
***ST. LOUIS-JEFFERSON SOLID WASTE
MANAGEMENT DISTRICT
STATE COMPLIANCE REPORTS
DECEMBER 31, 2013***

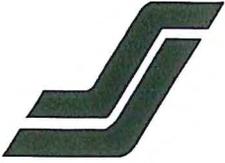
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Independent Auditors' Report

FINANCIAL SERVICES
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To the Members of the Executive Board
St. Louis-Jefferson Solid Waste Management District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of St. Louis-Jefferson Solid Waste Management District (the "District"), as of and for the year ended December 31, 2013, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 of the governmental activities and major fund of St. Louis-Jefferson Solid Waste Management District as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 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.


SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
April 16, 2014

Management's Discussion and Analysis

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ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2013

Our discussion and analysis of the St. Louis-Jefferson Solid Waste Management District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2013. Please read it in conjunction with the District's basic financial statements.

FINANCIAL HIGHLIGHTS

- The total assets for the District were approximately \$3.8 million. The assets of the District exceeded its liabilities at the close of its most recent fiscal year with an excess of \$22,918. A large portion of the District's liabilities are unearned revenues of approximately \$3.7 million. The unearned revenues consist of funds allocated for specific projects and programs to be completed in future years. The District has no long-term debt.
- At the end of the current fiscal year, approximately ^{OK} \$3.8 million in restricted cash and investments was held by the District to be allocated to programs and projects in future years.
- Comparative data is provided in the Management's Discussion and Analysis for the years ended December 31, 2013 and 2012.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected revenues, and earned but not used vacation leave).

The government-wide financial statements can be found on pages 8 to 10 of this report.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis (continued)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are categorized as governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one general fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. The basic governmental fund statements can be found on pages 8 to 10 of this report.

The District adopts an annual budget for administration and operation of the District, however, the annual budget does not include the subgrants paid by the District. An annual budget is not required by State statute. Budgetary comparison schedules are not provided.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 11 to 21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District has no long-term debt. A large portion of its assets are restricted cash and investments (approximately \$3.8 million at December 31, 2013, an increase of approximately \$199,000 from 2012). The majority of the liabilities for the District consist of unearned revenue (approximately \$3.7 million at December 31, 2013, an increase of approximately \$231,000 from 2012 that is spendable in future years. Net position is \$22,918 and is comprised of investment in capital assets of \$2,991 and restricted general fund balance of \$19,927. The District's net position decreased \$28,891 resulting from the low rate of return on investments and depreciation on capital assets during 2013.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis (continued)

**District's Net Position
As of December 31,**

	2013	2012
Current and Other Assets	\$ 3,843,132	\$3,640,826
Capital Assets	2,991	5,331
Total Assets	<u>\$ 3,846,123</u>	<u>\$3,646,157</u>
Current and Other Liabilities	\$ 3,794,849	\$3,565,835
Long Term Liabilities	28,356	28,513
Total Liabilities	<u>\$ 3,823,205</u>	<u>\$3,594,348</u>
Net Position		
Net Investment in Capital Assets	\$ 2,991	\$ 5,331
Restricted	19,927	46,478
Total Net Position	<u>\$ 22,918</u>	<u>\$ 51,809</u>

Key elements of the changes in net position is as follows:

**District's Changes in Net Position
For The Years Ended December 31,**

	2013	2012
Revenues		
Grant Revenues	\$ [Ⓔ] 1,888,857	\$2,293,088
Investment Income	242,097	154,128
Other Income	21,255	14,163
Total Revenues	<u>\$ 2,152,209</u>	<u>\$2,461,379</u>
Expenses		
Operating and Administrative Program Plan Implementation and Subgrant Expenditures	\$ 472,747	\$ 488,945
Total Expenses	<u>\$ 2,181,100</u>	<u>\$2,476,807</u>
Decrease in Net Position	\$ (28,891)	\$ (15,428)
Net Position - Beginning of Fiscal Year	51,809	67,237
Net Position - End of Fiscal Year	<u>\$ 22,918</u>	<u>\$ 51,809</u>

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis (continued)

Grant Revenue is the primary source of funding for the District and continues to be provided by locally generated revenues deposited into a statewide solid waste management fund collected by the Missouri Department of Natural Resources ("MDNR"). The four principal jurisdictions within the District provide a small match annually for activities of the District. The District's funding from MDNR has averaged approximately \$2.6 million over the recent four years. The District was awarded \$2.4 million for fiscal year 2013, a decrease of .4 million from 2012. These funds are based on tipping fees received at area landfills. All funds are earmarked for waste reduction and recycling programs and projects.

Grant Revenues decreased by approximately \$404,006 in 2013 from 2012, due to slow progression of the District's subgrant projects. Due to the District's grant agreements with MDNR and the grant requirements of the funds from MDNR, all funds received from MDNR, as well as the interest earned thereon, are considered Unearned Revenue (a liability) until expended by the District. Upon expenditure, the District relieves the liability, and recognizes Grant Revenue or Investment Income.

Investment Income increased by approximately \$88,000 in 2013 from 2012. The increase was largely due to increased utilization of deferred interest funding that was received in prior years. (Deferred interest funding of \$267,000 for 2013 was utilized, \$161,000 was utilized in 2012).

Other Income increased by approximately \$7,000 in 2013 from 2012, due to increased use of the District's previously received Local funds, which were provided to the District in prior years. These Local funds were unearned revenue (a liability), until expended by the District, when the District reduces the liability and recognizes other income. Local funds expended (\$21,000 in 2013, \$14,000 in 2012).

Expenditures and Expenses are incurred in the operation and administration of the District and to provide technical assistance to subgrantees who have been awarded grants for recycling activities.

Operating and Administrative expenses decreased by approximately \$16,000 in 2013. The decrease in expenses was primarily related to the District's reduced expenditures incurred for salaries and benefits (approximately \$330,000 in 2013 and approximately \$343,000 in 2012).

Program Plan Implementation and Subgrant Expenditures decreased approximately \$280,000 due to the slow progression of subrecipients' projects for 2013.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis (continued)

The general fund is the chief operating fund of the District. At the end of the current fiscal year, the general fund had a balance of \$19,927. Due to the source and nature of the District's revenues and the restrictions on the use of the funds, excess revenues not spent during a year are reported as a liability according to generally accepted accounting principles and carried forward to future years. Therefore, the District's general fund balance as of December 31, 2013 is not indicative of any financial distress. On the contrary, the District has \$3.7 million of unearned revenue to be paid to subgrantees and for District projects in future years.

CAPITAL ASSETS

The District's investment in capital assets as of December 31, 2013 was \$2,991 (net of accumulated depreciation). This investment in capital assets included an automobile, office furniture & equipment, and computers and computer software. There were \$0 of furniture and equipment and software capital asset additions and \$2,340 of depreciation expense in 2013.

ECONOMIC FACTORS

- The District relies primarily on funding derived from local landfill tipping fees collected by the Missouri Department of Natural Resources. Funds are awarded based on tipping fees paid at the landfills. The District was awarded funds of \$2.4 million for fiscal year ended 2013.
- The District's funds are used to administer approved waste reduction and recycling projects and activities throughout the year.

Request for Information

The District's basic financial statements are designed to present users (citizens, customers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's Executive Director or Accountant at 7525 Sussex Avenue, St. Louis, MO 63143.

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Basic Financial Statements

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ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**GOVERNMENTAL FUNDS -
BALANCE SHEET/STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	<u>Major Fund</u>		
	<u>General</u>	<u>Adjustment</u>	<u>Statement</u>
	<u>Fund</u>	<u>(Note 6)</u>	<u>of Net Position</u>
Assets			
Cash and pooled investments - restricted	\$ 3,833,465	\$ -	\$ 3,833,465
Interest receivable	6,096	-	6,096
Security deposits	3,571	-	3,571
Capital assets, net of accumulated depreciation	-	2,991	2,991
Total Assets	<u>\$ 3,843,132</u>	<u>\$ 2,991</u>	<u>\$ 3,846,123</u>
Liabilities			
Grants payable	\$ 38,837	\$ -	\$ 38,837
Other liabilities	29,837	-	29,837
Unearned revenue	3,754,531	(28,356)	3,726,175
Noncurrent liabilities:			
Due within one year	-	18,482	18,482
Due in more than one year	-	9,874	9,874
Total Liabilities	<u>3,823,205</u>	<u>-</u>	<u>3,823,205</u>
Fund Balances			
Restricted	<u>19,927</u>	<u>(19,927)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 3,843,132</u>		
Net Position			
Net investment in capital assets		2,991	2,991
Restricted		19,927	19,927
Total Net Position			<u>\$ 22,918</u>

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Major Fund</u>		
	<u>General</u>	<u>Adjustment</u>	<u>Statement</u>
	<u>Fund</u>	<u>(Note 7)</u>	<u>of Activities</u>
Revenues			
Grant revenue	\$ 1,889,014	\$ (157)	\$ 1,888,857
Investment income	268,658	-	268,658
Unrealized loss on investments	(26,561)	-	(26,561)
Other income	21,255	-	21,255
Total Revenues	2,152,366	(157)	2,152,209
Expenditures/Expenses			
Program plan implementation and subgrant expenditures	① 1,708,353	-	1,708,353
Operating and administrative:			
Salaries	265,735	(157)	265,578
Payroll taxes and employee benefits	64,781	-	64,781
Payroll processing	17,104	-	17,104
Travel and training	10,203	-	10,203
Occupancy	27,828	-	27,828
Utilities	9,450	-	9,450
Equipment	814	-	814
Supplies	3,254	-	3,254
Contractual	50,477	-	50,477
Other expenses	16,418	-	16,418
Printing and postage	1,663	-	1,663
Subscriptions, publications and memberships	2,837	-	2,837
Depreciation	-	2,340	2,340
Subtotal	② 470,564	2,183	472,747
Total Expenditures/Expenses	2,178,917	2,183	2,181,100
Excess of Revenues (Under) Over Expenditures/Expenses	(26,551)	26,551	-
Change in Net Position	-	(28,891)	(28,891)
Fund Balances/Net Position, Beginning of Year	46,478	5,331	51,809
Fund Balances/Net Position, End of Year	\$ 19,927	\$ 2,991	\$ 22,918

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**STATEMENT OF SUBGRANT EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Project Number</u>	<u>2013 Expenditure</u>	<u>Project Number</u>	<u>2013 Expenditure</u>
200339	\$ (1,200)	201228	\$ 8,825
200680	141,524	201230	44,831
201005	9,000	201231	31,010
201014	6,000	201232	42,500
201023	60,253	201235	1,844
201103	15,314	201237	24,650
201105	11,270	201238	2,100
201109	4,682	201241	46,872
201112	3,686	201242	20,000
201115	3,750	201243	17,000
201116	2,792	201244	21,825
201119	6,000	201245	2,615
201120	18,716	201246	25,000
201122	1,155	201247	21,307
201123	3,750	201249	42,025
201124	12,651	201251	3,934
201127	4,145	201253	13,647
201131	1,350	201254	7,976
201132	2,594	201255	3,750
201133	4,272	201256	12,000
201137	2,995	201257	1,484
201138	1,585	201259	4,600
201140	7,020	201260	38,250
201141	3,000	201262	12,000
201143	3,000	201302	8,926
201144	9,290	201308	4,724
201145	3,750	201309	9,923
201146	7,500	201312	8,285
201149	2,292	201316	6,602
201152	11,271	201320	76,500
201153	7,057	201321	40,000
201154	25,374	201322	4,950
201155	1,500	201323	2,780
201158	6,000	201327	5,496
201159	10,197	201332	21,482
201202	7,500	201334	3,162
201203	940	201335	7,217
201204	32,200	201336	26,707
201205	37,399	201339	8,500
201206	41,587	201340	3,785
201207	2,881	201342	12,750
201209	2,009	201343	9,233
201210	15,067	201344	21,250
201212	39,710	201345	17,000
201213	18,714	201347	37,557
201214	15,139	201349	20,480
201215	3,000	201352	13,669
201216	14,935	201353	39,096
201217	79,475	201355	3,000
201218	20,943	201356	2,850
201220	8,512	201358	6,800
201221	39,397	201359	17,000
201223	10,000	201360	5,000
201224	9,000	201361	1,650

446,374

**Total Subgrant
Expenditures**

\$ 1,708,353 off to 9/11
2,181,000

off to 9/11

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

1. Summary Of Significant Accounting Policies

The St. Louis-Jefferson Solid Waste Management District (the "District") was formed in 1991 by Jefferson County, St. Louis County and the City of St. Louis, Missouri. St. Charles County joined the District in 2002. Authority for forming the District was based on Senate Bill 530 (SB 530), which was passed in 1990. SB 530 established a procedure allowing counties to form regional solid waste management districts to promote waste reduction and recycling. SB 530 set a goal of reducing the amount of solid waste generated statewide for disposal by 40%. The District serves as a resource to assist the public, private and not-for-profit sectors in establishing and expanding waste reduction, recycling and composting effort in the St. Louis metropolitan area.

The accounting policies and financial reporting practices of the District conform to accounting principles generally accepted in the United States of America (GAAP) applicable to government entities. The more significant accounting policies of the District are described below.

Reporting Entity

The District defines its reporting entity in accordance with the provisions established by the Governmental Accounting Standards Board (GASB). The criteria used in determining the scope of the entity for financial reporting purposes includes fiscal dependency and the presence of a financial benefit or burden relationship. The financial statements of the District consist only of the funds of the District as no such relationship exists with any other entities. In addition, the District is not aware of any entity, which would exercise such oversight which would result in the District being considered a component unit of the entity.

Government Wide And Fund Financial Statements

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

Combined with the government-wide financial statements are separate fund financial statements for governmental funds. The major individual governmental fund is reported in a separate column in the fund financial statements.

Fund Accounting

The District has organized its accounts on the basis of funds. Each fund is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures or expenses. District resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the fund financial statements. The District uses only one category of fund, which is governmental.

***ST. LOUIS-JEFFERSON SOLID WASTE
MANAGEMENT DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2013***

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Notes to Basic Financial Statements (continued)

Governmental Fund Types

Governmental funds are those through which governmental functions of the District are financed. The acquisition, use, 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 and changes in financial position rather than upon net income. The following is the District's major governmental fund:

General

General Fund resources may be used for any District purpose. This fund is used to account for all financial resources except those required to be accounted for in another fund.

Measurement Focus, Basis Of Accounting And Financial Statement Presentation

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

Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Since the governmental fund financial statements and government-wide financial statements are combined an adjustment column is provided to show the reconciliation between the two sets of financial statements. The notes to the financial statements further describe the adjustments by providing brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available. The term available is defined as collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For the District, available means expected to be received within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Nonexchange transactions are grouped into the following four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government mandated nonexchange transactions, and voluntary nonexchange transactions.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Notes to Basic Financial Statements (continued)

All of the District's revenues are intergovernmental revenues, representing grants, entitlements, donations and assistance received from other governmental units, which are generally recognized as revenues in the period when all eligibility requirements have been met. Any resources received before eligibility requirements are met are reported as unearned revenues.

Capital Assets

Capital assets, which include building improvements, furniture and equipment, are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair value as of the date received. The Board maintains a capitalization threshold of \$500. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Years</u>
Building improvements	7
Furniture and equipment	3-7

Depreciation expense for the year ended December 31, 2013 was \$2,340.

Vacation And Sick Leave

Vacation benefits are available to all employees. Vacation benefits are recorded as earned. Accrued vacation time is recognized as a liability when earned and any unused accumulated vacation is payable to employees upon termination. Accrued vacation is recorded in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if the amount is due at year end and payable with current resources.

Unused sick leave accumulates but does not vest; and, therefore, an accrual is not made in the financial statements.

Adoption of New Accounting Standards

For the year ended December 31, 2013, the District adopted GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Notes to Basic Financial Statements (continued)

inflows of resources (revenues). This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

Governmental Fund Balances

In the governmental fund financial statements the following classifications are used to define the governmental fund balances:

Nonspendable - This consists of the governmental fund balances that are not in spendable form or legally or contractually required to be maintained intact. The District has no nonspendable fund balance as of December 31, 2013.

Restricted - This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The District's fund balance is restricted for grant purposes.

Committed - This consists of the governmental fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board of Directors, the District's highest level of decision-making authority. The District has no committed fund balance as of December 31, 2013.

Assigned - This consists of the governmental fund balances that are intended to be used for specific purposes by a) Board of Directors or b) Executive Director. The District has no assigned fund balance as of December 31, 2013.

Unassigned - This consists of the governmental funds that do not meet the definition of "nonspendable", "restricted", "committed", or "assigned".

Net Position

In the government-wide financial statements, net position is classified as follows:

Net investment in capital assets - the component of net position that reports the difference between capital assets less both accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets. The District has no related debt.

Restricted - the difference between the assets and liabilities that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The District's net position is restricted for grant purposes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Notes to Basic Financial Statements (continued)

Management's Use Of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Budgetary Data

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

Cash And Pooled Investments - Restricted

Pooled investments are stated at fair value which is based on the District's share of the pool and quoted market prices provided by the pool.

Cash and pooled investments consist of amounts received for grant purposes, but not yet expended. The cash and interest income is restricted to use under conditions specified in grant documents. All of the District's cash and pooled investments are restricted because it is grant revenue or interest earned on grant revenues, which has a specified purpose.

Unearned Revenue

Grant revenues received and interest earned thereon, but not yet expended in accordance with grant designated purposes, are reported as unearned revenues.

2. Cash And Investments

The cash of the District is held by St. Louis County, Missouri, in a pooled cash account. The District follows the investment policy of St. Louis County, Missouri. St. Louis County, Missouri issues a publicly available financial report. That report may be obtained by writing to St. Louis, County, Missouri, Division of Fiscal Management, 41 South Central Avenue, Clayton, Missouri 63105.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Notes to Basic Financial Statements (continued)

The deposits and investments held at December 31, 2013, reported at cost, are as follows:

<u>Type</u>	<u>Carrying Value</u>
Deposits:	
Demand deposits	\$ 47,688
Investments:	
External investment pool	<u>3,785,777</u>
Total Deposits and Investments - restricted	<u>\$ 3,833,465</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a depository agreement with its financial institution to ensure deposits in excess of federal depository insurance corporation are secured by collateral consisting of securities as prescribed by state statute and/or an irrevocable letter of credit as prescribed by state statute. As of December 31, 2013, the District's bank balance of \$125,999 was not exposed to custodial credit risk.

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. St. Louis County, Missouri addresses custodial credit risk by prequalifying institutions with which the County places investments, diversifying the investment portfolio, and maintaining a standard of quality for investments. As of the December 31, 2013, the District does not have any investments exposed to this type of risk.

Interest Rate Risk

Through the investment pool at St. Louis County, Missouri, the District will minimize the risk that the market value of securities in the portfolio will decline due to changes in general interest rates by:

1. Structuring the pool's investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market.
2. Maintaining a sufficient balance in liquid funds to adequately cover forecasted cash requirements.

The average maturity of the investments of the County's investment pool was 0.551 years as of December 31, 2013.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Notes to Basic Financial Statements (continued)

Credit Risk

The St. Louis County, Missouri, investment pool will minimize credit risk, (the risk of loss due to the failure of the security issuer or backer) by:

1. Pre-qualifying the financial institutions, securities dealers, intermediaries, and advisors with which the County will do business.
2. Diversifying the portfolio as those potential losses on individual securities will be minimized.
3. Settling all purchase/sale transactions delivery versus payment.

According to the investment policy of St. Louis County, Missouri, any agency security purchased must be senior debt and rated with the highest debt rating by Moody's Investor Services, Inc. and Standard and Poor's Corporation (S&P). The St. Louis County, Missouri, investment pool is not rated.

3. Capital Assets

Capital asset activity for the year ended December 31, 2013:

	Balance January 1, 2013	Additions	Retirements	Balance December 31, 2013
Governmental Activities:				
Capital Assets, Being Depreciated:				
Building improvements	\$ 500	\$ -	\$ -	\$ 500
Furniture and equipment	84,518	-	-	84,518
Total Capital Assets, Being Depreciated	85,018	-	-	85,018
Less - Accumulated Depreciation For:				
Building improvements	500	-	-	500
Furniture and equipment	79,187	2,340	-	81,527
Total Accumulated Depreciation	79,687	2,340	-	82,027
Total Capital Assets, Being Depreciated, Net	5,331	(2,340)	-	2,991
Governmental Activities, Capital Assets, Net	\$ 5,331	\$ (2,340)	\$ -	\$ 2,991

4. Transactions With Related Parties

The District was created by ordinances of St. Louis County, St. Louis City and Jefferson County effective December 19, 1991. St. Charles County joined the District in 2002. St. Louis County, St. Louis City, St. Charles County and Jefferson County agreed to provide annual funds to the

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Notes to Basic Financial Statements (continued)

District. For the period ended December 31, 2013, \$10,000 has been received from these entities and \$20,560 was expended. In addition, during the year ended December 31, 2013, the District awarded these entities grants totaling approximately \$85,000. The District expended approximately \$263,954 during 2013 for current and prior year grant awards.

Pooled investments of the District are held by St. Louis County, Missouri. The accrued interest receivable that represents amounts due from St. Louis County for interest on these funds is \$6,096 at December 31, 2013.

5. Missouri Department Of Natural Resources Grants

The District has been awarded annual grants from the local funds collected by the Missouri Department of Natural Resources (MDNR) 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 the District to recipients who are engaged in various waste reduction, education, recycling, composting and market development activities related to achieving Missouri's waste reduction goals.

Revenue derived from MDNR grant allocations accounts for 88% of total revenue.

6. Explanation Of Differences Between Governmental Funds

Total Fund Balance - Governmental Funds	\$ 19,927
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$85,018 and the accumulated depreciation is \$82,027.	2,991
Compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities within the fund financial statements.	28,356
Grant, interest and local revenues received but not spent are deferred in the fund financial statements. However, revenue to support the compensated absences is recognized in the government-wide statements.	<u>(28,356)</u>
Total Net Position - Governmental Activities	<u><u>\$ 22,918</u></u>

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Notes to Basic Financial Statements (continued)

7. Explanation Of Differences Between Governmental Funds Operati. Statements And Statement Of Activities

Net Change in Fund Balance - Total Governmental Funds \$ (26,551)

Amounts reported for governmental activities in the statement of net assets are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$500 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	-	
Depreciation expense	<u>(2,340)</u>	(2,340)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements. (157)

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 157

Change In Net Position Of Governmental Activities \$ (28,891)

8. Employees' Retirement System

Beginning in September 2002, District employees were paid through the Missouri Botanical Garden (the "Garden") payroll system with management adopting Missouri Botanical Garden's benefits package for its employees. Under the Garden's system, full-time employees are eligible for participation in a tax deferred annuity plan with assets of the plan co-mingled and administered by the Missouri Botanical Garden.

Employees are considered vested when they have attained five years of credited service. The plan is under the administration and control of the Board of Trustees of the Missouri Botanical Garden. The plan issues a publicly available financial report that includes financial statement and required supplementary information. That report may be obtained by writing: Missouri Botanical Garder P. O. Box 299, St. Louis, Missouri 63166-0299.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Notes to Basic Financial Statements (continued)

The tax deferred annuity plan allows for an employer match contribution up to 6% of the amount that participants deferred. Contributions of \$13,003 were made to the plan by the District in 2013.

9. Lease Obligations

In September 2010, the District entered into a five-year lease obligation for office space, commencing on October 1, 2010, at approximately \$2,300 per month.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 27,828
2015	<u>20,871</u>
	<u>\$ 48,699</u>

Total rent expense for the year ended December 31, 2013 was \$27,828.

10. Compensated Absences

The following is a summary of changes in the District's compensated absences for the year ended December 31, 2013:

	<u>Balance</u> <u>January 1,</u> <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u> <u>2013</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Compensated Absences	\$ 28,513	\$ 18,427	\$ 18,584	\$ 28,356	\$ <u>18,482</u>

11. Risk Management

The District is at risk for property damage, liability and theft which are covered by insurance policies. Claims have not exceeded coverage for the past three years.

12. Recent Accounting Pronouncements

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Government Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Notes to Basic Financial Statements (continued)

Pronouncements issued by the GASB or other authoritative accounting standards groups w. future effective dates are either not applicable or are not expected to be significant to the financial statements of the District.



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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*

To the Members of the Executive Board
St. Louis-Jefferson 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 the major fund of St. Louis-Jefferson Solid Waste Management District (the "District") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 16, 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 a 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 over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not

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identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs (2013-01) that we consider to be a significant deficiency.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether St. Louis-Jefferson Solid Waste Management 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*.

We noted certain matters that we reported to management in a separate letter dated April 16, 2014.

The District's response to the finding identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
April 16, 2014



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Independent Auditors' Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; And Report On The Schedule Of Expenditures Of State Awards Required By OMB Circular A-133

Independent Auditors' Report

To the Members of the Executive Board
St. Louis-Jefferson Solid Waste Management District

Report on Compliance for Each Major State Program

We have audited the St. Louis-Jefferson Solid Waste Management District's (the "District") compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, as required by Missouri Department of Natural Resources, that could have a direct and material effect on each of the District's major state programs for the year ended December 31, 2013. The District's major state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and NonProfit Organizations*, as required by Missouri Department of Natural Resources. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, St. Louis-Jefferson Solid Waste Management District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule Of Expenditures Of State Awards Required by OMB Circular A-133

We have audited the financial statements of the St. Louis-Jefferson Solid Waste Management District as of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated April 16, 2014, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial

statements. The accompanying schedule of expenditures of state awards is presented for the purposes of analytical analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such 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. The 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


SCHOWALTER & ABOURI, P.C.

St. Louis, Missouri
April 16, 2014

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

State Grantor/Program Title	Period of Grant	Total Award Amount	Expenditures
Missouri Department of Natural Resources:			
Solid Waste Management Program	2003	\$ 50,000	\$ (1,200)
	2006	500,000	141,524
	2010	1,473,763	75,253
	2011	1,763,059	197,959
	2012	2,756,957	848,442
	2013	2,411,549	<u>893,560</u>
Total Expenditures of State Awards			<u>\$ 2,155,538</u>

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
DECEMBER 31, 2013**

1. Basis Of Presentation

The accompanying schedule of expenditures of state awards includes the state grant activity of St. Louis-Jefferson Solid Waste Management District and is presented on the modified-accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Program Income

In accordance with the terms of the grant, interest income totaling \$226,524 was used to reduce the amount of state funds used to complete the projects. Total expenditures under the grant program for the year ended December 31, 2013, follows:

	<u>2003</u>	<u>2006</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
State Funds	\$ (1,200)	\$ -	\$ 75,253	\$ 197,959	\$ 848,442	\$ 768,560
Interest	-	141,524	-	-	-	125,000
Amount per Schedule of Expenditures of State Awards	<u>\$ (1,200)</u>	<u>\$141,524</u>	<u>\$ 75,253</u>	<u>\$ 197,959</u>	<u>\$ 848,442</u>	<u>\$ 893,560</u>

3. Operating Grant

As part of the Solid Waste Management Program, the District receives monies to cover operating expenditures of the District. Total operating expenditures under the program for the year ended December 31, 2013, follows:

	<u>2003</u>	<u>2006</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Subgrant and plan implementation expenditures	\$ (1,200)	\$141,524	\$ 75,253	\$ 197,959	\$ 848,442	\$ 446,375
Operating expenditures	-	-	-	-	-	447,185
Amount per Schedule of Expenditures of State Awards	<u>\$ (1,200)</u>	<u>\$141,524</u>	<u>\$ 75,253</u>	<u>\$ 197,959</u>	<u>\$ 848,442</u>	<u>\$ 893,560</u>

4. Award Amount

The total award amount includes state funds, interest allocated by the District and carryover from prior years for subgrants, plan implementation grants and operating grants with activity during the year, as follows:

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

Notes to Schedule of Expenditures of State Awards (continued)

	<u>2003</u>	<u>2006</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>20</u>
State Funds	\$ 50,000	\$ -	\$ 947,556	\$ 1,446,132	\$ 2,367,658	\$ 1,881,773
Interest	-	500,000	200,000	75,000	-	125,000
Carryover	-	-	326,207	241,927	389,299	404,776
Amount per Schedule of Expenditures of State Awards	<u>\$ 50,000</u>	<u>\$500,000</u>	<u>\$ 1,473,763</u>	<u>\$ 1,763,059</u>	<u>\$ 2,756,957</u>	<u>\$ 2,411,549</u>

5. Cash Receipts

During the year ended December 31, 2013, the District received \$2,376,743 in state grant funds for subgrant and plan implementation grants.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

1. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified
not considered to be material weaknesses? X Yes No

Noncompliance material to financial statements noted? Yes X No

State Awards

Internal control over major programs:
Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified
not considered to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section .510(a)? Yes X No

Identification of major programs:

Missouri Department of Natural Resources
Solid Waste Management Program

Dollar threshold used to distinguish between Type
A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013**

2. AUDIT FINDING RELATING TO THE FINANCIAL STATEMENTS

2013-01

Condition: The District has adequate controls in place to record, process and summarize accounting data; however, the District relies on the external auditors to assist in the preparation of the annual financial statements in conformity with accounting principles generally accepted in the United States of America.

Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters in an Audit*, requires conditions necessitating the entity's auditor to provide such assistance be communicated in writing to those charged with governance.

Cause: The District's accounting personnel were hired to meet the District's basic accounting needs for managerial and compliance requirements. The District's accounting personnel were not hired as experts in the area of government accounting and reporting. Accounting responsibilities include preparing internal-use financial statements and financial reporting, without footnote disclosures, for the District. The monthly financial reporting prepared by the District's accounting personnel provides sufficient information to manage the District's financial operations. The District's accounting personnel are actively involved in reviewing the audited financial statements, and provide input regarding the information disclosed.

During the current year, we noted the District's accounting personnel attended various training and education opportunities; however, due to time constraints, the accounting personnel were not able to prepare the financial statements and related footnotes.

Effect: Auditors may continue to assist the clients with the preparation of the financial statements now and in the future. However, professional standards require such conditions to be communicated to those charged with governance.

Recommendation: The District should continue training and education opportunities for the District's accountant to enhance the knowledge and remain abreast with generally accepted accounting principles. Such knowledge is required to assess the adequacy of the financial statements and related note disclosures. Alternatively, the District may consider seeking consultants to assist in the year-end financial reporting process.

3. AUDIT FINDINGS RELATING TO STATE AWARDS

None.

ST. LOUIS-JEFFERSON SOLID WASTE MANAGEMENT DISTRICT

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2013**

Finding No. 2013-01: The District does not apply sufficient controls over the preparation of the note disclosures to the financial statements.

Corrective Action Plan: The District will continue further education and training regarding generally accepted accounting principles.

Contact Person: Marian Deinbo, Accountant

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***ST. LOUIS-JEFFERSON SOLID WASTE
MANAGEMENT DISTRICT
REPORT ON INTERNAL CONTROL
RELATED MATTERS AND
ADVISORY COMMENTS
DECEMBER 31, 2013***

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April 16, 2014

To the Members of the Executive Board and management
St. Louis-Jefferson Solid Waste Management District

In planning and performing our audit of the financial statements of the governmental activities and major fund of St. Louis-Jefferson Solid Waste Management District (the "District") as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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 a 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 comments concerning internal control and other significant matters are presented as follows:

- I. Current and Prior Year Deficiency Considered to be Significant
- II. Other Current Year Comments

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We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. We want to express our sincere appreciation to the staff for the cooperation and assistance received during the audit engagement and for the opportunity to serve St. Louis-Jefferson Solid Waste Management District.


SCHOWALTER & JABOURI, P.C.

I. CURRENT AND PRIOR YEAR DEFICIENCY CONSIDERED TO BE SIGNIFICANT

Internal Control over Financial Reporting

The District is required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the District's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

As is the case with many smaller and medium-sized entities, the District has historically relied on its independent external auditors to assist in the preparation of the financial statements and related footnotes as part of its year end audit process. Accordingly, the District's ability to prepare financial statements in accordance with GAAP is based, in part, on its external auditors, who cannot by definition be considered a part of the government's internal controls.

During our audit, we noted that the District has adequate controls in place to record, process and summarize accounting data; however, the District relies on the external auditors to determine which disclosures are required under GAAP. Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, the auditor is required to communicate such matters to the District's management and governing body. The failure to do so would be a lack of compliance with generally accepted auditing standards in the United States.

We continue to recommend the District examine their internal control system regarding the financial reporting process. The District should continue training and education opportunities for the District's accountant to enhance the knowledge and remain abreast with generally accepted accounting principles. Such knowledge is required to assess the adequacy of the financial statements and related note disclosures.

II. OTHER CURRENT YEAR COMMENTS

Grant Disbursements

During our testing of state grant expenditures, we noted one check that was not signed by two individuals. The District's policy is that all checks written for grant payments must be signed by two authorized signers.

We recommend the District carefully review all checks written to ensure that payments are made in accordance with District policy.

UCC Filing Statements

During our testing of state grant expenditures, we noted three grant files that did not contain a UCC Filing Statement. This statement is required to be completed when grant funds are used to purchase equipment.

We recommend the District implement review procedures to ensure that all grant files contain the required documentation.

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