

Missouri Department of dnr.mo.gov

NATURAL RESOURCES

Michael L. Parson, Governor

Carol S. Comer, Director

JUN 29 2018

Mr. Tom Wright, Chairperson
Region T – Lake of the Ozarks Missouri
Solid Waste Management District
Miller County Courthouse
P.O. Box 12
Tuscumbia, MO 65082

RE: Region T – Lake of the Ozarks Missouri Solid Waste Management District Financial Monitoring Program Report for Years Ending June 30, 2015 and June 30, 2016.

Dear Mr. Wright:

Please find herein the Missouri Department of Natural Resources' (Department) Solid Waste Management Program's (SWMP) District T – Lake of the Ozarks Missouri Solid Waste Management District (District T or Region T) Financial Monitoring Program Report for the Years Ending June 30, 2015 and June 30, 2016.

Region T receives less than \$250,000 of MDNR allocations per year and is monitored biennially by the Department's SWMP pursuant to section 260.325.9 RSMo. Region T's financial monitoring report by the Department's SWMP Accounting Unit has been completed. This portion of the monitoring report is the program review which examines Region T's security interests, property records, and physical inventory along with site visits to the District Subgrantees to review the projects.

Monitoring reviews are part of the SWMP's oversight of solid waste management district activities to ensure public moneys are fully accounted for, reported and to promote fiscal accountability at the district level. We are committed to working cooperatively with the District to ensure compliance with the solid waste management laws, the district grant rule and Department's SWMP General Terms and Conditions. We appreciate Region T's assistance with the monitoring process.

Region T encompasses the counties of Camden, Laclede and Miller. The Administrative Contractor for the District is Waste Corporation of Missouri, Inc. and Mr. Ethan Shackelford is the District Planner. Mr. Bryan George was the district planner at the time of the monitoring.

The District's grant projects reviewed and visited were:

1. T2016-002 – Gateway Industries Baler
T2014-003 – Gateway Industries Box Truck



Recycled paper

2. T2016-008 – Show Me Metals Recycling Skid Steer and attachment
3. T2015-004 – Ozark Recycling Center Vertical Baler and Trailer
T2013-002 – Ozark Recycling Forklift
4. T2016-007 – Camdenton Recycling Knuckleboom
T2015-005 – Camdenton Recycling Forklift Scale
5. T2015-006 – Laclede Industries Box Truck

Grant project security interest physical records reviewed in the district office were:

1. T2014-005 – Lake Area Industries Baler
T2013-005 – Lake Area Industries Shredder
2. T2015-003 – Palmer Recycling Baler/binder
3. T2016-004 – Geno's Recycling Skid Steer Forklift
4. T2016-009 – Stoufer Tire and Motor Waste Oil Furnace

The site visit on November 6, 2017, to Region T included visits to five (5) subgrantee sites and the district office. Sites visited include: Gateway Industries in Eldon, Show Me Metals Recycling in Eldon, Ozark Recycling Center, Eldon, Camdenton Recycling, Camdenton, Laclede Industries and the Region T office in Lebanon. SWMP monitored the equipment, equipment tags, department source of funding, signage, asset control system and security interests.

The site visit to Gateway Industries showed a well-maintained, secure site. The front entrance opened in to a reception area with locked access to the work area. Security monitors are located in the main office showing the outdoor camera surveillance area. Log sheets were available for the box truck and the baler and were up to date. The equipment observed had funding source stickers on them. Although there was not a framed funding source hanging in the building, they stated they will place one on the bulletin board. Outside, Gateway has outdoor storage bins for overflow of the paper, cardboard and textiles waiting to be baled. Also outside is a small drop off building for the public to leave recyclables after hours. They were emptying it and dealing with the overflow outside the drop box while we were there and explained they were needing to expand it because there was almost always an overflow outside the building. Security cameras were mounted in various places outside the building. Truck and van keys are kept in the office. Garage door exits had lock boxes over the controls.

On the site visit for Show Me Metals Recycling no funding source document was posted on the bulletin board or wall, but the subgrantee said they will post one in the office. The funded skid steer had a DNR sticker. Indoor swivel cameras were noted, along with a monitor in the office. The skid steer is parked in the building by the camera at night and the keys are in the office. Letters certifying the use of the security interest equipment only for the subgrant by the subgrantee are not present in the physical records for the period of the security interest. In addition, insurance documents were not present for the skid steer and attachment.

The site visit to Ozark Recycling showed the funded recycling trailer stored outside with the bed in a raised position to discourage theft. The hitch has a lock in place and it has a DNR sticker in place. No DNR funding source sign was on or in the building but they will hang one in the building. The interior of the building has a security camera. The baler and forklift as well as an older baler all displayed the DNR sticker. The forklift remains locked inside at night. The baler did not have a UCC-1 security interest which is needed.

On the site visit to Camdenton Recycling we observed inside the facility office the monitor for all the surveillance cameras that are located at various points outside the building, including cameras on some stationary trailers parked outside the building. The Badger knuckleboom was parked outside the facility, and the forklift with the scale attachment was loaned to another facility to help move recyclables to the facility. We drove there to see it and take pictures. Letters certifying use of the security interest equipment only for use for the subgrant by the subgrantee are not present in the physical records for the period of the security interest. No DNR funding source sign was on or in the building but they will hang one in the building.

The last site visit was at Laclede Industries. Security cameras were observed both inside and outside the building. Monitors for the camera were at the front desk and a large wall mounted one in the conference room/office. Both the forklift and the box truck carried DNR stickers. No DNR funding source sign was on or in the building but they will hang one in the building.

The District's security interests vary depending on the type of equipment, building or site improvement. For equipment costing \$5,000 or more, a UCC-1 filed with the Missouri Secretary of State is required unless the collateral is fixtures then the deed of trust or property title lien would be filed with the Missouri State County Recorder of Deeds. Security interests for motor vehicles including trailers are filed with the Missouri Department of Revenue as a lien on the title. See Department SWMP's General Terms and Conditions section I.M.3. Security interests for building or site improvements are filed with the Missouri State County Recorder of Deeds as a lien on the deed of trust or property title.

SWMP examined the District's security interests. SWMP scrutinized the projects to see if the actual project matched the approved project with the Attachment 1 and Financial Assistance Agreement. They do match.

SWMP also reviewed the District's records showing whether the District is doing a physical inventory check every two (2) years. Although they are not doing the physical inventory visit, the planner takes the checks issued to the facility and observes the operation and equipment. He did not have the exact dates of visits, but said he would look at payroll and determine when he visited. He sent an inventory summary page spreadsheet showing the FY16 and FY17 grants physical inventory to SWMP in the planning stages of the monitoring visit. We encouraged him to maintain a regularly updated inventory summary page spreadsheet showing their physical inventory, equipment description, date of purchase, type of security interest and date of last visit.

Due to the limited scope of the financial monitoring- program review, the SWMP is not assessing the property records and physical inventory, including annual use statements and current insurance records per the District Grant Rule 10 CSR 80-9.050 (7) K, L and M and the Department's SWMP General Terms and Conditions section I.M and I.N. The Performance Audits scheduled every five (5) years will do that review.

However, based upon the results from the performance audits this year for some districts, the SWMP recommends that the District's inventory spreadsheet include all of the asset inventory information; a description of the equipment, serial number or other identification number, purchase date, the source of the equipment, who holds the title, the acquisition date, cost of the equipment, percentage of state participation in the cost of the equipment, and the location, use and condition of the equipment and a physical inventory date when the inventory was personally looked at once every two (2) years. List the equipment condition and any ultimate disposition data including date of disposal and sale price of the equipment. See section I.M.2.a. of the Department's SWMP General Terms and Conditions. The District should verify each equipment and building and site improvement grant for \$5,000 or more including grant funds and match funds has use statements and insurance for each year of the security interest for the district.

Physical inventory visits are required at least every two years for equipment and site improvements that have a security interest. Insurance is also required and was missing from some of the files. Use statements were missing from all files but were received, except for Show Me Metals Recycling and Camdenton Recycling. Use statements for these two are missing and need to be in the district files. Missing insurance documents also need to be included in district files.

We note that we have not received verification from the district that DNR source of funding signs or 8 ½ x 11 documents have been posted on bulletin boards for each subgrantee with equipment or security interests.

Please provide the verification of the DNR source of funding signs by sending SWMP a picture of them within 60 days of this report. Please provided the physical inventory records spreadsheet for the 5-year period 2017, 2016, 2015, 2014, 2013 (District Grant Rule 10 CSR 80-9.050 (7) K, L and M) within 30 days. Please also provide a statement within 30 days that the district will include in its work plan and timetable physical inventory visits and reconciliation with property records as part of the district operations grant beginning fiscal year 2019. Please provide a copy of the UCC-1 for the Ozark Recycling baler within 30 days. We have worked with the district through a change in personnel and understand the additional work we are requiring here but it is necessary so that we are not required to recommend a performance audit due to the lack of this work being complete.

If you have any questions, please contact me at 573-751-5401 or Ms. Mary Ellen Hummel at 573-526-3939 or by email at Anita.Stansfield@dnr.mo.gov or Maryellen.hummel@dnr.mo.gov or by mail at Missouri Department of Natural Resources, Solid Waste Management Program, P.O. Box 176, Jefferson City, MO 65102.

Sincerely,

SOLID WASTE MANAGEMENT PROGRAM

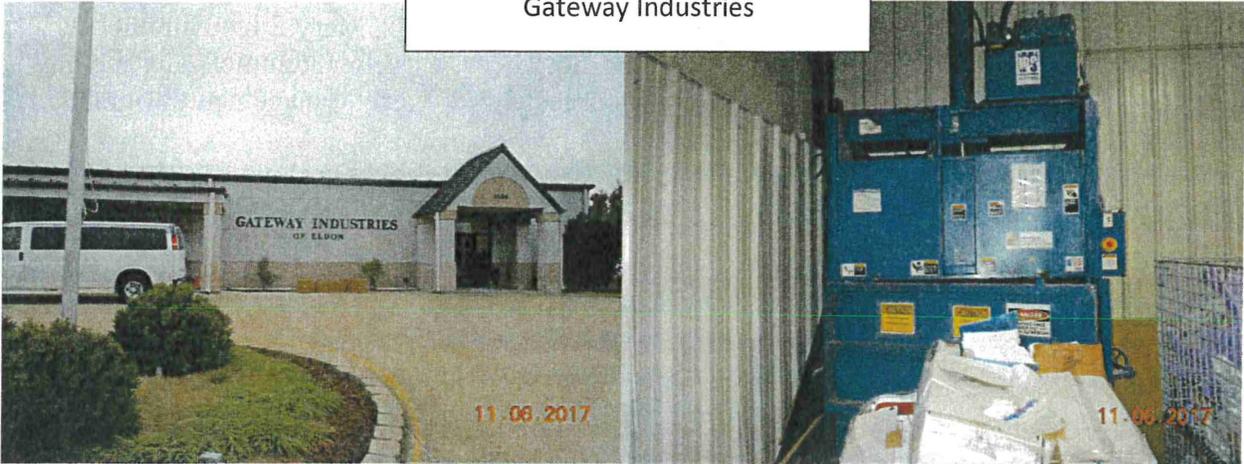
A handwritten signature in blue ink that reads "Anita Stansfield". The signature is written in a cursive, flowing style.

Anita Stansfield, Unit Chief
Grants Management Unit

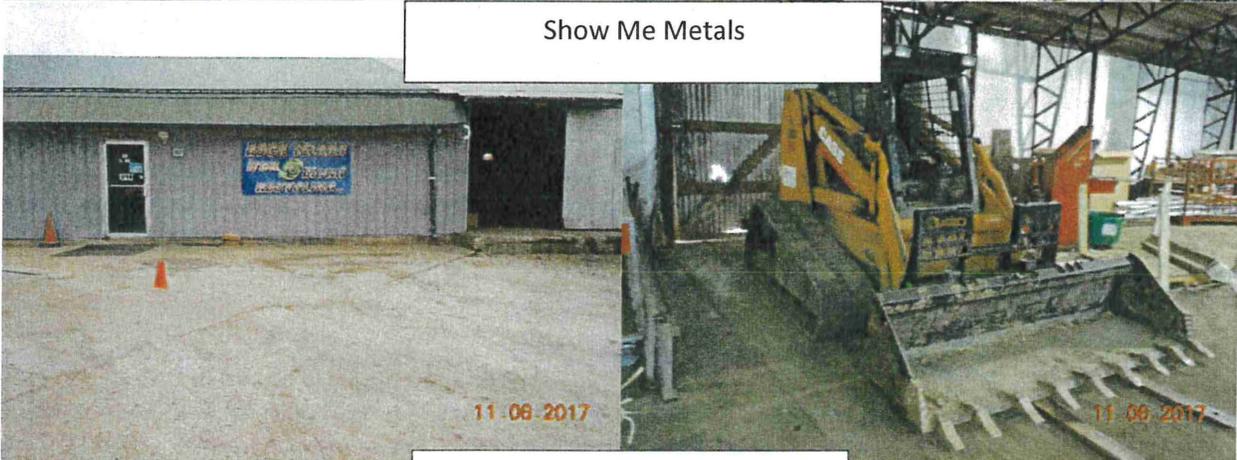
AS:meh

c: Mr. Ethan Shackelford, Planner, Region T- Lake of the Ozarks Solid Waste Management District

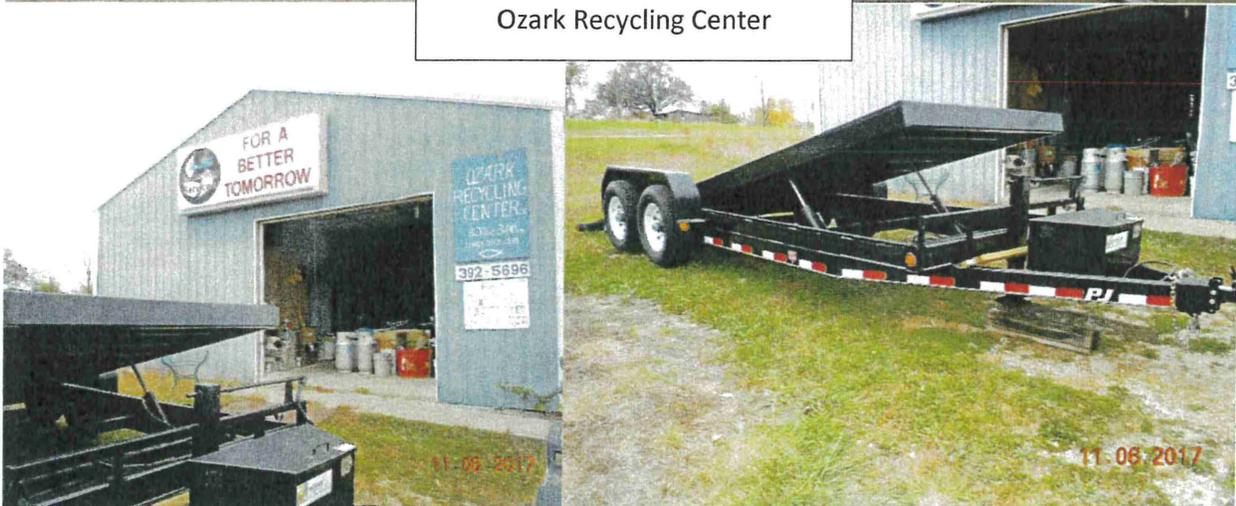
Gateway Industries



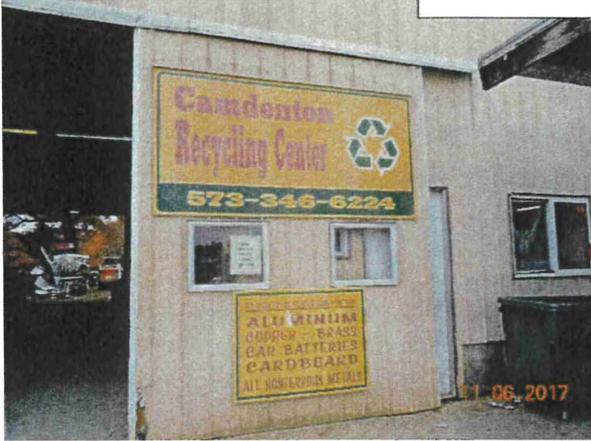
Show Me Metals



Ozark Recycling Center



Camdenton Recycling Center



Laclede Recycling Center

