

SWMT
DB Pg R
audit

~~DB~~
R

SOUTHEAST MISSOURI SOLID WASTE
MANAGEMENT DISTRICT REGION R
Perryville, Missouri

June 30, 2006



**BEUSSINK, HEY, ROE,
SEABAUGH & STRODER, L.L.C.**

Certified Public Accountants

BEUSSINK, HEY, ROE, SEABAUGH & STRODER, L.L.C.

Certified Public Accountants

4018 Sycamore
Cairo, Illinois 62914
Telephone (618) 734-3300
Facsimile (618) 734-3303

16 So. Silver Springs Road
Cape Girardeau, Missouri 63703
Telephone (573) 334-7971
Facsimile (573) 334-8875

105 So. Hope
Jackson, Missouri 63755
Telephone (573) 243-3991
Facsimile (573) 243-3186

INDEPENDENT AUDITORS' REPORT

Board of Directors
Southeast Missouri Solid Waste
Management District Region R
Perryville, Missouri

We have audited the accompanying financial statements of the governmental activities and the major funds of Southeast Missouri Solid Waste Management District Region R as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major funds of Southeast Missouri Solid Waste Management District Region R as of June 30, 2006 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 13 through 14, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

BEUSSINK, HEY, ROE, SEABAUGH & STRODER, L.L.C.

Beussink, Hey, Roe, Seabaugh & Stroder, L.L.C.

Cape Girardeau, Missouri

August 3, 2006

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis

June 30, 2006

Introduction

As management of Southeast Missouri Solid Waste Management District, we offer readers of Southeast Missouri Solid Waste Management District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2006. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this narrative.

Financial Analysis

The Statement of Net Assets which can be found in Statement 1, provides an overview of the SEMO SWMD's financial position at a given point in time. The Statement of Activities, which can be found in Statement 2, reports changes in the District's financial position resulting from the year's activities. Both statements are used to evaluate the financial health of the SEMO SWMD.

Summary of Assets, Liabilities and Net Assets

	June 30, 2006	June 30, 2005	Increase (Decrease)	% Change
Current Assets	128,837	129,382	(545)	0%
Total Assets	128,837	129,382	(545)	0%
			-	
Current Liabilities	921	44,643	(43,722)	-98%
Total Liabilities	921	44,643	(43,722)	-98%
			-	
Unrestricted	127,916	84,739	43,177	51%
			-	
Total Net Assets	127,916	84,739	43,177	51%

Total assets were about the same as last year; however, liabilities have decreased substantially. For Fiscal Year 2006, the District began invoicing members for dues on July 1, 2005. In previous years, the invoices were mailed prior to the end of the calendar year. As a result, many members paid dues before the current fiscal year began, resulting in Deferred Revenue. The change in mailing and receipt of dues payments reduced the recording of a liability. For a presentation of the General Fund and Special Revenue Fund, see Statement 3.

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis

June 30, 2006

Summary of Statement of Activities

	June 30, 2006	June 30, 2005	Increase (Decrease)	% Change
Dues	25,002	25,002	-	0
State Grants	96,115	77,581	18,534	24%
Interest	2,434	1,440	994	69%
Total Revenue	123,551	104,023	19,528	19%
			-	
District Expenses	54,291	55,804	(1,513)	-3%
Sub Grants	26,083	66,558	(40,475)	-61%
Total Expenses	80,374	122,362	(41,988)	-34%
			-	
Change in Net Assets	43,177	(18,339)	61,516	-335%
Beginning Net Assets	84,739	128,080	(43,341)	-34%
Prior Period Adjustment		(25,002)	25,002	
Ending Net Assets	127,916	84,739	43,177	51%

SEMO SWMD revenue increased in the current year. The reason for this is that more funds were received from the Department of Natural Resources to aid in funding the subgrantee projects.

The decrease in SEMO SWMD expenses is due to the fact that funds have not yet been requested for subgrantees for their projects. For a presentation of the General Fund and Special Revenue Fund, see Statement 4.

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT DISTRICT

Management's Discussion and Analysis

June 30, 2006

Budgetary Analysis

	Actual	Budget	Variance Favorable (Unfavorable)	% Difference
Revenues	123,551	104,635	18,916	18%
Expenses	80,374	100,437	(20,063)	-20%
Revenues (Under) Expenses	43,177	4,198	38,979	929%

The difference between actual results and budgeted estimates are as follows: Dues revenue was budgeted at \$6,132, which reflected the actual amount of cash received for dues in FY06, \$18,869 was received in FY05 and reported in the financial statement as Deferred Revenue. The FY06 financial statements include \$18,869 as FY06 revenue. Expenses were under budget due to the District not receiving invoices from subgrantees on approved projects during the fiscal year.

Next Year's Budget and Other Conditions

Funding for the District in Fiscal Year 2007 is anticipated to include dues from local members and a grant from the State of Missouri. Dues are anticipated to be \$25,000. It is anticipated that grant funds will be provided to the District in the amount of \$56,516 and local subgrants expenses are anticipated to be \$140,000. Local sub-grants will be dependent upon the quality of applications received by the District. The interest is anticipated to be \$2,300. Administration and management expenses are projected to be \$56,516.

Request for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in them. Questions concerning any of the information provided should be addressed to the Executor Director, SEMO Solid Waste Management District, P.O. Box 366, Perryville, Missouri 63775.

BASIC FINANCIAL STATEMENTS

STATEMENT 1

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT DISTRICT REGION R
Perryville, Missouri

STATEMENT OF NET ASSETS

June 30, 2006

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash	\$ 128,837	\$ -	\$ 128,837
 <u>LIABILITIES:</u>			
Accounts Payable	\$ 921	\$ -	\$ 921
 <u>NET ASSETS:</u>			
Unrestricted	<u>\$ 127,916</u>	<u>\$ -</u>	<u>\$ 127,916</u>

See Accompanying Notes to Basic Financial Statements.

STATEMENT 2

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT DISTRICT REGION R
Perryville, Missouri

STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2006

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets		
		Fees and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Activities:</u>						
Governmental Activities:						
Regular Programs	\$ 54,291	\$ 25,002	\$ -	\$ (29,289)	\$ -	\$ (29,289)
Special Programs	<u>26,083</u>	<u>-</u>	<u>96,115</u>	<u>70,032</u>	<u>-</u>	<u>70,032</u>
Total Governmental Activities	\$ 80,374	\$ 25,002	\$ 96,115	\$ 40,743	\$ -	\$ 40,743
<u>Business-Type Activities:</u>						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	\$ <u>80,374</u>	\$ <u>25,002</u>	\$ <u>96,115</u>	\$ <u>40,743</u>	\$ <u>-</u>	\$ <u>40,743</u>
<u>General Revenues:</u>						
Earnings on Investments				\$ 2,434	\$ -	\$ 2,434
Total General Revenues				\$ <u>2,434</u>	\$ <u>-</u>	\$ <u>2,434</u>
Change in Net Assets				\$ 43,177	\$ -	\$ 43,177
Net Assets - July 1, 2005				84,739	-	84,739
Net Assets - June 30, 2006				\$ <u>127,916</u>	\$ <u>-</u>	\$ <u>127,916</u>

See Accompanying Notes to Basic Financial Statements.

STATEMENT 3

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT DISTRICT REGION R
Perryville, Missouri

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2006

ASSETS

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>CURRENT ASSETS:</u>			
Cash	\$ 22,872	\$ 105,965	\$ 128,837
 TOTAL ASSETS	 <u>\$ 22,872</u>	 <u>\$ 105,965</u>	 <u>\$ 128,837</u>

LIABILITIES AND FUND BALANCES

<u>CURRENT LIABILITIES:</u>			
Accounts Payable	\$ 921	\$ -	\$ 921
 FUND BALANCE	 <u>\$ 21,951</u>	 <u>\$ 105,965</u>	 <u>\$ 127,916</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 22,872</u>	 <u>\$ 105,965</u>	 <u>\$ 128,837</u>

Total Fund Balances for Governmental Funds (Statement 3)	\$ 127,916
--	------------

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

There are no differences to report	<u>-</u>
Net assets of governmental activities (Statement 1)	<u>\$ 127,916</u>

See Accompanying Notes to Basic Financial Statements.

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT DISTRICT REGION R
Perryville, Missouri

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For The Year Ended June 30, 2006

	General Fund	Special Revenue Fund	Total Governmental Funds
<u>REVENUES:</u>			
Membership Dues	\$ 25,002	\$ -	\$ 25,002
State Grants	-	96,115	96,115
Interest Income	552	1,882	2,434
TOTAL REVENUES	<u>\$ 25,554</u>	<u>\$ 97,997</u>	<u>\$ 123,551</u>
<u>EXPENDITURES:</u>			
Planning and Grant Administration	\$ 47,500	\$ -	\$ 47,500
Subgrants	-	26,083	26,083
Professional Services	1,750	-	1,750
Insurance	1,459	-	1,459
Miscellaneous	3,582	-	3,582
TOTAL EXPENDITURES	<u>\$ 54,291</u>	<u>\$ 26,083</u>	<u>\$ 80,374</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$ (28,737)	\$ 71,914	\$ 43,177
<u>OTHER FINANCING SOURCES (USES):</u>			
Transfer In (Out)	<u>35,730</u>	<u>(35,730)</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 6,993	\$ 36,184	\$ 43,177
FUND BALANCES, July 1, 2005	<u>14,958</u>	<u>69,781</u>	<u>84,739</u>
FUND BALANCES, June 30, 2006	<u>\$ 21,951</u>	<u>\$ 105,965</u>	<u>\$ 127,916</u>
Net Change in Fund Balances - Total Governmental Funds (Statement 4)			\$ 43,177
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:			
There are no differences to report			<u>-</u>
Change in net assets of governmental activities (Statement 2)			<u>\$ 43,177</u>

See Accompanying Notes to Basic Financial Statements.

SOUTHEAST MISSOURI SOLID WASTE
MANAGEMENT DISTRICT REGION R
Perryville, Missouri

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of Southeast Missouri Solid Waste Management District Region R:

A. The Reporting Entity:

The District is a wholly owned subsidiary of county and municipal government and was created under Chapter 260 of the Revised Statutes of the State of Missouri. As such, it is operated by the membership and has representation from county commissions and municipalities.

The District serves the area comprising the counties of Perry, Bollinger, Cape Girardeau, Iron, Madison, St. Francois, and Ste. Genevieve.

Determination of a component unit is derived from the governmental units oversight authority which includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. There are no component units.

B. Basis of Accounting:

The District uses the accrual basis of accounting to record revenues and expenditures. This basis recognizes revenues when earned and expenditures when incurred.

C. Basic Financial Statements – Government-Wide Statements:

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All District services are classified as governmental activities. The District has no business-type activities.

In the government-wide Statement of Net Assets, the governmental columns are presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported as unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (grants, interest income, etc.). The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

D. Basic Financial Statements – Fund Financial Statements:

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government 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 grouped, in the financial statements and in this report, into generic fund types and fund categories as follows:

Governmental Funds -

General Fund – The General Fund is the general 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 state grants received from the Missouri Department of Natural Resources and expenditures to sub-recipients.

E. Fair Value of Financial Instruments:

The District's financial instruments are cash and accounts payable. The recorded values of cash and accounts payable approximate their fair values based on their short-term nature.

2. CASH

Deposits in financial institutions reported as cash had a bank balance of \$128,531 at June 30, 2006 that was fully insured by depository insurance of \$100,000 and secured with collateral held by the District in the District's name of \$28,531.

3. REVENUE

The District's main source of revenue consists of state grants received from the Missouri Department of Natural Resources. These grants represent approximately 78% of the District's annual revenue. In addition, the District collects membership dues from the counties and municipalities in the District.

4. ADMINISTRATIVE FEES

The Southeast Missouri Regional Planning and Economic Development Commission provides various planning, bookkeeping, secretarial, grant administration and other services for the District. These are rendered pursuant to one contract, which is renewed yearly. The contract amount is subject to revision annually. For the year ended June 30, 2006, the planning, bookkeeping, secretarial, administrative, and grant administration contract allowed for an amount not to exceed \$47,500 and the actual cost was \$47,500.

5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Coverage has not decreased from prior years.

6. SUBGRANTS

During the year ended June 30, 2006, the District paid the following amounts for subgrants to its membership:

City of Fredericktown, Materials and Installation of Overhead Doors and Lights	\$11,300
Perry County Recycling Project, Installation of Equipment	11,568
City of Cape Girardeau, Hazardous Waste Collection	<u>3,215</u>
TOTAL	<u>\$26,083</u>

7. TRANSFERS

The District transferred \$35,730 from the Special Revenue Fund to the General Fund to pay for administrative fees expended from the General Fund on behalf of the Special Revenue Fund.

SCHEDULE 1

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT DISTRICT REGION R
Perryville, Missouri

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON

GENERAL FUND

For The Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
Membership Dues	\$ 25,000	\$ 6,132	\$ 25,002	\$ 18,870
State Grant	-	-	-	-
Interest Income	300	553	552	(1)
TOTAL REVENUES	<u>\$ 25,300</u>	<u>\$ 6,685</u>	<u>\$ 25,554</u>	<u>\$ 18,869</u>
<u>EXPENDITURES:</u>				
Planning and Administration	\$ 47,500	\$ 47,500	\$ 47,500	\$ -
Professional Services	2,100	1,750	1,750	-
Insurance	1,365	1,459	1,459	-
Miscellaneous	1,275	1,850	3,582	(1,732)
TOTAL EXPENDITURES	<u>\$ 52,240</u>	<u>\$ 52,559</u>	<u>\$ 54,291</u>	<u>\$ (1,732)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (26,940)</u>	<u>\$ (45,874)</u>	<u>\$ (28,737)</u>	<u>\$ 17,137</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfer In (Out)	47,500	43,818	35,730	8,088
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ 20,560</u>	<u>\$ (2,056)</u>	<u>\$ 6,993</u>	<u>\$ 25,225</u>
Fund Balance, July 1, 2005			<u>14,958</u>	
Fund Balance, June 30, 2006			<u>\$ 21,951</u>	

See Independent Auditors' Report.

SCHEDULE 2

SOUTHEAST MISSOURI SOLID WASTE MANAGEMENT DISTRICT REGION R
Perryville, Missouri

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON

SPECIAL REVENUE FUND

For The Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>REVENUES:</u>				
State Grant	\$ 100,285	\$ 96,115	\$ 96,115	\$ -
Interest Income	<u>1,050</u>	<u>1,835</u>	<u>1,882</u>	<u>47</u>
TOTAL REVENUES	<u>\$ 101,335</u>	<u>\$ 97,950</u>	<u>\$ 97,997</u>	<u>\$ 47</u>
<u>EXPENDITURES:</u>				
Subgrants	<u>\$ 136,485</u>	<u>\$ 47,878</u>	<u>\$ 26,083</u>	<u>\$ 21,795</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (35,150)</u>	<u>\$ 50,072</u>	<u>\$ 71,914</u>	<u>\$ 21,842</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfer In (Out)	<u>\$ (47,500)</u>	<u>\$ (43,818)</u>	<u>\$ (35,730)</u>	<u>\$ 8,088</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ (82,650)</u>	<u>\$ 6,254</u>	\$ 36,184	<u>\$ 29,930</u>
Fund Balance, July 1, 2005			<u>69,781</u>	
Fund Balance, June 30, 2006			<u>\$ 105,965</u>	

See Independent Auditors' Report.

SOUTHEAST MISSOURI SOLID WASTE
MANAGEMENT DISTRICT REGION R
Perryville, Missouri

NOTE TO BUDGETARY COMPARISON SCHEDULES

June 30, 2006

1. BUDGETARY INFORMATION

An annual budget prepared under the accrual basis of accounting is adopted prior to the beginning of each fiscal year for all revenues and expenditures. This basis of accounting is the same basis the District uses to prepare its financial statements. Any increase in approximations during the fiscal year must be approved by the District. The 2006 budget was approved on June 25, 2005 and amended on June 27, 2006.