REGION M SOLID WASTE MANAGEMENT DISTRICT

BASIC FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2016

REGION M SOLID WASTE MANAGEMENT DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Executive Board
Region M Solid Waste Management District
Carl Junction, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Region M Solid Waste Management District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Region M Solid Waste Management 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's 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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Region M Solid Waste Management District, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 13–14 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. We 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 inquiries of management about the methods of preparing the information

and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

The Region M Solid Waste Management District has not presented the Management's Discussion and Analysis (MD&A) that is required 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 financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Region M Solid Waste Management District's basic financial statements. The Schedule of Subgrant Expenditures by Grant Number is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Subgrant Expenditures by Grant number is the responsibility of management and was derived from and relates 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 by Grant Number is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016, on our consideration of the Region M Solid Waste Management District'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* in considering the Region M Solid Waste Management District's internal control over financial reporting and compliance.

Taylor Green PC

Neosho, Missouri
November 30, 2016

STATEMENT 1

REGION M SOLID WASTE MANAGEMENT DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2016

	Governmental Activities
ASSETS	
Restricted	
Cash	$ 469,337
Total restricted assets	469,337
Other assets:	
Inventory	4,000
Investment in Subrecipients	40,580
Total other assets	44,580
Total Assets	513,917
DEFERRED INFLOWS OF RESOURCES	
Obligated for grants	431,034
Unobligated grant carryover	31,927
Total Deferred Inflows of Resources	462,961
NET POSITION	
Restricted	50,956
Unrestricted	-
Total Net Position	$ 50,956

See accompanying notes to the basic financial statements.

STATEMENT 2

REGION M SOLID WASTE MANAGEMENT DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government:					
Governmental activities:					
Program and Subgrant Expenditures					
Solid Waste Services	$ 407,207	$ -	$ 341,119	$ -	$ (66,088)
Total governmental activities	407,207	-	341,119	-	(66,088)
Total primary government	$ 407,207	$ -	$ 341,119	$ -	$ (66,088)

	Governmental Activities
Net (expense) revenue	$ (66,088)
General revenues:	
Interest income	741
Total general revenues	741
Change in net position	(65,347)
Net position—beginning	116,303
Net position—ending	$ 50,956

See accompanying notes to the basic financial statements.

STATEMENT 3

REGION M SOLID WASTE MANAGEMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND

JUNE 30, 2016

	General Fund
ASSETS	
Restricted assets:	
Cash	$ 469,337
Total Restricted Assets	469,337
Other assets:	
Inventory	4,000
Investment in Subrecipients	40,580
Total Other Assets	44,580
Total Assets	**$ 513,917**
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	
Deferred Inflows of Resources:	
Obligated for grants	431,034
Unobligated grant carryover	31,927
Total Deferred Inflows of Resources	462,961
Fund Balances:	
Restricted	50,956
Total Fund Balances	50,956
Total Liabilities, Deferred Inflows and Fund Balances	**$ 513,917**

See accompanying notes to the basic financial statements.

REGION M SOLID WASTE MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2016

	General Fund
Revenues:	
Grant revenue	341,119
Interest income	741
Total Revenues	341,860
Expenditures:	
Current	
District grant expenditures	348,619
Loss on sale of inventory	9,562
Amortization expense	49,026
Total Expenditures	407,207
Net change in fund balances	(65,347)
Fund balances--beginning	116,303
Fund balances--ending	$ 50,956

See accompanying notes to the basic financial statements.

REGION M SOLID WASTE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Region M Solid Waste Management District (the District) was formed pursuant to RSMo., Section 260.305, and was officially recognized by the Missouri Department of Natural Resources in 1991. The District includes Vernon, Barton, Jasper, Newton and McDonald counties of the State of Missouri, and their participating cities 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 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 RSMo. Section 260.335.2.

1.A. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION

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 financial 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.

As required by accounting principles generally accepted in the United States of America, the District has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The District has determined that no other outside entity meets the above criteria and therefore, no other entity has been 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 is a primary government which is comprised of the Management Council, consisting of a representative from each city of over 500 population, and two County Commissioners from each County (five counties). The Executive Board is elected at the Annual Meeting and is comprised of a County Commissioner from each County (5); one representative from the cities in each county that is elected in a county caucus of the cities (5); and a representative from the largest city in the Region (1). The total Executive Committee is eleven persons and is the governing body of the District. The District's functions are accomplished by an administrative grant with the Harry S Truman Coordinating Council (HSTCC), Carl Junction, Missouri.

1. A. 1. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues; however, the District does not receive any taxes but operates substantially under grants received from the Missouri Department of Natural Resources (DNR).

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 which constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are generally organized into three categories: governmental, proprietary and fiduciary. The District presently has no proprietary or fiduciary funds. The single fund of the District is described below.

Governmental Funds

General Fund
The General Fund is the main operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

1. A. 2. 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 and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Revenue is recognized when earned. Expenses are recorded when the liability is incurred or the economic asset used. Equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present resources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The length of time used to define available for purposes of revenue recognition in the governmental fund financial statements is sixty days from the end of the fiscal year.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

Since the accounting differs significantly between the governmental fund data and the government-wide data, it is sometimes necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, if needed, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives is not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

1. A. 3. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All risk management activities are accounted for in the General Fund. The District obtains coverage from a commercial insurance company.

1. B. ASSETS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION

1. B. 1. CASH

For the purpose of financial reporting, the District considers all highly liquid debt instruments, with a maturity of ninety days or less, to be cash equivalents. The District held bank demand deposits and a money market deposit account at the balance sheet date.

Custodial credit risk is the possibility that a government will not be able to recover its deposits, investments, or collateral from the bank or another party it is dealing with. The government policy for custodial credit risk is to ensure the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 is not exceeded at any one bank unless the excess is collateralized with securities. As of June 30, 2016, the amount of the District's bank balance was $487,651. The $237,651 above the FDIC limit was collateralized with securities purchased by Southwest Missouri Bank.

1. B. 2. RESTRICTED CASH

Restricted cash is restricted to be used only for purposes as set forth in grant agreements with the Missouri Department of Natural Resources. Total restricted cash as of June 30, 2016 was $469,337.

1. B. 3. INVESTMENT IN SUB-RECIPIENTS

The terms of the Financial Assistance Agreements (FAAs) which are executed upon the award of grant monies to sub-recipients, require the sub-recipients to give the District a four-year security agreement in any equipment over $5,000 purchased with grant funds. These assets remain the property of the recipient, with the District having only a security interest. Items that were purchased with grant funds that are below the $5,000 security interest level are not included below. The security interest is decreased at a rate of 25% per year. The District is obligated, under state statutes, to keep and update an inventory listing of all equipment in which the District has a security interest. The District is also obligated to conduct a physical inventory at least every two years to verify grant recipients have maintained the equipment according to the grant agreements. If at any time the recipient of the assets should dispose of or otherwise forfeit the capital assets donated by the District, then the District will resume ownership.

Investment in sub-recipients at June 30, 2016 consisted of the following:

Security agreement in equipment purchased with grant funds:

M2011-07 City of Branson – 20 yd glass container	$11,400
M2011-09 Lamar Enterprises, Inc. – Bins and Truck	34,420
M2011-14 City of Carthage – Bldg	12,776
M2011-17 Joplin Waste Paper – Containers	16,500
M2011-19 Freeman – Balers	32,870
M2011-21 Fiberlite – Auger	5,470

M2012-03D Salvation Army – Used Box Truck	13,440
M2012-17 Joplin Waste Paper – Baler	31,900
M2012-24 Computer Trade/US – Used Box Truck	15,000
M2014-08 City of Joplin Recycling – Roll-Off	5,920
M2014-12 City of Noel – Pro-Tainer	8,534
M2014-12 City of Noel – Baler	5,066
M2014-13 Southwest Sanitation – Trailer	5,524
M2014-18 Triple R Recycling – Baler	28,215
M2015-11 City of Noel – Portable Dock	5,106
M2015-16 Joplin Waste Paper – Containers	19,000
Total	251,141
Percentage reduction at June 30, 2016	(210,561)
Investment in Sub-Recipients, net of percentage reduction	$ 40,580

1. B. 4. INVENTORY

Occasionally, the District buys equipment directly and then transfers it to subgrantees. If the subgrantee does not reimburse the District or does not meet the use requirements, the District may repossess the equipment. As of June 30, 2016, the District had one piece of equipment that they had right of repossession and will hold for sale. The District's inventory is valued at cost using the first in, first out (FIFO) method.

1. B. 5. DEFERRED INFLOW OF RESOURCES

The District's policy is to record revenue in the period earned. Under grant regulations, grant resources are earned, and recognized, in the period in which grant funds are expended. If a grant's program year extends beyond the District's fiscal year end, the amount of unexpended grant funds as of the District's fiscal year end is recorded as a deferred inflow of resources. Consequently, as grant funds are expended during the District's subsequent fiscal year, the deferred inflow of resources as of the prior fiscal year end is recognized as revenue. The amount of deferred inflow of resources as of June 30, 2016, was $462,960.

1. B. 6. GOVERNMENTAL FUND BALANCES

As required, the District has applied GASB Statement No. 54 which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of its resources reported in governmental funds. As such, the District has identified June 30, 2016 fund balances on the Balance Sheet as follows:

a. The District has no fund balances classified as nonspendable.
b. The amount of $50,956 shown as restricted reflects balances restricted for specific use by external resource providers (DNR).
c. The District has no fund balances classified as committed.
d. The District has no fund balances classified as assigned.

The District considers restricted, committed, assigned and unassigned amounts to be spent in that order when expenditures are incurred for which any of those amounts are available. The amount of the primary government's net position as of June 30, 2016 that was restricted by outside parties totaled $50,956. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

1. C. REVENUES, EXPENDITURES, AND EXPENSES

1. C. 1. REVENUES

For financial reporting purposes, revenues are recorded by the District when they are earned. Revenue received in advance is considered a deferred inflow of resources until a corresponding expense/expenditure is incurred.

1. C. 2. EXPENDITURES/EXPENSES

In the government-wide financial statement, expenses are reported on the accrual basis and are classified by function for governmental activities. In the fund financial statements, governmental funds report expenditures of financial resources.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws, regulations, grants and contracts and demonstration of its stewardship of District resources follows:

2. A. REVENUE RESTRICTIONS

For the year ended June 30, 2016, the District was in compliance with certain restrictions placed over revenue sources from state, local, or debt requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Missouri Dept. of Natural Resources	To be used to fund grants for solid waste management.

NOTE 3. DETAILED NOTES ON FUNDS

The following notes present detailed information to support the amounts reported in the basic financial statements for its various assets, liabilities, deferred inflows of resources, equity, revenues and expenditures/expenses.

NOTE 4. CONCENTRATION OF RISK

Major Support: One-hundred percent (100%) of the District's support was derived from the Missouri Department of Natural Resources. Should the state legislate to discontinue the funding, the operation of the District would no longer be possible.

NOTE 5. OTHER NOTES

5. A. COMMITMENTS AND CONTINGENCIES

No commitments or contingencies of significance were noted.

5. B. FISCAL RESPONSIBILITY

Section 67.040 of RSMo 1994 provides that a political subdivision may not exceed the authorized expenditures in the approved budget without adopting a resolution which sets forth the facts and reasons for making an increase necessary and approves or adopts an order, motion, resolution or ordinance to authorize the expenditures. The Region M Solid Waste Management District was over budget by $65,347 mainly due to amortization expense and loss on sale of inventory which were two new non-cash expenses in the current year.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information (RSI) includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule
  - General Fund
- Notes to RSI – Budgetary Comparison Schedule

EXHIBIT 1

REGION M SOLID WASTE MANAGEMENT DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance:	$ 116,303	$ 116,303	$ 116,303	$ -
Revenues (Inflows):				
Grant Revenue	400,377	400,377	341,119	(59,258)
Interest Income	-	-	741	741
Amounts available for appropriation	516,680	516,680	458,163	(58,517)
Charges to Appropriations (Outflows):				
Administration				
Amortization Expense	-	-	49,026	(49,026)
Loss on Sale of Inventory	-	-	9,562	(9,562)
District Operations	116,000	116,000	10,057	105,943
Subgrants				
Subgrants	284,377	284,377	338,564	(54,187)
Total Charges to Appropriations	400,377	400,377	407,209	(6,832)
Round			(2)	2
Ending Budgetary Fund Balance	$ 116,303	$ 116,303	$ 50,956	$ (65,347)

EXHIBIT 2

REGION M SOLID WASTE MANAGEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016

Budgetary Accounting

The District prepares its budget for the General fund on the modified accrual basis of accounting as applied to the governmental funds in the basic financial statements.

SUPPLEMENTARY INFORMATION

EXHIBIT 1

REGION M SOLID WASTE MANAGEMENT DISTRICT
SCHEDULE OF SUBGRANT EXPENDITURES BY GRANT NUMBER
FOR THE YEAR ENDED JUNE 30, 2016

Grant Number	Project Grant Description	Expenditures
M2015-001	District Operations	4,000
M2015-002	School Education, Public Education, MORA	18,681
M2015-003	E-Waste, HHW, White Goods	25,373
M2015-004	City of Seneca Recycling	1,870
M2015-005	City of Sheldon Recycling	3,462
M2015-006	City of Granby Recycling	12,181
M2015-007	City of Carthage Recycling	6,006
M2015-008	City of Joplin Recycling Center Attendant	9,745
M2015-009	City of Neosho Recycling	25,148
M2015-010	Vernon County Recycling Center	19,260
M2015-012	Sheldon School District	459
M2015-013	Lamar Enterprises Concrete Pad	17,500
M2015-014	Joplin Habitat ReStore Part Time Employee	8,816
M2015-016	Joplin Waste Paper	2,850
M2015-017	McDonald County Litter Control	4,209
M2015-018	Newton County Litter Pickup	13,796
M2015-019	Jasper County Litter Pickup	20,550
M2016-001	Region M Operations	111,159
M2016-004	City of Joplin Recycling Center Attendant	6,230
M2016-008	City of Sheldon Recycling	215
M2016-009	City of Granby Recycling	751
M2016-010	City of Seneca Recycling	135
M2016-011	City of Neosho Recycling	14,381
M2016-015	Vernon County Recycling Center	21,844
	Total Subgrant Expenditures	$ 348,621

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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*

Executive Board
Region M Solid Waste Management District
Carl Junction, 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 and each major fund of the Region M Solid Waste Management District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Region M Solid Waste Management District's basic financial statements, and have issued our report thereon dated November 30, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Region M Solid Waste Management 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 Region M Solid Waste Management District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Region M Solid Waste Management District's internal control.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Region M Solid Waste Management District'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Taylor Green PC
Neosho, Missouri
November 30, 2016