

Missouri Department of dnr.mo.gov

NATURAL RESOURCES

Eric R. Greitens, Governor

Carol S. Comer, Director

MAR 09 2017

Mr. Tom Wright, Chairperson
Region T- Lake of the Ozarks Solid Waste Management District
2001 Hwy 52
Tuscumbia, MO 65082

RE: Region T – Lake of the Ozarks Solid Waste Management District, FY2014 and FY2015
Audit Desk Review

Mr. Wright:

The Missouri Department of Natural Resources' Solid Waste Management Program (SWMP) has completed the desk review of the audited financial statements of Lake of the Ozarks Solid Waste Management District – Region T (District), conducted by McBride, Lock & Associates, LLC, Kansas City, Missouri for the years ended June 30, 2015 and 2014.

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

The District's audit contained a qualified opinion with three (3) current and seven (7) prior year findings.

Current Findings:

2015-001 Quarterly Project Financial Summary Report Discrepancies:
Not timely reported to SWMP.

2015-002 Subgrantee Reporting:
Certification did not include signature of authorized District Subgrantee official.

2015-003 Financial Audit Requirement:
District did not engage a CPA to complete the financial audit statement until after the due date.

Prior Findings:

2013-004 Quarterly Project Financial Summary Report Discrepancies

2013-005 Subgrantee Reporting

2013-006 Financial Audit Requirement

Mr. Tom Wright, Chairperson
Page Two

The District must adhere to the General Terms and Conditions and ensure that these findings are resolved in full within 90 days. District T will now be monitored every two (2) years by SWMP. These findings will be reviewed closely during the monitoring.

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

Sincerely,

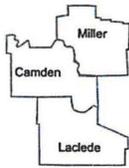
SOLID WASTE MANAGEMENT PROGRAM



Jeffrey T. Heisler, Chief
Operations Section

JTH/dil

c: Mr. Bryan George, Region T- Lake of the Ozarks Solid Waste Management District



Lake of the Ozarks Solid Waste Management District
33924 Olathe Drive
Lebanon, Missouri 65536



RE: Region T – Lake of the Ozarks Solid Waste Management District, FY2014 and FY2015
Audit Desk Review

Ms. Ickes,

District T understands the findings from the previous audit and has taken action to resolve these findings. District T will assure that we will take additional measure to not let these problems happen in the future.

Please let me know if you have any questions or concerns. You may contact me at 417-426-5001 or email bgeorge@wcamerica.com.

Thank You

Bryan George
District T Planner

c: Mr. Jeff Heisler,

*revised per Jeff
Di 3/22/17*

RECEIVED BY

MAR 16 2017

SWMP OPERATIONS

✓
K. J. [unclear]

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

INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEARS ENDED
JUNE 30, 2015 AND 2014

RECEIVED BY
SEP 26 2016
SWMP OPERATIONS

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Statements of Net Position – Cash Basis	8
Statement of Activities – Cash Basis – Year Ended June 30, 2015	9
Statement of Activities – Cash Basis – Year Ended June 30, 2014	10
Governmental Funds Balance Sheets	11
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds	12
Notes to the Basic Financial Statements	13
SUPPLEMENTAL SCHEDULES:	
Budgetary Comparison Schedule – Cash Basis – General Fund – For the Year Ended June 30, 2015	19
Budgetary Comparison Schedule – Cash Basis – General Fund – For the Year Ended June 30, 2014	20
Schedule of Subgrant Expenditures	21
MISSOURI DEPARTMENT OF NATURAL RESOURCES COMPLIANCE SECTION:	
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	22
Schedule of Audit Findings and Responses	24

RECEIVED BY

SEP 26 2016

SWMP OPERATIONS

SUITE 900
1111 MAIN STREET
KANSAS CITY, MO 64105
TELEPHONE: (816) 221-4559
FACSIMILE: (816) 221-4563
EMAIL: ADMIN@MCBRIDELOCK.COM
CERTIFIED PUBLIC ACCOUNTANTS

MCBRIDE, LOCK & ASSOCIATES, LLC

INDEPENDENT AUDITORS' REPORT

To the Executive Board of the
Lake of the Ozarks Solid Waste Management District – Region T
Camdenton, Missouri

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake of the Ozarks Solid Waste Management District – Region T (the District), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's 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 the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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.

RECEIVED BY

SEP 26 2016

SWMP OPERATIONS

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lake of the Ozarks Solid Waste Management District – Region T as of June 30, 2015 and 2014, and the respective changes in cash basis financial position, thereof for the years then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lake of the Ozarks Solid Waste Management District – Region T's basic financial statements. The management's discussion and analysis, and budgetary comparison information and schedule of subgrant expenditures, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of subgrant expenditures was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 subgrant expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The management's discussion and analysis and budgetary comparison information have not been subjected to the auditing procedures applied to the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15 2016, on our consideration of Lake of the Ozarks Solid Waste Management District – Region T'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* considering Lake of the Ozarks Solid Waste Management District – Region T’s internal control over financial reporting and compliance.

McBride Lock Associates LLC

McBride, Lock & Associates, LLC
July 15, 2016

RECEIVED BY
SEP 26 2016
SWMP OPERATIONS

**Management Discussion and Analysis of the
Lake of the Ozarks Solid Waste Management District – Region T
For Fiscal Years Ended June 30, 2015 and 2014
(Unaudited)**

This section presents an overview and analysis of the financial activities of the Lake of the Ozarks Solid Waste Management District – Region T (the District) for the fiscal years ended June 30, 2015 and 2014.

Financial Highlights

- The District's total receipts exceeded total expenditures by \$109,645 for fiscal year ended June 30, 2015 and total receipts exceeded total expenditures by \$17,052 for fiscal year ended June 30, 2014.
- The District's total net position increased by \$126,697 for the period from July 1, 2013 through June 30, 2015.

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 9 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 Missouri Department of Natural Resources (MDNR) 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

Waste Corporation of Missouri, Inc. (WCM) provides accounting and management services for the District. The District has no employees. Reimbursement for services provided by WCM is made from Administrative Grant funds awarded to the District. The Administrative Grant awarded to the District for FY 2014 was closed out with a de-obligated carryover balance of \$246. The FY 2015 Administrative Grant was open with an award balance of \$20,540 as of June 30, 2015.

State obligations include provisions regarding the subgrant review and award process, financial reporting, record retention, and other grant administrative requirements. Financial reporting

NOTES TO THE BASIC FINANCIAL STATEMENTS

RECEIVED BY

SEP 26 2016

SWMP OPERATIONS

regulations require quarterly and a final report for each project. Quarterly and final reports include the budget status of each project, quality of waste diverted, and other pertinent project information.

Using this Annual Report

This annual report is presented in a format consistent with the presentation requirements of the Government Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide Financial Statements

The government-wide Statements of Net Position – Cash Basis and Statements of Activities – Cash Basis provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those assets. The change in net position is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the District's tax base and the condition of District capital assets will also need to be evaluated.

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.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Supplementary Information

This Management's Discussion and Analysis and the General Fund Budgetary Comparison Schedule represent supplementary financial information. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Basis of Accounting

The District has elected to present its financial statements on a cash basis of accounting. This cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is reference to *when* financial events are recorded, such as the timing for recognizing revenues, expenditures, and their related assets and liabilities. Under the District's cash basis of accounting, revenues and expenditures and related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of this 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 expenditures (such as accounts payable and expenditures for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting. Further information may be found in Note 1 of the notes to the financial statements.

Financial Analysis

Table 1
 Net Position - Cash Basis
 June 30, 2015, 2014, and 2013

	2015	2014	2013
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,337	\$ 1,182	\$ 1,123
Cash and Cash Equivalents - Restricted	173,502	64,012	47,019
Total Assets	<u>\$ 174,839</u>	<u>\$ 65,194</u>	<u>\$ 48,142</u>
<u>Net Position</u>			
Restricted for Projects	\$ 173,502	\$ 64,012	\$ 47,019
Unrestricted	1,337	1,182	1,123
Total Net Position	<u>\$ 174,839</u>	<u>\$ 65,194</u>	<u>\$ 48,142</u>

Change in net position: Net Position increased by \$109,645 or 168.18% for the year ended June 30, 2015 and increased by \$17,052 or 35.42% for the year ended June 30, 2014.

BASIC FINANCIAL STATEMENTS

RECEIVED BY
SEP 26 2016
SWMP OPERATIONS

Table 2
Changes in Receipts and Disbursements - Cash Basis
June 30, 2015, 2014, and 2013

	2015	2014	2013
<u>Receipts</u>			
Grant Income	\$ 190,920	\$ 25,400	\$ 72,073
Interest	155	59	82
Total Assets	<u>\$ 191,075</u>	<u>\$ 25,459</u>	<u>\$ 72,155</u>
<u>Disbursements</u>			
Solid Waste Management Projects	\$ 55,026	\$ 6,965	\$ 82,687
Administration	26,404	1,442	27,837
Miscellaneous	-	-	149
Total Disbursements	<u>\$ 55,026</u>	<u>\$ 8,407</u>	<u>\$ 110,673</u>
Excess (Deficiency) of Receipts Over Disbursements	\$ 109,645	\$ 17,052	\$(38,518)
Net Position - Beginning of Year	65,194	48,142	86,660
Net Position - End of Year	<u>\$ 174,839</u>	<u>\$ 65,194</u>	<u>\$ 48,142</u>

*this is +
14 c/o*

Grant income increased \$165,520 or 651.65% for the year ended June 30, 2015. Grant income decreased \$46,673 or 183.75% for the year ended June 30, 2014.

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 fiscal year 2014, the District received an allocation of \$25,400 from MDNR. For fiscal year 2015, the District received an allocation of \$190,920. The fiscal year 2016 budget will be dependent on MDNR allocations.

Contacting the District's Financial Management

This financial discussion and report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Bryan George, 33924 Olathe Dr., Lebanon MO, 65536, (417) 426-5010.

LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT - REGION T
Camdenton, Missouri
STATEMENTS OF NET POSITION - CASH BASIS
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 1,337	\$ 1,182
Cash and Cash Equivalents - Restricted	173,502	64,012
TOTAL ASSETS	\$ 174,839	\$ 65,194
 NET ASSETS		
Restricted for Projects	\$ 173,502	\$ 64,012
Unrestricted	1,337	1,182
TOTAL NET POSITION	\$ 174,839	\$ 65,194

The accompanying notes are an integral part of these statements

RECEIVED BY
 SEP 26 2016
 SWMP OPERATIONS

LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT - REGION T
 Camdenton, Missouri
 STATEMENT OF ACTIVITIES - CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Primary Government</u>	<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Position Primary Government</u>
	<u>Cash Disbursements</u>	<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities			
General Government:			
Grant Administration	\$ 81,430	\$ 190,920	\$ 109,490
Total Governmental Activities	<u>\$ 81,430</u>	<u>\$ 190,920</u>	<u>\$ 109,490</u>
<u>General Receipts:</u>			
Investment Earnings			\$ 155
Total General Receipts			<u>\$ 155</u>
Change in Net Position			\$ 109,645
Net Position - Beginning			<u>65,194</u>
Net Position - Ending			<u>\$ 174,839</u>

The accompanying notes are an integral part of these statements.

RECEIVED BY
 SEP 26 2016
 SWMP OPERATIONS

LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT - REGION T
Camdenton, Missouri
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Primary Government</u>	<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Position Primary Government</u>
	<u>Cash Disbursements</u>	<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities			
General Government:			
Grant Administration	\$ 8,407	\$ 25,400	\$ 16,993
Total Governmental Activities	<u>\$ 8,407</u>	<u>\$ 25,400</u>	<u>\$ 16,993</u>
<u>General Receipts:</u>			
Investment Earnings			\$ 59
Total General Receipts			<u>\$ 59</u>
Change in Net Position			\$ 17,052
Net Position - Beginning			<u>48,142</u>
Net Position - Ending			<u>\$ 65,194</u>

The accompanying notes are an integral part of these statements.

RECEIVED BY
SEP 26 2016
SWMP OPERATIONS

LAKE OF THE OZARKS SOLID WASTE SOLID WASTE MANAGEMENT DISTRICT - REGION T
Camdenton, Missouri
GOVERNMENTAL FUNDS BALANCE SHEETS - CASH BASIS
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 1,337	\$ 1,182
Cash and Cash Equivalents - Restricted	173,502	64,012
TOTAL ASSETS	\$ 174,839	\$ 65,194
 FUND BALANCES		
Spendable:		
Restricted for Projects	\$ 173,502	\$ 64,012
Unassigned	1,337	1,182
TOTAL FUND BALANCES	\$ 174,839	\$ 65,194

The accompanying notes are an integral part of these statements

RECEIVED BY
SEP 26 2016
SWMP OPERATIONS

LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT - REGION T
Camdenton, Missouri
STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN CASH BASIS FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015 <u>General</u>	2014 <u>General</u>
RECEIPTS		
Grant Income	\$ 190,920	\$ 25,400
Interest	155	59
Total Receipts	<u>191,075</u>	<u>25,459</u>
DISBURSEMENTS		
Administration	26,404	1,442
Solid Waste Management Projects	55,026	6,965
Total Disbursements	<u>81,430</u>	<u>8,407</u>
Excess (Deficiency) of Receipts Over Disbursements	109,645	17,052
Fund Balance - Beginning of Year	<u>65,194</u>	<u>48,142</u>
Fund Balance - End of Year	<u>\$ 174,839</u>	<u>\$ 65,194</u>

The accompanying notes are an integral part of these statements.

RECEIVED BY
SEP 26 2016
SWMP OPERATIONS

**MISSOURI DEPARTMENT OF NATURAL RESOURCES
COMPLIANCE SECTION**

RECEIVED BY
SEP 26 2016
SWMP OPERATIONS

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General Information

The Region T Solid Waste Management District (the District) was formed pursuant to RSMo, 260.305 and was officially recognized by the Missouri Department of Natural Resources (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 MDNR.

B. Basis of Presentation

Government-Wide Financial Statements

The Statements of Net Position and Statements of Activities display information about the District as a whole. They include all funds of the reporting entity. Governmental activities for the District are financed primarily through state grants.

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 financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. An emphasis is placed on

major funds within the governmental category. The funds of the financial reporting entity are described below:

Governmental Fund Types:

Governmental Funds are those through which general governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources are accounted for through Governmental Funds. The following are the District's Governmental Fund types:

General Fund

The General Fund is the general operating fund of the District. It is used to account for all the activities of the District.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities the governmental activities are presented using the "economic resources" measurement focus within the limitations of the cash basis of accounting, as subsequently defined.

In the fund financial statements, all governmental funds utilize a "current financial resources" measurement focus or the "economic revenue" measurement focus, when appropriate, as applied to the cash basis of accounting.

Basis of Accounting

The financial statements are presented using the cash basis of accounting. This basis recognizes assets, net position/fund equity, revenues and expenditures/expenses when they result from cash transactions in the government-wide and the fund financial statements. 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 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 expenditures (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements except for the recording of investments.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis

RECEIVED BY

SEP 26 2016

SWMP OPERATIONS

of accounting. All government-wide financials would be presented on the accrual basis of accounting.

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 certificates of deposit or short-term investments with original maturity of three months or less.

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.

Equity Classification

Government-Wide Statements:

Equity is classified as net position and displayed in two components:

- Restricted net position – Consists of net position with 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 position – all other net position that does not meet the definition of “restricted”.

It is the District’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Financial Statements:

Governmental fund equity is classified as fund balance, which is divided into five classifications based primarily on the extent to which the District is bound to observe

constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash or they are legally or contractually required to remain intact. The District does not have nonspendable fund balances.

Restricted – Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

- Restricted for Projects:

Missouri State Department of Natural Resources requires that certain revenues be specifically designed for the purpose of grant projects. The funds have been included in the restricted category of fund balance. The restricted fund balance totaled \$173,502 and \$64,012 as of June 30, 2015 and 2014, respectively.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Executive Board (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Executive Board removes or changes the specific use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District currently has no funds classified as committed.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Executive Board, which includes giving the Treasurer the authority to constrain monies for intended purposes. The District currently has no funds classified as assigned.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had

been restricted, committed, or assigned. The unassigned fund balance totaled \$1,337 and \$1,182 as of June 30, 2015 and 2014, respectively.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

E. Subsequent Events

The District evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through July 15, 2016, which is the date the financial statements were available to be issued.

NOTE 2 – CASH AND INVESTMENTS:

Deposits

Custodial Credit Risk-Deposits: Custodial credit risk for deposits is the risk that, in the event of a depository financial institution failure, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. All bank balances as of the balance sheet date are entirely insured or collateralized with securities held by the District's agents in the District's name.

NOTE 3 – RISK MANAGEMENT:

The District is exposed to various risk of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred its risk by obtaining coverage from commercial insurance companies.

NOTE 4 – CONCENTRATION OF REVENUE:

The District receives over 99% of its revenue through a grant with the Missouri Department of Natural Resources. If that grant were not renewed for any reason, the effect to the District would be significant.

NOTE 5 – NONCOMPLIANCE WITH GRANTOR RESTRICTIONS:



The District receives a large portion of its funding for projects through the Missouri Department of Natural Resources (MDNR) agreement for specific purposes that are subject to audit by MDNR. Compliance audits conducted by MDNR in the future could

lead to disallowed costs relating to the current period; however, the District expects such amounts, if any, to be immaterial.

NOTE 6 – BUDGETARY COMPLIANCE:

The District budget follows funding allocations from the Missouri Department of Natural Resources. The Executive Board initiates grant cycles for subgrant awards based on such funding allocations. For fiscal year 2015 and 2014, the District's expenditures were within budgeted expenditures for grant administration.

**SUPPLEMENTAL
SCHEDULES**

RECEIVED BY

SEP 26 2016

SWMP OPERATIONS

LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT - REGION T
Camdenton, Missouri
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Grant Awards	\$ 95,038	\$ 95,038	\$ 90,920	\$ 95,882
Interest	-	-	155	155
Total Revenues	<u>\$ 95,038</u>	<u>\$ 95,038</u>	<u>\$ 191,075</u>	<u>\$ 96,037</u>
 EXPENDITURES				
Grant Administration	\$ 84,843	\$ 84,843	\$ 81,430	\$ 3,413
Total Expenditures	<u>\$ 84,843</u>	<u>\$ 84,843</u>	<u>\$ 81,430</u>	<u>\$ 3,413</u>
 Excess (Deficiency) of Receipts Over Disbursements	<u>\$ 10,195</u>	<u>\$ 10,195</u>	<u>\$ 109,645</u>	<u>\$ 99,450</u>
 Fund Balance, beginning of year			<u>\$ 65,194</u>	
Fund Balance, end of year			<u>\$ 174,839</u>	

LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT - REGION T
 Camdenton, Missouri
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Grant Awards	\$ 95,000	\$ 95,000	\$ 25,400 <i>dy</i>	\$ (69,600)
Interest	-	-	59	59
Total Revenues	<u>\$ 95,000</u>	<u>\$ 95,000</u>	<u>\$ 25,459</u>	<u>\$ (69,541)</u>
EXPENDITURES				
Grant Administration	\$ 103,327	\$ 103,327	\$ 8,407	\$ 94,920
Total Expenditures	<u>\$ 103,327</u>	<u>\$ 103,327</u>	<u>\$ 8,407</u>	<u>\$ 94,920</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>\$ (8,327)</u>	<u>\$ (8,327)</u>	<u>\$ 17,052</u>	<u>\$ 25,379</u>
Fund Balance, beginning of year			<u>\$ 48,142</u>	
Fund Balance, end of year			<u>\$ 65,194</u>	

LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT - REGION T
Camdenton, Missouri
SCHEDULE OF SUBGRANT EXPENDITURES
June 30, 2015 and 2014

Subgrant Number	Subgrant Description	Award Amount	Expenditures			Prior Period Expended	Unobligated Carryover	Award Balance Obligated
			2015	2014				
	Prior years' closed projects							
	Unobligated Carryover	\$ 18,399	\$ -	\$ -	\$ -	\$ 18,399	\$ -	
2013-001	Region T District Operations	28,400	1,250	1,442	14,498	11,210	-	
	<u>Dock Foam</u>	26,150 33,150	8,400	900	-	-	23,850	
2013-003	City of Osage Beach	4,155	-	652	570	2,933	-	
2013-004	Macks Creek Schools	2,700	-	-	1,980	720	-	
2013-005	Lake Area Industries	36,085	-	5,413	30,672	-	-	
2014-001	Region T District Operations	25,400	25,154	-	-	246	-	
2014-002	City of Osage Beach	1,850	-	-	-	1,850	-	
2014-003	Gateway Industries	20,000	16,574	-	-	-	3,426	
2014-004	City of Lebanon	49,777	-	-	-	-	49,777	
2014-005	Lake Area Industries	6,300	6,000	-	-	300	-	
2015-001	Region T District Operations	20,540	-	-	-	-	20,540	
2015-002	City of Osage Beach	2,100	-	-	-	-	2,100	
2015-003	Palmer Recycling	18,000	16,463	-	-	-	1,537	
2015-004	Ozark Recycling Center	22,275	-	-	-	-	22,275	
2015-005	Camdenton Recycling Center	8,928	7,589	-	-	-	1,339	
2015-006	Laclede Industries	13,000	-	-	-	-	13,000	
	Total	\$ 311,059	\$ 81,430	\$ 8,407	\$ 47,720	\$ 35,658	\$ 137,844	
	Award Balance Obligated						\$ 137,844	
	Interest Income Unobligated						1,337	
	Carryover Unobligated					1102.	35,658	
	Total Award Balance						\$ 174,839	

* off to grantly

MCBRIDE, LOCK & ASSOCIATES, LLC

**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 Executive Board of
Lake of the Ozarks Solid Waste Management District – Region T
Camdenton, Missouri:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake of the Ozarks Solid Waste Management District – Region T (the District), as of and for the year ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we would consider to be material weaknesses.

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.

Compliance and Other Matters

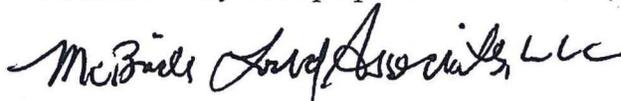
As part of obtaining reasonable assurance about whether Lake of the Ozarks Solid Waste Management District – Region T's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit findings and responses as items 2015-001 through 2015-003.

Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of audit findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



McBride, Lock & Associates, LLC
July 15, 2016

LAKE OF THE OZARKS SOLID WASTE MANAGEMENT DISTRICT – REGION T
Camdenton, Missouri

SCHEDULE OF AUDIT FINDINGS AND RESPONSES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

COMPLIANCE AND OTHER MATTERS

2015-001 – Quarterly Project Financial Summary Report Discrepancies

Condition: The Quarterly Project Financial Summary reports for the third and fourth quarters of FY 2014 and the first and second quarters of FY 2015 were not timely submitted to MDNR. The number of days late range from 26 days to 118 days. Additionally, the Quarterly Project Financial Summary reports for the third and fourth quarters of FY 2015 were not submitted to MDNR.

Criteria: MDNR General Terms and Conditions I.J.2., requires the District to provide an accurate project financial summary within 30 days after the end of each State fiscal quarter for each grant.

Effect: Correct project fund balances were not timely reported to MDNR.

Cause: The District did not complete or did not timely complete the Quarterly Project Financial Summary reports as required by MDNR.

Recommendation: We recommend that the District establish procedures to ensure that accurate Quarterly Project Financial Summary reports are timely submitted to MDNR.

Response: The quarterly financial summary was not understood by the administrators that it needed to be turned in. The financial summary reports are now being turned in quarterly per MDNR.

2015-002 – Subgrantee Reporting

Condition: All requests for disbursement did not include the certification signed by the authorized District Subgrantee official.

Criteria: MDNR General Terms and Conditions I.C.3.c., requires the District Subgrantees to include certain information in invoices submitted for reimbursement.

Effect: The District is not in compliance with the requirements set forth in the MDNR General Terms and Conditions.

Cause: The District did not ensure that invoices submitted by subgrantees included signed certification statements.

Recommendation: We recommend the District establish procedures to ensure that invoices received from subgrantees **include all required information.**

Response: All requests for disbursement by the grantee will require a signature going forward.

2015-003 – Financial Audit Requirement

Condition: The District's 2015 and 2014 financial statement audit was not completed within the allowed time frame stipulated by MDNR.

Criteria: The MDNR General Terms and Conditions I.J.5.a., states "The District's Executive Board shall have their records audited by a certified public accountant... The due date for audit reports will be within one hundred eighty (180) days of the close of the District's fiscal year."

Effect: The District is not in compliance with the MDNR General Terms and Conditions requirements.

Cause: **The District did not engage a certified public accountant to complete the financial statement audit until after the stipulated 180 day time frame had expired.**

Recommendation: We recommend that the District establish procedures to ensure that the annual financial statement audit is timely submitted to MDNR.

Response: All audits will be performed in accordance with the time stipulated by MDNR.

PRIOR PERIOD FINANCIAL STATEMENT FINDINGS

2013-001 – General Ledger Software

Condition: The District does not use a general ledger software package to record the financial transactions of the District.

Current Status: The District uses the Transaction Activity spreadsheet and supporting documentation to prepare the basic financial statements. These statements along with the Transaction Activity spreadsheet were provided to us by management and reflect an accurate representation of the financial activity of the District. The prior audit condition is considered resolved.

2013-002 – Internal Control Over Preparation of Financial Statements

Condition: As part of our engagement, we prepared the District’s financial statements for management to review. The preparation of the financial statements was in accordance with our standard practice for our audit engagements.

Current Status: The District uses the Transaction Activity spreadsheet and supporting documentation to prepare the basic financial statements. These statements along with the Transaction Activity spreadsheet were provided to us by management and reflect an accurate representation of the financial activity of the District. The prior audit condition is considered resolved.

2013-003 – Segregation of Duties

Condition: The District has a lack of segregation of duties.

Current Status: The processes and internal controls over District funds and transactions noted duties are adequately segregated. The prior audit condition is considered resolved.

PRIOR PERIOD COMPLIANCE AND OTHER MATTERS FINDINGS

2013-004 – Quarterly Project Financial Summary Report Discrepancies

Condition: The Quarterly Project Financial Summary reports for FY 2012 and first and second quarters for 2013 do not appear to have been submitted timely to MDNR.

Current Status: The discussion for finding 2015-001 also applies to this finding.

2013-005 – Subgrantee Reporting

Condition: All requests for disbursement must include the approved certification signed by the authorized District Subgrantee official. Additionally, invoices submitted to the District by the District’s Subgrantee must include the award amount, the project name, project ID number, and the amount of funds being requested for reimbursement.

Current Status: The discussion for finding 2015-002 also applies to this finding. The District has implemented procedures to ensure that invoices submitted to the District include the award amount, the project name and number, and the amount of funds being requested for reimbursement. The prior audit condition is considered partially resolved.

2013-006 – Financial Audit Requirement

Condition: The District's 2013 and 2012 financial statement audit was not completed within the allowed time frame stipulated by MDNR.

Current Status: The discussion for finding 2015-003 also applies to this finding.

2013-007 – Expenditures in Excess of Budget

Condition: For FY 2013, District expenditures exceeded budgeted expenditures for grant administration.

Current Status: Expenditures for grant administration were within budget for FY 2015 and 2014. The prior audit condition is considered resolved.