

**REGION F WEST CENTRAL SOLID  
WASTE MANAGEMENT DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2010**

**REGION F WEST CENTRAL SOLID WASTE DISTRICT  
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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors  
Region F West Central Solid Waste Management District

I have audited the accompanying financial statements of the governmental activities, and the major fund, of Region F West Central Solid Waste Management District, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Region F West Central Solid Waste Management District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinions.

As discussed in Note I of the Notes to the Financial Statements, Region F West Central Solid Waste Management District prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, and each major fund of Region F West Central Solid Waste Management District, as of June 30, 2010, and for the year then ended in conformity with the basis of accounting described in Note I.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 26, 2011 on my consideration of the District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and other matters and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's budgetary comparison information found on page 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Region F West Central Missouri Solid Waste Management District has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

My audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Status of Subgrantee Awards and Administrative Disbursements Schedule, listed as other supplementary information in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The Status of Subgrantee Awards and Administrative Disbursements Schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Randall Fiene*

Randall C. Fiene, CPA

July 26, 2011

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**EXHIBIT A**  
**REGION F WEST CENTRAL SOLID WASTE MANAGEMENT DISTRICT**  
**STATEMENT OF NET ASSETS - CASH BASIS**  
**JUNE 30, 2010**

**ASSETS**

Cash	\$	<u>469,068</u>
<b>TOTAL ASSETS</b>		<u><u>469,068</u></u>

**NET ASSETS**

Restricted for subgrantee projects	293,188
Unrestricted	<u>175,880</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 469,068</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**EXHIBIT B**  
**REGION F WEST CENTRAL SOLID WASTE MANAGEMENT DISTRICT**  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Functions/Programs	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
<b>Primary Government:</b>			
<b>Governmental activities:</b>			
Solid Waste Management	\$ (427,165)	169,300	(257,865)
<b>Net program (disbursements) receipts</b>	<u>\$ (427,165)</u>	<u>169,300</u>	<u>(257,865)</u>
 <b>General receipts:</b>			
Interest			12,308
<b>Total general receipts</b>			<u>12,308</u>
Decrease in net assets			(245,557)
<b>Net assets - beginning of year</b>			<u>714,625</u>
<b>Net assets - end of year</b>			<u>\$ 469,068</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**



**EXHIBIT C**  
**REGION F WEST CENTRAL SOLID WASTE MANAGEMENT DISTRICT**  
**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCE- GOVERNMENTAL FUND**  
**JUNE 30, 2010**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 469,068
<b>TOTAL ASSETS</b>	<u>\$ 469,068</u>
<b>FUND BALANCE</b>	
Reserved	\$ 293,188
Unreserved	175,880
<b>TOTAL FUND BALANCE</b>	<u>\$ 469,068</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

EXHIBIT D  
 REGION F WEST CENTRAL SOLID WASTE MANAGEMENT DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCE-  
 GOVERNMENTAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2010

		<u>General Fund</u>
<b>RECEIPTS</b>		
Intergovernmental	\$	169,300
Interest		12,308
<b>TOTAL RECEIPTS</b>		<u>181,608</u>
 <b>DISBURSEMENTS</b>		
Administration		165,959
Distributions to subgrantees		261,206
<b>TOTAL DISBURSEMENTS</b>		<u>427,165</u>
 Excess (deficiency) of receipts over disbursements		 <u>(245,557)</u>
 Fund balance at beginning of year		 714,625
Fund balance at end of year	\$	<u><u>469,068</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**REGION F WEST CENTRAL SOLID WASTE MANAGEMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

I. Summary of Significant Accounting Policies

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District is a special-purpose government, which is governed by representation of member governments pursuant to Section 260.305 RSMo. As required by accounting principles generally accepted in the United States of America, the District has evaluated the above criteria to determine whether any entities meet the definition of a component unit and must be included in these financial statements. The District has determined that no outside entities meet the above criteria and therefore, no entity needs to be included as a component unit in the District's financial statements. In addition, the District is not aware of any entity for which the District would be considered as a component unit of that entity.

The District was officially recognized by the Missouri Department of Natural Resources in 1991. The District includes the counties of Johnson, Lafayette, Pettis, Morgan, and Saline and their participating cities with a population of 500 or more citizens. 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 purpose of the District is to promote cooperation in solving solid waste management problems and to promote resource recovery and recycling. The District's responsibilities include planning requirements as established by the Solid Waste Management Program, and the administration of grant funds made available to the District from the Solid Waste Management Fund in accordance with Section 260.335.2 RSMo.

B. Basis of Presentation

GOVERNMENT – WIDE FINANCIAL STATEMENTS

The Statement of Net Assets–Cash Basis and Statement of Activities–Cash Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods

or services. Since the District has no enterprise or internal service funds, the government-wide financial statements do not reflect business-type activities.

## FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts and disbursements. The District has one governmental fund.

The financial statement presentation of the District follows the presentation format under Governmental Accounting Standards Board (GASB) Statement No. 34. GASB Statement No. 34 requires the presentation of a Management's Discussion and Analysis section which provides an analysis of the District's overall financial position and results of operations. However, a Management's Discussion and Analysis (MD&A) is not presented in these financial statements.

## GOVERNMENTAL FUND

An emphasis is placed on major funds with the governmental categories. A fund is considered major if it is the primary operating fund of the District. The District has one governmental fund which serves as the primary operating fund for the District. As a result, this fund is designated as a major fund.

The following major governmental fund type is used by the District:

General Fund: The general fund is the general operating fund of the District. This fund is used to account for all financial resources except those required to be accounted for in another fund.

### C. Basis of Accounting

In the Statement of Net Assets-Cash Basis and Statement of Activities-Cash Basis, governmental activities are presented using a cash basis of accounting. This basis recognizes assets, net assets, receipts, and disbursements 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.

### D. Capital Assets

Capital assets are recorded as disbursements at the time when paid.

### E. Statement of Activities-Cash Basis

In the Statement of Activities-Cash Basis, receipts that are derived directly from each activity are reported as program receipts. The District has the following program receipts in each activity:

Administration	Intergovernmental revenues
----------------	----------------------------

## F. Equity Classification

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

- A. Restricted net assets-Consists of net assets 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.
- B. Unrestricted net assets-All other net assets that do not meet the definition of "unrestricted".

It is the policy of the District to first use restricted net assets prior to the use of unrestricted net assets when disbursements are made for purposes for which both restricted and unrestricted net assets are available.

## G. Cash

The District's cash includes demand deposits.

## II. Deposits

The District does not invest District funds, and the District does not have a written investment policy.

**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. Section 110.010 and 110.020, RSMo, requires that all deposits in excess of the Federal Deposit Insurance Corporation be insured by securities pledged as collateral. Of the District's deposits of \$469,068 at June 30, 2010, \$268,410 was insured by the Federal Deposit Insurance Corporation and \$200,658 was insured by a Federal Home Loan Bank Line of Credit.

## III. Claims and Judgments

The District receives substantial funding from the Missouri Department of Natural Resources. Disbursements financed by this funding are subject to audit by this state agency. If disbursements are disallowed due to noncompliance with state regulations, the District may be required to reimburse the Missouri Department of Natural Resources. As of June 30, 2010 disbursements have not been audited by the State, but the District believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

## IV. 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.

V. Reserved Fund Balance

The fund balance of the District's General Fund is reserved to provide future funding to subgrantee projects as approved by the Missouri Department of Natural Resources.

VI. Contractual Relationship

The Pioneer Trails Regional Planning Commission has contracted with Region F West Central Missouri Solid Waste Management District to provide administrative and planning services. As of June 30, 2010, the Commission was reimbursed \$156,950 for various expenditures related to these services.

**REQUIRED SUPPLEMENTARY INFORMATION**



**SCHEDULE 1**  
**REGION F WEST CENTRAL SOLID WASTE MANAGEMENT DISTRICT**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN CASH BASIS FUND BALANCE - GENERAL FUND - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 169,300	169,300	169,300	0
Interest	0	0	12,308	12,308
<b>TOTAL RECEIPTS</b>	<u>169,300</u>	<u>169,300</u>	<u>181,608</u>	<u>12,308</u>
<b>DISBURSEMENTS</b>				
Administration	169,300	169,300	165,959	3,341
Distributions to subgrantees	261,206	261,206	261,206	0
<b>TOTAL DISBURSEMENTS</b>	<u>430,506</u>	<u>430,506</u>	<u>427,165</u>	<u>3,341</u>
Excess (deficiency) of receipts over disbursements	<u>(261,206)</u>	<u>(261,206)</u>	<u>(245,557)</u>	<u>15,649</u>
Fund balance at beginning of year	714,625	714,625	714,625	0
Fund balance at end of year	<u>\$ 453,419</u>	<u>453,419</u>	<u>469,068</u>	<u>15,649</u>

The accompanying Notes to the Required Supplementary Information are an integral part of this schedule.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**REGION F WEST CENTRAL SOLID WASTE DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

I. Budgets and Budgetary Practices

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. The District adopts a budget for the governmental fund.
- B. The Board of Directors adopts an annual budget for submission to the Missouri Department of Natural Resources. The proposed budget includes estimated receipts and proposed disbursements. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
- C. Subsequent to its formal approval of the budget, the Missouri Department of Natural Resources reviews the budget request and has the authority to make necessary adjustments to the budget.
- D. The budget is prepared and adopted on the cash basis, recognizing receipts when collected and disbursements when paid.

**OTHER SUPPLEMENTARY INFORMATION**

**SCHEDULE**  
**REGION F WEST CENTRAL MISSOURI SOLID WASTE MANAGEMENT DISTRICT**  
**STATUS OF SUBGRANTEE AWARDS AND ADMINISTRATIVE DISBURSEMENTS SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Subgrant No.	Purpose	Current Year Awards		Fiscal Year Ended June 30, 2010 Disbursements		Prior Years Disbursements		Unspent Funds Obligated to Projects	Cash Balance	
		Obligated	Awards Obligated in Prior Years	Disbursements	Disbursements	Disbursements	Unobligated		Cash Balance	
2008-4	Johnson County Sheltered Workshop Stretch Wrap	\$ 0	3,548	53	3,495	0	0	0	0	0
2008-5	Johnson County Sheltered Workshop Pallet Jack	0	4,125	62	4,063	0	0	0	0	0
2008-7	Pettis County Concrete Recycling	0	71,850	8,878	0	0	0	62,972	62,972	62,972
2008-8	Jackson County Sheltered Workshop Dock Leveler	0	1,080	16	1,064	0	0	0	0	0
2009-1	District Operations Grant	0	141,000	34,682	92,205	0	0	14,113	14,113	14,113
2009-2	District Education Grant	0	20,145	3,796	13,737	0	0	2,612	2,612	2,612
2009-3	Lafayette County Household Waste Collection	0	32,880	25,867	0	0	0	7,013	7,013	7,013
2009-4	Lafayette County Enterprises Waste Reduction	0	31,662	14,636	8,565	0	0	8,461	8,461	8,461
2009-5	City of Marshall Paper Recycling	0	9,569	0	7,066	0	2,503	0	2,503	2,503
2009-6	Henrison Recycling Center Vertical Baler	0	15,750	2,363	13,387	0	1	0	1	1
2009-7	Johnson County Sheltered Workshop Carport	0	2,999	450	2,549	0	0	0	0	0
2009-8	Johnson County Sheltered Workshop Containers	0	3,076	46	3,030	0	0	0	0	0
2009-9	Johnson County Sheltered Workshop Frontloader	0	1,420	213	1,207	0	0	0	0	0
2009-10	Johnson County Sheltered Workshop Till Trucks	0	1,554	23	1,531	0	0	0	0	0
2009-11	Johnson County HHW Collection	0	28,000	478	23,005	0	0	4,517	4,517	4,517
2009-13	City of Marshall Forklift	0	25,000	636	21,250	0	0	3,114	3,114	3,114
2009-14	Higginsville Parks & Rec Recycled Picnic Tables	0	22,995	3,349	18,977	0	0	669	669	669
2009-15	City of Marshall Household Waste Disposal	0	25,000	20,798	0	0	0	4,202	4,202	4,202
2009-16	City of Sedalia- Biosolids Compost Mixer	75,000	0	0	0	0	0	0	0	75,000
2009-17	City of Sedalia- Biosolids Compost Screener	86,151	0	0	0	0	0	0	0	86,151
2009-18	Morgan County Household Waste Collection	0	15,990	12,882	0	0	0	86,151	86,151	86,151
2009-19	Lafayette County Electronic Waste Collection	0	33,531	0	0	0	0	3,108	3,108	3,108
2009-20	Johnson County Household Waste Collection	0	28,000	28,000	0	0	0	33,531	33,531	33,531
2009-21	Sedalia-Pettis County Emergency Agency	0	30,850	25,494	0	0	0	0	0	5,356
2009-22	Johnson County Sheltered Workshop Box Truck	0	20,000	13,000	0	0	0	0	0	7,000
2009-23	City of Versailles Recycling	0	10,016	6,418	0	0	0	0	0	3,598
2009-24	Community Christian Center Recycling	0	24,995	21,246	0	0	0	3,749	3,749	3,749
2009-25	Lafayette County Enterprises Waste Reduction	0	31,625	9,885	0	0	0	21,740	21,740	21,740
2009-26	Higginsville Parks & Rec Recycled Picnic Tables	0	19,852	0	0	0	0	19,852	19,852	19,852
2009-27	Knob Noster Schools Recycling	0	26,212	0	0	0	0	26,212	26,212	26,212
2009-28	City of Slater Main Street Benches	0	6,480	6,480	0	0	0	0	0	0
2009-31	State Fair Community College Waste to Energy	0	50,000	42,500	0	0	0	7,500	7,500	7,500
2009-33	Johnson County Sheltered Workshop Camera	0	12,200	10,761	0	0	0	1,439	1,439	1,439
2009-34	City of Concordia Parks & Recreation	0	20,572	15,683	0	0	0	4,889	4,889	4,889
2010-01	District Operations Grant	155,000	0	110,906	0	0	0	44,094	44,094	44,094
2010-02	District Education Grant	14,300	0	7,566	0	0	0	6,734	6,734	6,734
	<b>Total</b>	<b>\$ 330,451</b>	<b>771,975</b>	<b>427,165</b>	<b>215,131</b>	<b>293,188</b>	<b>166,942</b>	<b>460,130</b>	<b>157,781</b>	<b>469,068</b>

Unobligated Cash Balance at July 1, 2009  
 Unobligated cash committed to Projects 2009-16 and 2009-17 during the fiscal year ended June 30, 2009  
 Interest Earned FY 2010  
 Interest income committed to Projects 2009-16 and 2009-17  
 Total Unobligated Cash June 30, 2010  
 Total Cash June 30, 2010

Recap of Reconciled Cash Balances at June 30, 2010:  
 First Community Operating Fund  
 First Community Transfer Fund  
 Total District Cash Fund Balance

**REPORT ON INTERNAL CONTROLS AND COMPLIANCE MATTERS**

# RANDALL FIENE

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## **INDEPENDENT AUDITOR'S 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***

Members of the Board of Directors  
Region F West Central Solid Waste Management District

I have audited the financial statements of the governmental activities, and each major fund of Region F West Central Solid Waste Management District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued my report thereon dated July 26, 2011. In my report, I noted the 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. I conducted my 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.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered Region F West Central Solid Waste Management District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions 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, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described below, I identified a certain deficiency in internal control over financial reporting that I consider to be a material weakness.

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. I consider the deficiency identified as 2010-1 to be a material weakness.

2010-1. Internal Control Policies and Procedures over the Preparation of Financial Statements

Criteria: A properly designed system of internal control, which includes preparation of financial statements in conformity with Governmental Accounting Standards, includes having accounting professionals as part of the system to perform that function.

Condition: The District has personnel in place to perform all bookkeeping functions necessary to maintain a general ledger and prepare internal use statements for management and the Board of Directors. However, the District does not have accounting professionals with the knowledge, experience, and training to prepare governmental financial statements in conformity with Government Accounting Standards as part of their internal control system.

Cause: The District's management feels employing personnel who are capable of maintaining the general ledger is sufficient.

Effect: The District employs the auditor that performs the annual audit of the financial statements to also prepare the annual financial statements.

Recommendation: I recognize that the District may not have the resources to have an accounting professional with knowledge, experience, and training to prepare governmental financial statements in conformity with Governmental Accounting Standards. However, I recommend that management continue to increase their knowledge of financial reporting requirements.

Response: *"Adopt. Training will continue to increase the knowledge of the staff in financial reporting requirements."*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance and other matters that is required to be reported under *Government Auditing Standards* and is identified as 2010-2.

2010-2. Inaccurate Quarterly Project Financial Summary Reports

Criteria: 10 CSR 80-9.050(7)(B) states: "An executive board receiving funds from the Solid Waste Management Fund for district grants shall themselves maintain, and require recipients of financial assistance to maintain an accounting system according to generally accepted accounting principles that accurately reflects all fiscal transactions, incorporates appropriate controls and safeguards..." Section I.I of the Missouri Department of Natural Resources General Terms and Conditions requires that financial management systems of subgrantees meet certain standards. Section I.I.1. states, "Accurate, current, and complete



disclosure of financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the subgrant." Additionally, Section I.I.3, states, "Effective control and accountability must be maintained for all district and district subgrantee cash, real and personal property, and other assets."

Condition: The District was not in compliance with 10 CSR 80-9.050(7)(B) which requires the District to maintain a general ledger for each grant approved by the Missouri Department of Natural Resources. As a result, the Quarterly Project Financial Summary report for the period ended June 30, 2010 was not prepared accurately and did not reconcile to the total reconciled cash balance held by the District. The reconciliation of the District's cash balance at June 30, 2010 resulted in an unidentified balance of \$14,317.

Cause: The District did not maintain a general ledger for each grant which would allow the District to prepare accurate Quarterly Project Financial Summary reports.

Effect: The District violated 10 CSR 80-9.050(7)(B). In addition the Quarterly Project Financial Summary report for the period ended June 30, 2010 is inaccurate.

Recommendation: The District comply with 10 CSR 80-9.050(7)(B) by maintaining a general ledger for each project which reflects receipts, disbursements, and available cash balances. By implementing a separate accounting system for each project, the District can prepare accurate Quarterly Project Financial Summary reports in the future.

Response: *"Adopt. The District is, in fact, in the process of expanding the ledger for each project to reflect all appropriate financials that will increase the visibility of status for each grant, applicable deadlines, available balances, and remaining unobligated funds for both the specific grant and grant year. In addition, the Pioneer Trails staff with district approval will resubmit the 2010 4<sup>th</sup> quarter report as well as revisit each of the 2011 quarterly reports submitted for accuracy based on the reconciled 2010 grant ledger mentioned above."*

The District's responses to the findings identified in my audit are described above. I did not audit the District's responses and, accordingly, I express no opinion on these responses.

This report is intended solely for the information and use of the Board of Directors, management, and the Missouri Department of Natural Resources, and is not intended to be and should not be used by anyone other than these specified parties.

*Randall Fiene*

Randall C. Fiene, CPA  
July 26, 2011

**FOLLOW-UP TO PRIOR YEAR'S RECOMMENDATIONS**

**REGION F WEST CENTRAL SOLID WASTE MANAGEMENT DISTRICT  
FOLLOW-UP TO PRIOR YEAR'S RECOMMENDATIONS**

This section reports follow-up action taken by Region F West Central Missouri Solid Waste Management District, on recommendations made in the prior report issued for the fiscal year ended June 30, 2009.

2009-1.      Internal Control Policies and Procedures over the Preparation of Financial Statements

The District has historically relied on independent external auditors to assist in the drafting of the financial statements and all required footnote disclosures in accordance with the cash basis of accounting. Accordingly, the District's ability to prepare financial statements in accordance with the cash basis of accounting is based, in part, on its reliance of the external auditors, who cannot by definition be considered part of the District's internal controls.

Recommendation:

The executive director and members of the Board of Directors be aware of the internal control deficiencies over financial reporting. And, if possible, implement procedures to ensure that the District has the expertise necessary to prevent, detect, and correct misstatements and be capable of drafting the financial statements and all required footnote disclosures in accordance with the cash basis of accounting.

Status:

Not implemented.

2009-2.      Segregation of Duties

The District has a lack of segregation of duties.

Recommendation:

Although the small size of the District's accounting staff limits the extent of segregation of duties, certain steps could be taken to separate incompatible duties.

Status:

Implemented.

2009-3.      Accounting Records

Accounting records were not maintained which adequately identify the source and application of funds provided for financially assisted activities.

Recommendation:

The District implement control activities that will allow for maintaining an accounting system that accurately reflects all fiscal transactions, and allows for a reconciliation process between all revenue receipts and respective disbursements.

Status:

Not implemented. A similar audit finding is repeated in the current audit report.

2009-5.

Equipment Management

A fixed asset list for all equipment purchases over \$5,000 was not available for review.

Recommendation:

The District develop a comprehensive equipment listing and implement formal equipment management procedures to be in compliance with the Solid Waste Management Program.

Status:

Implemented.

2009-5.

Document Retention

Supporting documentation of accounting records for prior years were unavailable for review.

Recommendation:

The District implement a document retention schedule pursuant to Code of State Regulations 10 CSR 80-9.050-Solid Waste Management Fund District Grants, section (7), subsection (E).

Status:

Implemented.