POSITION</u>		
NET POSITION - MODIFIED CASH BASIS:		
Unrestricted	\$ 23,137	\$ 47,440
TOTAL NET POSITION - MODIFIED CASH BASIS	\$ 23,137	\$ 47,440

See Notes to Financial Statements.

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

**STATEMENTS OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	2015			Net Revenue and Change in Net Assets
		Program Revenues		Primary Government Governmental Activities
	Expenditures	Charges for Services	Operating Grants and Contributions	
Functions and Programs				
Primary Government:				
Governmental Activities:				
Waste management	\$ 127,687	\$ -	\$ 103,220	\$ (24,467)
General Revenues:				
Interest				164
Total general revenues				164
Change in net position				(24,303)
Net Position - Modified Cash Basis - Beginning of year				47,440
Net Position - Modified Cash Basis - End of year				\$ 23,137

2014				Net Revenue and Change in Net Assets
Functions and Programs	<u>Expenditures</u>	<u>Program Revenues</u>		<u>Primary</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Governmental Activities</u>
Primary Government:				
Governmental Activities:				
Waste management	<u>\$ 137,496</u>	<u>\$ -</u>	<u>\$ 103,089</u>	<u>\$ (34,407)</u>
General Revenues:				
Interest				<u>128</u>
Total general revenues				<u>128</u>
Change in net position				(34,279)
Net Position - Modified Cash Basis - Beginning of year				<u>81,719</u>
Net Position - Modified Cash Basis - End of year				<u>\$ 47,440</u> X

See Notes to Financial Statements.

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

**BALANCE SHEETS - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
JUNE 30, 2015 AND 2014**

	2015		
	Governmental Funds		
	General	Special Revenue	Total
<u>ASSETS</u>			
ASSETS:			
Cash	\$ 17,162	\$ 5,975	\$ 23,137
TOTAL ASSETS	\$ 17,162	\$ 5,975	\$ 23,137
<u>FUND EQUITY</u>			
FUND EQUITY:			
Fund balance - unreserved and undesignated	\$ 17,162	\$ 5,975	\$ 23,137
TOTAL FUND EQUITY	\$ 17,162	\$ 5,975	\$ 23,137

+

x

		2014		
		<u>Governmental Funds</u>		
		<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<u>ASSETS</u>				
ASSETS:				
	Cash	\$ 41,998	\$ 5,442	\$ 47,440
	TOTAL ASSETS	<u>\$ 41,998</u>	<u>\$ 5,442</u>	<u>\$ 47,440</u>

		<u>FUND EQUITY</u>		
<u>FUND EQUITY:</u>				
	Fund balance - unreserved and undesignated	\$ 41,998	\$ 5,442	\$ 47,440
	TOTAL FUND EQUITY	<u>\$ 41,998</u>	<u>\$ 5,442</u>	<u>\$ 47,440</u>

See Notes to Financial Statements.

**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, 2015 AND 2014**

	2015		
	Governmental Funds		
	General	Special Revenue	Total
✓ REVENUES:			
Intergovernmental revenue:			
State revenue		\$ 97,099	\$ 97,099 ✓
Member assessments		6,121	6,121
Interest	164		164
Total	<u>164</u>	<u>103,220</u>	<u>103,384</u>
✓ EXPENDITURES:			
Current:			
District operations:			
Administration		2,650	2,650
Insurance		2,771	2,771
Miscellaneous		1,705	1,705
Subgrants		120,561	120,561
Total	<u>-</u>	<u>127,687</u>	<u>127,687</u>
TRANSFERS	<u>(25,000)</u>	<u>25,000</u>	<u>-</u>
✓ NET CHANGE IN FUND BALANCE	(24,836)	533	(24,303)
FUND BALANCE - Beginning of year	<u>41,998</u>	<u>5,442</u>	<u>47,440</u>
FUND BALANCE - End of year	<u>\$ 17,162</u>	<u>\$ 5,975</u>	<u>\$ 23,137</u> ✓

original, final budget
columns

	2014		
	Governmental Funds		
	General	Special Revenue	Total
REVENUES:			
Intergovernmental revenue:			
State revenue		\$ 97,099	\$ 97,099 ✓
Member assessments		5,990	5,990 ✓
Interest	128		128
Total	<u>128</u>	<u>103,089</u>	<u>103,217</u>
EXPENDITURES:			
Current:			
District operations:			
Administration		3,363	3,363
Insurance		1,668	1,668
Miscellaneous		2,639	2,639
Subgrants		129,826	129,826
Total	<u>-</u>	<u>137,496</u>	<u>137,496</u>
TRANSFERS	<u>(24,416)</u>	<u>24,416</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(24,288)	(9,991)	(34,279)
FUND BALANCE - Beginning of year	<u>66,286</u>	<u>15,433</u>	<u>81,719</u>
FUND BALANCE - End of year	<u>\$ 41,998</u>	<u>\$ 5,442</u>	<u>✓ \$ 47,440 ✓</u>

Balance etc

See Notes to Financial Statements.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

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.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 AND 2014**

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, 2015 AND 2014**

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, 2015, the bank balance of the District's deposits was \$23,137, which was covered by federal depository insurance. At June 30, 2014, the bank balance of the District's deposits was \$47,440, 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.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 AND 2014**

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 \$36,346 and \$25,824 were paid to the Commission in the years ended June 30, 2015 and 2014, 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, 2015 and 2014.

SECTION II

COMPLIANCE AND INTERNAL CONTROL

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street
Tarkio, Missouri 64491
Telephone (660) 736-5811
Fax (660) 736-4364

2400 Frederick, Suite 500
St. Joseph, Missouri 64506
Telephone (816) 233-2855
Fax (816) 233-8238

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

January 15, 2016

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, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated January 15, 2016.

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.

ARTHUR WHITE & ASSOCIATES, L.L.C.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

There were no prior audit findings. ✓

SECTION III
SUPPLEMENTAL SCHEDULES

**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, 2015 AND 2014**

	2015		
	Original & Final Budget	Actual	Variance
REVENUES:			
Intergovernmental revenue:			
State revenue	\$ 95,000	\$ 97,099 ✓	\$ 2,099
Membership assessments		6,121	6,121
Interest		164	164
Total	<u>95,000</u>	<u>103,384</u>	<u>8,384</u>
EXPENDITURES:			
Current:			
Administration	1,200	2,650	(1,450)
Insurance	1,750	2,771	(1,021)
Miscellaneous	150	1,705	(1,555)
Subgrants	92,140	120,561	(28,421)
Total	<u>95,240</u>	<u>127,687</u>	<u>(32,447) °</u>
NET CHANGE IN FUND BALANCE	<u>\$ (240)</u>	<u>(24,303)</u>	<u>\$ (24,063)</u>
FUND BALANCE - Beginning of year		<u>47,440</u>	
FUND BALANCE - End of year		<u>\$ 23,137</u> ✓	

	2014		
	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Intergovernmental revenue:			
State revenue	\$ 95,000	\$ 97,099 ✓	\$ 2,099 ✓
Membership assessments		5,990	5,990 ✓
Interest		128	128
Total	<u>95,000</u>	<u>103,217</u>	<u>8,217</u>
EXPENDITURES:			
Current:			
Administration	1,000	3,363	(2,363)
Insurance	3,000	1,668	1,332
Miscellaneous	3,200	2,639	561
Subgrants	224,280	129,826	94,454
Total	<u>231,480</u>	<u>137,496</u>	<u>93,984</u> ○
NET CHANGE IN FUND BALANCE	<u>\$ (136,480)</u>	<u>(34,279)</u>	<u>\$ 102,201</u>
FUND BALANCE - Beginning of year		<u>81,719</u>	
FUND BALANCE - End of year		<u>\$ 47,440</u> ✓	

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

**SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS
OF STATE AWARDS - MODIFIED CASH BASIS
JUNE 30, 2015 AND 2014**

<u>Program</u>	<u>Cycle Period</u>	<u>Allocation Amount</u>	<u>Carryover Amount</u>	<u>Prior Period Disbursement</u>
Project # 2013-02	Jul 12 - Jun 13	32,489		19,993
Project # 2013-03	Jul 12 - Jun 13	4,750		4,037
Project # 2013-04	Jul 12 - Jun 13	23,500		12,045
Project # 2013-05	Jul 12 - Jun 13	3,000		
Project # 2013-06	Jul 12 - Jun 13	20,108	16,172	9,628
Project # 2013-07	Jul 12 - Jun 13	1,150		868
Project # 2013-08	Jul 12 - Jun 13	2,500		
Project # 2013-09	Jul 12 - Jun 13		12,750	
Project # 2013-11	Jul 12 - Jun 13	3,000		
Project # 2014-01	Jul 13 - Jun 13	36,000 ✓		
Project # 2014-02	Jul 13 - Jun 14		43,000 ✓	
Project # 2014-03	Jul 13 - Jun 14	4,300 ✓		
Project # 2014-04	Jul 13 - Jun 14	28,191 ✓	1,109 ✓	
Project # 2014-05	Jul 13 - Jun 14	3,000 ✓		
Project # 2014-06	Jul 13 - Jun 14	20,108 ✓	16,172 ✓	
Project # 2014-07	Jul 13 - Jun 14	37,359 ✓	41 ✓	
Project # 2014-08	Jul 13 - Jun 14	2,500 ✓		
Project # 2014-09	Jul 13 - Jun 14		12,750 ✓	
Project # 2014-10	Jul 13 - Jun 14	21,750 ✓		
Project # 2014-11	Jul 13 - Jun 14	3,000 ✓		
Project # 2015-01	Jul 14 - Jun 15	37,950 ✓		
Total		\$ 284,695	\$ 101,994	\$ 46,571

Unobligated Interest Income

Carryover Unobligated

J=OK

Special revenue cash balance, June 30, 2015

Note A - Basis of Presentation

The accompanying schedule of receipts and disbursements of state awards - modified cash basis includes the state grant activity of Quad-Lakes Solid Waste Management District and is presented on the modified cash basis of accounting.

<u>2014</u> <u>Disbursements</u>	<u>2015</u> <u>Disbursements</u>	<u>Deobligated</u> <u>Amount</u>	<u>Remaining</u> <u>Award</u> <u>Amount</u> <u>Available</u>
		12,496	0
		713	0
		11,455	0
2,900		100	0
17,252		9,400	0
		282	0
		2,500	0
10,409		2,341	0
2,281		719	0
18,761		17,239	0
42,905		55	0
4,170		130	0
2,230	21,825 ✓	5,245 ✓	0
2,900		100 ✓	0
27,781	1,000 ✓	7,459 ✓	0
	37,400 ✗		0
		2,500 ✓	0
10,409		2,341 ✓	0
	21,700 ✗		0
2,281		719 ✓	0
	34,427 ✗		3,553 ✓
<u>\$ 144,279</u>	<u>\$ 116,412</u>	<u>\$ 75,874</u>	<u>\$ 3,553</u>
	✓		15 ✓
			<u>19,569</u>
			<u>\$ 23,137</u> ✓

✓

ARTHUR WHITE & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street
Tarkio, Missouri 64491
Telephone (660) 736-5811
Fax (660) 736-4364

2400 Frederick, Suite 500
St. Joseph, Missouri 64506
Telephone (816) 233-2855
Fax (816) 233-8238

January 15, 2016

To the Executive Committee
Quad-Lakes Solid Waste
Management District

We have audited the financial statements of the governmental activities and each major fund of Quad-Lakes Solid Waste Management District (the District) for the years ended June 30, 2015 and 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audits. We have communicated such information in our letter to you dated January 15, 2016. Professional standards require that we communicate to you the following information related to our audits.

Qualitative Aspects of Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the years ended June 30, 2015 and 2014. We noted no transactions entered into by the District during the years for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Because the financial statements are prepared using the modified cash basis of accounting, there are no sensitive estimates affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audits, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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SWMP OPERATIONS

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audits.

Management Representations

We have requested certain representations from management that are included in the attached management representation letter dated January 15, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Executive Committee and management of Quad-Lakes Solid Waste Management District and is not intended to be and should not be used by anyone other than these specified parties

Sincerely,

Arthur White & Associates, L.L.C.

ARTHUR WHITE & ASSOCIATES, L.L.C.

January 15, 2016

ARTHUR WHITE & ASSOCIATES, L.L.C.
302 MAIN STREET
TARKIO, MO 64491

This representation letter is provided in connection with your audit of the financial statements of Quad-Lakes Solid Waste Management District, (the District), which comprise the respective financial position of the governmental activities and the major fund of the District as of June 30, 2015 and 2014, and the changes in financial position for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with the accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 15, 2016, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 30, 2015. 
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by U.S. GAAP to be included in the financial reporting entity.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.
6. Related party relationships and transactions, including revenues, expenses, loans, transfers, leasing arrangements, guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

9. Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the District Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
15. We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

18. We have made available to you all financial records and related data.
19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

21. We have taken timely and appropriate steps to remedy violations of laws, regulations, contracts, or grant agreements that you have reported to us.
22. We have a process to track the status of audit findings and recommendations.
23. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
24. The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
25. We are responsible for compliance with laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified, and disclosed to you, all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
26. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance, except as made know to you.
27. As part of your audit, you assisted in preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
28. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
29. The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
30. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
31. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
32. The financial statements properly classify all funds and activities.
33. All funds that meet the quantitative criteria in *GASB Statement Nos. 34 and 37* for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users. 
34. Components of net position (net investment in capital assets, restricted, and unrestricted) and equity amounts are properly classified and, if applicable, approved.
35. Expenses have been appropriately classified in or allocated to functions and programs in the statement activities, and allocations have been made on a reasonable basis.
36. Revenues are appropriately classified within the statement of activities within program revenues and general revenues.
37. Deposits and investment securities are properly classified as to risk and are properly disclosed.

38. We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position was properly recognized under the policy.

Signed: _____

Signed: _____

Title: _____

Title: _____