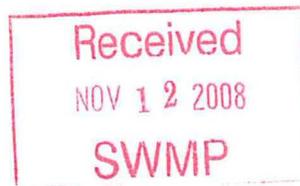


AUDIT REPORT

**LAKE OF THE OZARKS SOLID WASTE  
MANAGEMENT DISTRICT – REGION T  
CAMDENTON, MISSOURI**

FOR THE FISCAL YEARS ENDED  
JUNE 30, 2007 AND 2006



## TABLE OF CONTENTS

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-4
Financial Statements:	
Comparative Government-wide Statement of Net Assets – Cash Basis	5
Statement of Activities – Cash Basis	6-7
Statement of Net Assets – Governmental Funds – Cash Basis	8-9
Statement of Receipts, Disbursements, and Changes in Net Assets-Governmental Funds – Cash Basis	10-11
Notes to the Financial Statements	12-15
 <b>INTERNAL CONTROL</b>	
Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	16-17
 <b>SUPPLEMENTAL SCHEDULE</b>	 18

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

Lake of the Ozarks Solid Waste Management District – Region T  
Lake of the Ozarks, Missouri



We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake of the Ozarks Solid Waste Management District – Region T (the District), as of and for the years ended June 30, 2007 and 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 the 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.

As discussed in Note 1, the Lake of the Ozarks Solid Waste Management District prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Lake of the Ozarks Solid Waste Management District as of June 30, 2007 and 2006; and the respective changes in cash basis financial position thereof for the years then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have issued our report dated May 29, 2008 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis is 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 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.

*McBride, Lock & Associates*

McBride, Lock & Associates  
May 29, 2008

# LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT – REGION T

## Management's Discussion and Analysis

This section presents an overview and analysis of the financial activities of the Lake of the Ozarks Solid Waste Management District (the District) for the fiscal years ended June 30, 2007 and 2006.

### **Financial Highlights**

- The District's total expenditures exceeded total receipts by \$12,871 and \$29,988 for fiscal years ended June 30, 2007 and June 30, 2006, respectively.
- The District's total net assets decreased by \$42,859 for the period from July 1, 2005 through June 30, 2007.

### **Organization**

The District operates under provisions of state law and regulations and is managed by a seven member Executive Board elected from members of Region's Council. The Council consists of 14 members appointed by the Commissioners of the Region's three member counties and the board of alderman of the Region's member cities.

### **Funding**

District revenue is derived predominately from grants awarded by the Department of Natural Resources (DNR) from funds available in the Missouri Solid Waste Fund. Other revenue includes interest earned on grants received. Revenue to the state Solid Waste Fund is generated from tipping fees charged by Missouri landfills.

Grant funds not spent may be de-obligated and re-allocated by the Executive Board.

The District may request grant funds after completion of sub-grant award documents.

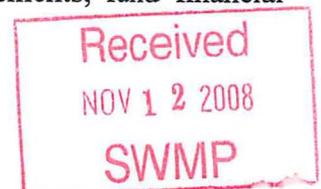
### **Financial Management Practices**

The Lake of the Ozarks Council of Local Governments (LOCLG) provides accounting and management services for the District. The District has no employees. Reimbursement for services provided by LOCLG is made from Administrative Grant funds awarded to the District.

State regulations include provisions regarding the sub-grant review and award process, financial reporting, record retention, and other grant administrative requirements. Financial reporting regulations require quarterly and a final report for each project. Quarterly and final reports include the budget status of each project, quantity of waste diverted, and other pertinent project information.

### **Basic Financial Statements**

The basic financial statements include the government-wide financial statements, fund financial statements and notes to the financial statements.



District-wide financial statements: These include the Statement of Net Assets and the Statement of Activities. They provide a broad overview of the District's finances.

Fund financial statements: The fund financial statements report on District operations in more detail with a focus on the individual parts of the District government. Statements include the Statement of Net Assets by fund and the Statement of Receipts, Disbursements, and Changes in Fund Balances.

Notes to the financial statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### **Financial Analysis**

Change in net assets: Net Assets exceeded liabilities by \$84,719 and \$97,590 respectively for the years ended June 30, 2007 and 2006.

Government activities: Government activities decreased net assets by \$12,871 and \$29,988 respectively for the years ended June 30, 2007 and 2006.

### **Economic Factors and Budget**

The District relies on funding derived from local landfill tipping fees collected by the Missouri Department of Natural Resources (MDNR). For administrative reasons, the District received no funding allocations from MDNR for fiscal year 2006. For fiscal year 2007, the District received \$20,000 of a \$216,213 allocation. Of the remaining 2007 allocation, \$178,896 was received prior to completion of this audit.

Received  
NOV 12 2008  
SWMP

**BASIC FINANCIAL STATEMENTS**

**LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT - REGION T**  
**COMPARATIVE GOVERNMENT-WIDE STATEMENTS OF NET ASSETS**  
**CASH BASIS**  
**FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	2007	2006
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 84,719	\$ 97,590
<b>TOTAL ASSETS</b>	<b>\$ 84,719</b>	<b>\$ 97,590</b>
 <b><u>NET ASSETS</u></b>		
Restricted for capital projects	\$ 83,400	\$ 93,759
Restricted as due to LOCLG	-	3,000
Unrestricted	1,319	831
<b>TOTAL NET ASSETS</b>	<b>\$ 84,719</b>	<b>\$ 97,590</b>

Received  
 NOV 12 2008  
 SWMP

The accompanying notes are an integral part of these statements

**LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT - REGION T**  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
**FOR THE YEARS ENDED JUNE 30, 2007**

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Operating</u>	<u>Excess</u>
		<u>Charges for</u>	<u>Grants and</u>	<u>Disbursements</u>
		<u>Services</u>	<u>Contributions</u>	<u>Over Receipts and</u>
				<u>Changes in Net Assets</u>
				<u>Governmental Activities</u>
<u>Governmental Activities</u>				
Primary Government:				
Government Activities:				
Solid Waste Management	\$ 33,315	-	\$ 20,000	\$ (13,315)
Total Governmental Activities	<u>\$ 33,315</u>	<u>-</u>	<u>\$ 20,000</u>	<u>\$ (13,315)</u>
<u>General Receipts:</u>				
Investment Earnings				\$ 444
Total General Receipts				<u>\$ 444</u>
Change in net assets				\$ (12,871)
Net Assets - Beginning of Year				<u>97,590</u>
Net Assets - End of Year				<u>\$ 84,719</u>

Received  
 NOV 12 2008  
 SWMP

The accompanying notes are an integral part of these statements.

**LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT - REGION T**  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
**FOR THE YEARS ENDED JUNE 30, 2006**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Excess Disbursements Over Receipts and Changes in Net Assets Government Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<u>Governmental Activities</u>				
Primary Government:				
Government Activities:				
Solid Waste Management	\$ 108,418	-	\$ 75,000	\$ (33,418)
Total Governmental Activities	<u>\$ 108,418</u>	<u>-</u>	<u>\$ 75,000</u>	<u>\$ (33,418)</u>
<u>General Receipts:</u>				
Investment Earnings				\$ 430
Advance from LOCLG				<u>3,000</u>
Total general receipts				<u>\$ 3,430</u>
Change in net assets				\$ (29,988)
Net Assets - Beginning of Year				<u>127,578</u>
Net Assets - End of Year				<u>\$ 97,590</u>



The accompanying notes are an integral part of these statements.

**LAKE OF THE OZARKS SOLID WASTE SOLID WASTE  
MANAGEMENT DISTRICT - REGION T  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2007**

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,319	\$ -	\$ 1,319
Cash and cash equivalents - restricted	<u>-</u>	<u>83,400</u>	<u>83,400</u>
 TOTAL ASSETS	 <u>\$ 1,319</u>	 <u>\$ 83,400</u>	 <u>\$ 84,719</u>
 <u>NET ASSETS</u>			
Unrestricted	\$ 1,319	\$ -	\$ 1,319
Restricted	<u>-</u>	<u>83,400</u>	<u>83,400</u>
 Total Net Assets	 <u>\$ 1,319</u>	 <u>\$ 83,400</u>	 <u>\$ 84,719</u>

Received  
 NOV 12 2008  
 SWMP

The accompanying notes are an integral part of these statements

**LAKE OF THE OZARKS SOLID WASTE  
MANAGEMENT DISTRICT - REGION T  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2006**

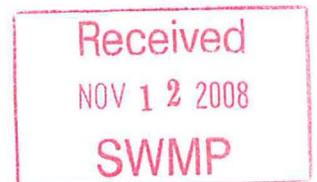
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,750	\$ -	\$ 3,750
Cash and cash equivalents - restricted	<u>-</u>	<u>93,840</u>	<u>93,840</u>
 TOTAL ASSETS	 <u>\$ 3,750</u>	 <u>\$ 93,840</u>	 <u>\$ 97,590</u>
 <u>NET ASSETS</u>			
Unrestricted	\$ 831	\$ -	\$ 831
Restricted	<u>2,919</u>	<u>93,840</u>	<u>96,759</u>
 Total Net Assets	 <u>\$ 3,750</u>	 <u>\$ 93,840</u>	 <u>\$ 97,590</u>

Received  
 NOV 12 2008  
 SWMP

The accompanying notes are an integral part of these statements

**LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT - REGION T**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN NET ASSETS - GOVERNMENTAL FUND - CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

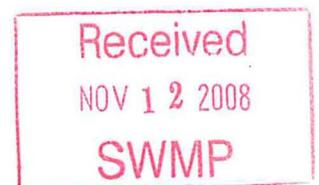
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<b>RECEIPTS:</b>			
Grant income	\$ -	\$ 20,000	\$ 20,000
Interest	444		444
	<u>444</u>	<u>20,000</u>	<u>20,444</u>
Total Receipts	\$ 444	\$ 20,000	\$ 20,444
<b>DISBURSEMENTS:</b>			
Solid waste management projects	\$ -	\$ 10,440	\$ 10,440
Administration	75	20,000	20,075
Advance repayment	2,800	-	2,800
	<u>2,875</u>	<u>30,440</u>	<u>33,315</u>
Total disbursements	\$ 2,875	\$ 30,440	\$ 33,315
Excess (deficiency) of receipts over disbursements	\$ (2,431)	\$ (10,440)	\$ (12,871)
Net Assets - Beginning of year	<u>3,750</u>	<u>93,840</u>	<u>97,590</u>
Net Assets - End of year	<u>\$ 1,319</u>	<u>\$ 83,400</u>	<u>\$ 84,719</u>



The accompanying notes are an integral part of these statements.

**LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT - REGION T**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN NET ASSETS - GOVERNMENTAL FUND - CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<b>RECEIPTS:</b>			
Grant income	\$ -	\$ 75,000	\$ 75,000
Interest	430	-	430
LOCLG advance	<u>3,000</u>	<u>-</u>	<u>3,000</u>
 Total Receipts	 <u>\$ 3,430</u>	 <u>\$ 75,000</u>	 <u>\$ 78,430</u>
<b>DISBURSEMENTS:</b>			
Solid waste management projects	\$ -	\$ 88,019	\$ 88,019
Administration	<u>399</u>	<u>20,000</u>	<u>20,399</u>
 Total disbursements	 <u>\$ 399</u>	 <u>\$ 108,019</u>	 <u>\$ 108,418</u>
 Excess (deficiency) of receipts over disbursements	 \$ 3,031	 \$ (33,019)	 \$ (29,988)
 Net Assets - Beginning of year	 <u>719</u>	 <u>126,859</u>	 <u>127,578</u>
 Net Assets - End of year	 <u><u>\$ 3,750</u></u>	 <u><u>\$ 93,840</u></u>	 <u><u>\$ 97,590</u></u>



The accompanying notes are an integral part of these statements.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

Received  
NOV 12 2008  
SWMP

**LAKE OF THE OZARKS SOLID WASTE  
MANAGEMENT DISTRICT – REGION T  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006**

**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES**

**A. FINANCIAL REPORTING ENTITY**

The Region T Solid Waste Management District (Region T SWMD or the District) was formed pursuant to RSMo, 260.305 and was officially recognized by the MDNR in 1992. The District includes the counties of Camden, Laclede and Miller and participating cities within the region with a population of 500 or more. Participation in the District is voluntary and is formally established through a resolution of adoption filed with the District office by the member governments.

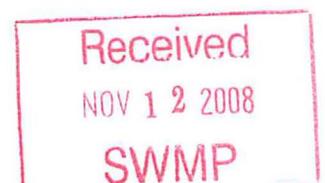
The main function of the District is to develop and improve efforts to reduce the amount of solid waste generated with emphasis on diverting waste from landfills. To help achieve their goals, the District administers grants to public and private entities within their District made possible with monies awarded from the Solid Waste Management Fund through the Missouri Department of Natural Resources (MDNR).

**B. BASIS OF PRESENTATION**

Government-Wide Financial Statements

The government wide financial statements display information about the District as a whole. They include all funds of the reporting entity. These statements include the Statement of Net Assets and the Statement of Activities which show information about the overall financial position and activities of the District. Government activities for the District are financed primarily through state grants. The Statement of Net Assets presents the financial condition of the District's government activities at year-end.

The Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function. Direct disbursements are identified as solid waste management project grants. Program receipts include intergovernmental receipts and charges for services. Intergovernmental receipts are restricted to meeting the operational or capital requirements of a particular program. Receipts not classified as program receipts are presented as general receipts. The comparison of direct disbursements with program receipts identifies



the extent to which the governmental function is self-financing or draws from the general receipts.

#### Fund Financial Statements

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. 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 District has two governmental funds as follows:

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 revenues derived from earmarked revenue sources that are restricted to expenditures for specified purposes.

### **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The government-wide financial statements, which include the Statement of Net Assets and the Statement of Activities, are reported using the economic resources measurement focus and the cash basis of accounting. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are included on the balance sheet. The cash basis of accounting recognizes assets, liabilities, net assets, revenues, and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

### **D. ASSETS AND EQUITY**

#### Cash and Cash Equivalents

For the purpose of financial reporting “cash and cash equivalents” includes all demand and savings accounts and nonnegotiable certificates of deposit carried at cost, which approximates fair value.

#### Equity Classifications

Equity is classified as net assets and displayed as Restricted or Unrestricted in the government-wide financial statements. Restricted net assets have constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted net assets include all other that do not meet the definition of “restricted”.

#### Capital Assets

The District has no wholly owned capital assets.

The District’s member communities and organizations purchase equipment, vehicles and other capital assets with project funds provided by the District as part of its mission to encourage proper solid waste management. These capital assets remain the property of the recipient with the District retaining a security interest in the capital assets. State statutes require the District to retain a securing interest in capital assets with a value of \$5,000 or more purchased with grant monies. The security interest is decreased at a rate of 25% per year. These capital assets are not reported as assets in the financial statements of the District.

#### Net Assets

Unrestricted net assets represent the net assets available for future operations or distribution. Restricted net assets represent the net assets that are legally or administratively required to be restricted for specific purposes.

### **E. COMPENSATED ABSENCES**

As the District has no employees, no accumulated compensated absences have been accrued.

## **2. COMPLIANCE**

#### Budgetary Compliance

The District budget follows funding allocations from the Department of Natural Resources. The Executive Board initiates grant cycles for sub-grant awards based on such funding allocations. Cumulative sub-grant awards constitute the District’s informal budget. No formal annual budget is prepared.

### Cash and Investments

Missouri statutes govern deposit and investment limitations. All cash deposits or time certificates of deposit with financial institutions must be collateralized in an amount at least equal to uninsured deposits.

The Department maintains all its cash in demand deposits at two banks. At June 30, 2007 and 2006, the carrying amount of the Departments cash deposits was \$84,719 and \$97,590 respectively and the bank balances totaled \$86,222 and \$105,514, respectively. The entire bank balance was covered by Federal Depository Insurance.

State law authorizes the investment of funds in bonds or treasury certificates of the United States, other guaranteed interest bearing obligations, bonds of the State of Missouri or other government bonds, or time certificates of deposit. The District had no such investments at June 30, 2007 or 2006.

## **3. OTHER INFORMATION**

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported accounts and disclosures. Accordingly, actual results could differ from those estimates.

### Related Party Transaction

The District is related to the Lake of the Ozarks Council of Local Governments (LOCLG) by sharing office space and through an administrative contract for accounting and management services. The District paid \$20,000 to LOCLG for each of the years ended June 30, 2007 and 2006.

McBRIDE, LOCK & ASSOCIATES

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Executive Board

Lake of the Ozarks Solid Waste Management District – Region T

We have audited the financial statements of the Lake of the Ozarks Solid Waste Management District – Region T as of and for the years ended June 30, 2007 and 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lake of the Ozarks Solid Waste Management District – Region T's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls.

Received  
NOV 12 2008  
SWMP

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and other Matters

As part of obtaining reasonable assurance about whether the Lake of the Ozarks Solid Waste Management District – Region T's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

This report is intended solely for the information and use of the Executive Board and management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*McBride, Lock & Associates*

McBride, Lock & Associates

May 29, 2008

**SUPPLEMENTAL SCHEDULE**

Received  
NOV 12 2008  
SWMP