

**MISSOURI DEPARTMENT OF NATURAL RESOURCES**  
**Solid Waste Management Program**  
**General Terms and Conditions**  
**Attachment 2**

**I. Administrative Requirements**

These General Terms and Conditions include requirements that are especially pertinent to solid waste management district grant awards made by the Missouri Department of Natural Resources (MDNR), Solid Waste Management Program (SWMP) to Missouri's Solid Waste Management Districts (Districts). These General Terms and Conditions do not set out all of the provisions of the applicable laws and regulations, nor do they represent an exhaustive list of all requirements applicable to this award. A certain number of these requirements are emphasized here because they are frequently invoked and their violation is of serious concern. Definitions of terminology used within these General Terms and Conditions are set forth in Section III of this document.

These General Terms and Conditions apply to district grant applications approved and signed by the District's Executive Board for use of Solid Waste Management Funds (SWMF). In addition to these terms and conditions, the District and District Subgrantee must comply with all governing requirements of the District's subgrant award.

**A. Use and Award of Solid Waste Management Funds**

1. All district funds shall be used for implementation of a solid waste management plan, district operations, solid waste management, waste reduction, recycling and related services as approved by the District's Executive Board and the SWMP.
2. District grant or subgrant funds shall be awarded by the District for projects that will implement the District's approved solid waste management plan. These funds shall be used for solid waste management projects as finally approved for funding by the SWMP. However, no district grant or subgrant funds shall be made available for incineration without energy recovery.
3. A District may elect to use more than one fiscal year's allocation of funds to finance a project.
  - a. Prior to the SWMP encumbering funds for this project, the District shall submit a request to the SWMP for approval that provides justification for the project and shall include financial supporting documentation.
  - b. Following the SWMP's approval, the District may request that these funds be disbursed to the District.
  - c. All interest income earned by the District shall be obligated to this project until the total amount needed for the project is reached.
4. District grant or subgrant funds shall not be awarded for a project whose applicant is directly involved in the evaluation and ranking of that particular project.
5. District grant or subgrant funds shall not be awarded for a project that displaces existing resource recovery services, unless the District demonstrates how the proposed project will result in improved or expanded services.
6. District grant or subgrant funds shall not be awarded for a project that collects solid waste for disposal on a continuous basis.

7. Any funds awarded and disbursed to a District, which are not expended or encumbered, for the purpose for which the funds were awarded, shall be repaid by the District to the SWMP for deposit into the SWMF for reallocation.
8. District grant or subgrant funds may be withheld or may be required to be repaid to the SWMP if the District has an unresolved audit with significant findings or questioned costs.
9. Any funds allocated to a District that are not requested by the District pursuant to the procedures outlined in 10 CSR 80-9.050, within twenty-four (24) months of the end of the state fiscal year in which the funds were allocated may be reallocated by the SWMP pursuant to section 260.335.2, RSMo.
10. Special Terms and Conditions may apply to grantees or subgrantees considered "high risk" in accordance with 260.335.5, RSMo.
  - a. The SWMP, in conjunction with the Solid Waste Advisory Board (SWAB), shall periodically review the performance of Districts and District Subgrantees that have had significant findings or questioned costs.
  - b. The SWMP may determine and declare that a District or District Subgrantee is "high risk", if the District or District Subgrantee:
    - i. has a history of unsatisfactory performance;
    - ii. is not financially stable;
    - iii. has a management system that does not meet the management standards set forth in these General Terms and Conditions;
    - iv. has not conformed to terms and conditions of previous awards; or
    - v. is otherwise not responsible.
  - c. If SWMP determines that an award will be made to a "high risk" District or District Subgrantee, then special conditions and/or restrictions shall be set to correspond to the high risk declaration and shall be included in the award as a separate attachment.
  - d. Special conditions or restrictions may include:
    - i. authorizing payment on a reimbursement basis only;
    - ii. withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given funding period;
    - iii. requiring additional, more detailed financial reports;
    - iv. requiring additional project monitoring;
    - v. requiring the grantee or subgrantee to obtain technical or management assistance; or
    - vi. establishing additional requirements to obtain prior approvals from SWMP and/or the District, where appropriate.
  - e. If the SWMP declares a District or District Subgrantee to be high risk and prior to imposing special conditions or restrictions, the SWMP will notify the District or District Subgrantee as early as possible, in writing, of:
    - i. the nature of the special conditions/restrictions;
    - ii. the reason(s) for imposing the special conditions/restrictions;
    - iii. the corrective actions that must be taken to abate the problems that gave rise to the special conditions/ restrictions and the time allowed for completing such corrective actions; and
    - iv. the method of requesting reconsideration of the special conditions/restrictions imposed.

11. In consideration for the ability to utilize SWMF monies, the District and the District Subgrantee agree to comply with all applicable terms and conditions of the Financial Assistance Agreement (FAA) and any documents incorporated therein, including these General Terms and Conditions. Districts must incorporate the General Terms and Conditions into the District's Subgrantee FAAs and any documents incorporated therein and either provide copies or make copies available to the District's Subgrantees.

B. Project and Budget Periods

1. District Operations: The District's grant and budget period shall cover up to a one (1) year time period, unless otherwise approved by the SWMP.
2. Plan Implementation and District Subgrantee Projects:
  - a. Districts are to assign project and budget periods for district subgrants to allow for up to a two (2) year time period for project completion.
  - b. A maximum of one (1) six (6)-month extension may be allowed beyond the two (2) year completion period when approved by the District's Executive Board. All project and budget period extensions must be documented in executive board meeting minutes with a copy of the extension and executive board meeting minutes provided to SWMP.
  - c. Any extension of the project or budget periods beyond two (2) years and six (6) months must have prior approval of the District's Executive Board and the SWMP.

C. Method of Payments and Disbursements

1. The District must be in compliance with all reporting requirements to receive disbursements.
2. Disbursements from SWMP to the District.
  - a. For District Operations. Funds allocated to the District are disburseable to the District by the SWMP for all eligible and approved expenses for performing the agreed upon scope of services identified in the approved application, required attachments, and supporting documentation, if applicable. In order to receive funds, the District shall submit original invoices requesting disbursements to the SWMP as agreed upon per the Attachment 1 of the approved and fully executed FAA. For Districts entering into contracts for district operations, no disbursements will be made for such expenditures incurred before the SWMP approval date or after the closing budget date. Budget closing dates can be extended when prior approval has been granted by the SWMP.
  - b. For Plan Implementation Projects. Funds allocated to the District are disburseable to the District by the SWMP for all eligible and approved expenses for performing the agreed upon scope of services identified in the approved application, required attachments, and supporting documentation, if applicable. In order to receive funds, the District shall submit original invoices for payment to the SWMP as agreed upon per the Attachment 1 of the approved and fully executed FAA. No disbursements will be made for district plan implementation expenditures incurred before the SWMP approval date or after the closing budget date. Budget closing dates can be extended when prior approval has been granted by the SWMP.
  - c. For District Subgrantee Projects. Funds are disburseable to the District by the SWMP for all eligible and approved expenses as specified in the agreed upon scope of services identified in the approved district subgrantee project application(s). In order to receive funds, the District shall submit original invoices and a copy of the fully executed District

Subgrantee FAAs supporting the amounts requested from the SWMP, as agreed upon per the Attachment 1 of the SWMP's FAA. No disbursements will be made for district subgrantee project expenditures incurred before the SWMP approval date or after the district subgrantee project closing date. Project closing dates can be extended when prior approval has been granted by the District's Executive Board and SWMP as provided for in section B., above.

- d. All invoices submitted by the Districts to the SWMP must include:
    - i. the project name, project identification number, and the amount of allocation funds requested for disbursement for each project;
    - ii. the award amount set forth in the fully executed FAA by the District or District's Subgrantee; and
    - iii. copies of fully executed FAAs for each project for which the District is requesting funds, as attachments.
  - e. All requests for disbursement must include the following certification signed by the authorized district official: I certify that to the best of my knowledge and belief the data above are correct and that all outlays were made or will be made in accordance with the grant or subgrant and that payment is due and has not been previously requested.
  - f. No disbursements will be made for costs incurred before or after the project's approved budget period or for costs incurred prior to the approval of the project by the SWMP.
  - g. No disbursements will be made for expenditures incurred after the closing budget period unless a budget time period extension has been granted. (See section B., above.)
3. Payments from the District to the District Subgrantee
- a. The approved and fully executed FAA between the District and the District Subgrantee shall include:
    - i. the District issued sequential project identification number;
    - ii. the District Subgrantee's name;
    - iii. the project name;
    - iv. the project start and completion dates;
    - v. a breakdown of award amount from allocation, carryover, and interest;
    - vi. the Subgrantee and District authority signatures;
    - vii. an executive summary;
    - viii. project tasks;
    - ix. a budget summary/notes contained in the district subgrantee project application;
    - x. a requirement that the District will retain 15% of the amount to be paid to the District Subgrantee until the District Executive Board gives its final approval of the District Subgrantee's final report and final accounting of project expenditures;
    - xi. a requirement that records be retained for 3-years;
    - xii. for a minimum 5 year security interest in buildings, building site improvements, or equipment costing five thousand dollars or more and purchased, in whole or in part, with SWMF monies; and
    - xiii. a copy of the District's Special and/or General Terms and Conditions, if referred to.
  - b. Invoices submitted to the District by the District's Subgrantee must include:
    - i. the award amount provided in the fully executed FAA; and
    - ii. the project name, project identification number, and the amount of funds being requested for reimbursement.

- c. All requests for disbursement must include the following certification signed by the authorized District Subgrantee official: I certify that to the best of my knowledge and belief the data above are correct and that all outlays were made or will be made in accordance with the subgrant and that payment is due and has not been previously requested.
- d. No reimbursements will be made for costs incurred before or after the project's approved budget period by the District or for costs incurred prior to the approval of the project by the SWMP.
- e. No reimbursements will be made for expenditures incurred after the closing budget period unless a budget time period extension has been granted (See section B., above).
- f. Where the District requires match, payments under non-construction subgrants are to be based on the subgrant sharing ratio as applied to the total project cost. Each invoice submitted to the District must be based on the subgrant sharing ratio unless the District's subgrant specifically provides for advance payments.
- g. Advance payments may only be made upon a showing of good cause or special circumstances, as determined by the SWMP. Advance payments will only be made on a monthly basis to cover estimated expenditures for a 30-day period or as otherwise agreed. The SWMP will not approve the District advancing more than 25% of the total amount of the subgrant unless the Subgrantee demonstrates good cause.
- h. The District shall retain 15% of the funds awarded to the project until a District Subgrantee's final report has been provided to the District and the District's Executive Board approves the project's final report and final accounting of expenditures.
- i. The District has the option of making payment directly to a vendor instead of reimbursing the District Subgrantee. In order for payment to be made directly to a vendor, the District's Executive Board must approve such direct payment for goods or services being purchased by the District Subgrantee and the goods or services must have been actually received by the District Subgrantee. The District's Executive Board is nevertheless still bound by the requirement to retain 15% of the project funds until it approves the final report and final accounting of expenditures submitted by the District Subgrantee.
- j. The District's Executive Board and the SWMP may approve waiving of the 15% retention upon written request by the District Subgrantee.

#### D. Withholding of District Funds

- 1. The SWMP may withhold or reduce district grant awards if the District is not in compliance with:
  - a. The Solid Waste Management Law and regulations;
  - b. Planning requirements pursuant to section 260.325, RSMo;
  - c. All General and Special Terms and Conditions of the District's FAA;
  - d. Audit requirements as set forth in 260.325.10 RSMo and as detailed herein at Subsection J.5 ;
  - e. Significant audit findings and questioned costs resolution plans; and

- f. All reporting requirements and plan revisions detailed in 10 CSR 80-9.050.
- 2. The SWMP may immediately withhold funds for significant audit findings. For other situations for which the SWMP determines the withholding of funds would be appropriate, the SWMP shall provide written notice of noncompliance prior to such withholding, and such notice shall allow at least thirty (30) days for the District to comply with the requirements contained in the SWMP's notice of noncompliance.
- 3. The SWMP may withhold funds for failure to timely submit reports. To determine whether a report has been timely submitted, the SWMP shall use the postmark date as the date submitted by the District. If no postmark date is available, the SWMP shall use the date the SWMP receives the report. Withholdings for failure to timely submit reports shall be done as follows:
  - a. If a District fails to submit to the SWMP a complete quarterly report, annual report, or plan revision (i.e., assessment inventory) by the due date indicated in the SWMP's notice of noncompliance, the SWMP shall withhold and reallocate funds equal to one percent (1%) of the District's most recent quarterly allocation for each day past the notice due date.
  - b. Extensions from the required due dates are allowed if the following provisions have been met:
    - i. The District has requested an extension prior to the notice due date and the SWMP has granted that extension; and
    - ii. The District has submitted complete reports by the dates indicated in previous SWMP approved extensions.
- 4. The SWMP may withhold disbursements for costs it determines to be inappropriate or unnecessary. In such event, the District shall repay the SWMP or the SWMP shall withhold from the District's allocation the amount of the costs, following the SWMP's written request.
- 5. Funds withheld or repaid by a District shall be reallocated by the SWMP to all Districts that, at the time of the reallocation, are in compliance with all requirements and have addressed all deficiencies identified in a District's audit to the satisfaction of the SWMP. The reallocation shall be made to Districts in accordance with the allocation criteria pursuant to section 260.335, RSMo.

E. Recordkeeping

- 1. The District or District Subgrantee shall retain financial records, supporting documents, and other records pertinent to the subgrant for a period of three years starting from the date of submission of the final financial status report.
- 2. If any litigation, claim, negotiation, audit, or other action involving the records has been initiated before the expiration of the 3-year period, the District or District Subgrantee shall retain records until completion of the action and resolution of all issues that arise from it, or until the end of the regular 3-year period, whichever is later.
- 3. The SWMP and the Missouri State Auditor's Office and any of their authorized agents, shall have the right of access to any pertinent books, documents, papers, or other records of the District or District Subgrantees which are pertinent to the subgrant, in order to make audits, examinations, excerpts, and transcripts and the SWMP shall have the right to inspect any and all such documents and records so long as they are maintained by the District or the District Subgrantee, regardless of whether the requirement to maintain those records has expired.

4. For equipment and building or site improvement records the 3-year retention period begins from the date of the disposition, replacement, or transfer of the asset at the direction of the SWMP or District.
5. The District will include these provisions for compliance with the record retention requirements of these General Terms and Conditions in every subgrant.
6. The District's records shall be maintained as public records pursuant to Chapter 610, RSMo.

F. Program Income

1. The District or District Subgrantee is encouraged to earn income to defray program costs.
2. Program income shall be deducted from outlays (i.e., expenditures) that may be both district grant funds and non-district grant funds as described below, unless the District Grant regulations at 10 CSR 80-9.050 or the FAA specify another alternative (or a combination of alternatives). In specifying alternatives, the SWMP may distinguish between income earned by the District and income earned by District Subgrantees and between the sources, kinds, or amounts of income. When the SWMP authorizes use of the alternatives in paragraphs 2.b. and 2.c. of this section, program income in excess of any limits stipulated shall also be deducted from outlays.
  - a. Deduction. Ordinarily program income shall be deducted from total allowable costs to determine the net allowable costs. Program income shall be used for current costs unless the SWMP authorizes otherwise. Program income which the District or District Subgrantee did not anticipate at the time of the award shall be used to reduce the SWMP and District contributions rather than to increase the funds committed to the project.
  - b. Addition. With the prior written approval of the SWMP, program income may be added to the funds committed to the FAA by the SWMP and the District. The program income shall be used for the purposes and under the conditions stated in the FAA.
  - c. Cost sharing or matching. With the prior written approval of the SWMP, program income may be used to meet the cost sharing or matching requirement of the FAA, if applicable. The amount of the district grant award remains the same.
  - d. Program income after the award period.
    - i. Program income generated from project activities occurring after the expiration of the FAA between the District and District Subgrantee remains with the District Subgrantee.
    - ii. Program income generated from project activities funded from district grant funds occurring after the expiration of the District's FAA with the SWMP must be expended in compliance with 10 CSR 80-9.050.

G. Interest Income

1. Expenditure of interest income earned on district grant agreement funds must be in compliance with 10 CSR 80-9.050.
2. Interest income earned from grant monies may be used to fund costs as long as those costs are reimbursable under the provisions established in 10 CSR 80-9.050 and directly benefit the District Subgrant Program and are budgeted and spent as part of a subgrant approved by the SWMP.

3. The expenditure of interest income, like other grant expenditures, must be reported to the SWMP quarterly on forms provided by the SWMP.

#### H. Match or Cost Share Funding

1. At this time, the SWMP does not require Districts to match state funds allocated pursuant to 260.335, RSMo.
2. The District may elect to require a matching share from their District Subgrantees. The matching share will usually be prescribed as a minimum percentage. In-kind (non-cash) contributions are allowable project costs when the in-kind contributions directly benefit and are specifically identifiable to the project or program. Any in-kind match must be assigned a fair market value stated in dollars and the rationale used to calculate the value must be provided. Neither costs nor the values of third party in-kind contributions count towards satisfying a cost sharing or matching requirement of a subgrant agreement if such costs have been or will be counted towards satisfying a cost sharing or matching requirement of another SWMF subgrantee agreement, a SWMF procurement contract, or any other award of SWMF funds. MDNR funds from another MDNR grant or subgrant shall not count towards satisfying a cost sharing or matching requirement of a district subgrant agreement. Any match funds are considered state funds and may only be used for purposes allowed by 10 CSR 80-9.050.

#### I. Financial Management Systems

The financial management systems used by Districts and District Subgrantees must be in accordance with generally accepted accounting principles and meet the following standards:

1. **Financial Reporting.** 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;
2. **Accounting Records.** Records shall be maintained that adequately identify the source and use of funds provided for financially assisted activities. These records must contain information pertaining to subgrant awards and authorizations, restrictions on use of funds, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income, permit preparation of reports required by the SWMP, permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes;
3. **Internal Control.** Effective control to prevent loss or misuse and accountability shall be maintained for all District and District Subgrantee cash, real and personal property, and other assets. Subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes;
4. **Budget Control.** Actual expenditures or outlays must be compared with budgeted amounts for each subgrant;
5. **Allowable Costs.** Allowability of costs shall be determined in compliance with the Solid Waste Management Law and the implementing rules as well as cost principles contained in Office of Management and Budget Circular No. A-87 for state and local governments (Attachment A), and Office of Management and Budget Circular No. A-122 (Attachment B) for nonprofit organizations. The District Grant rules and regulations at 10 CSR 80-9.050, and the subgrant scope of work will be followed in determining the reasonableness, allowability, and allocability of costs. The District and its Executive Board are responsible for ensuring proper use of the SWMF. Districts will repay the amount of any improperly expended funds to the SWMP.



6. **Eligible and Ineligible Costs.** Eligible and ineligible costs may vary depending on the services, materials, and activities being performed. The District shall refer to 10 CSR 80-9.050(2)(D) for specifics for district fund use. Items not listed in 10 CSR 80-9.050(2)(D) or in sections (3)(A) District Operations, Eligible Costs and (4)(B) Plan Implementation Projects, Eligible Costs may be allowed with prior approval of the District's Executive Board and SWMP;
7. **Source Documentation.** Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents. Appropriate electronic verification of cleared checks may also be considered source documentation in lieu of actual cancelled checks. The documentation must be made available by the District or District Subgrantee at the SWMP's request; and
8. The District shall have procedures in place to minimize the time lapsed between money disbursed by the SWMP and money spent by the District or District Subgrantee.

J. **Reporting of Program Activities**

The District shall submit to the SWMP:

1. **District Annual Report.** The District shall submit within 120 days following the close of the just completed state fiscal year the following information:
  - a. **Goals and accomplishments;**
  - b. **Types of projects and results during the fiscal year;**
    - i. **Projects resulting in tonnage diversion from landfills.** Include the number and cost of the projects, tons diverted, and average cost per ton diverted. Identify separate statistics for items banned and not banned from landfills;
    - ii. **Projects not resulting in tonnage diversion including the number and cost of projects; and**
    - iii. **Projects closed.**
  - c. **A description of the grant proposal evaluation process; and**
  - d. **District council and executive board members: list names along with the organization represented.**
2. **Quarterly Report(s).** On quarterly status report forms provided by the SWMP, the District shall submit the following information to the SWMP thirty (30) days after the end of each state fiscal year quarter (Note: State fiscal year quarters end on September 30, December 31, March 31, and June 30. Quarterly reports are due on: October 30, January 30, April 30, and July 30 respectively.):
  - a. **Project status.** For each plan implementation and district subgrantee project in progress, the District shall provide:
    - i. **The details of progress addressing the project tasks outlined in the plan implementation application or subgrantee financial assistance agreement;**
    - ii. **Problems encountered in project execution;**
    - iii. **Budget adjustments made within budget categories, with justifications;**
    - iv. **The weight in tons of waste diverted for each type of recovered material utilized in the project for the most recent quarter following the implementation of the diversion activity or other measurable outcomes, as appropriate;**

- v. A copy of an amended District Subgrantee FAA , if appropriate;
  - vi. Other information necessary for proper evaluation of the progress of the projects; and
  - vii. In the event that a time period for a project is less than a full year, only quarterly information appropriate to the project time period need be included in the district report.
- b. District Operations Status: For the district operations status report, the District shall provide:
- i. The details of progress in completing the district operations tasks outlined in the district operations application;
  - ii. Problems encountered in district operations;
  - iii. Required budget amendments; and
  - iv. Other information necessary for proper evaluation of district operations.
- c. Project Financial Summary. For each grant (district operations, plan implementation and district subgrantee project) the District shall provide:
- i. The original award amount taken from the accrued allocation held by the SWMP;
  - ii. Any district carryover used to fund a project or district operations;
  - iii. Any accrued interest income used to fund a project or district operations;
  - iv. Total grant award for that project or district operations. (The total J.2.c.i, J.2.c.ii, and J.2.c.iii);
  - v. Cumulative amount of District disbursement of funds to each District Subgrantee or to the District during that reporting period;
  - vi. Balance of that district subgrant project or district operations during that reporting period;
  - vii. Any carryover funding held by the District that has not been obligated for projects or district operations; and
  - viii. Any accrued interest income held by the District that has not been obligated for projects or district operations.
3. Final Project Reports. The District shall submit to the SWMP a final report for each plan implementation or district subgrantee project that shall contain the same information as described for project status in J.2.a. as well as a comparison of actual accomplishments to the goals established and a description of how goals were met, not met, or were exceeded. Final Project Reports shall be provided along with the next quarterly report submitted by the District (i.e., thirty (30) days after the end of the next state fiscal year quarter.).
4. Assessment Inventory: Pursuant to section 260.325, RSMo, the District Executive Board shall review the District's recycling and solid waste management planning activities at least every twenty-four (24) months for the purpose of evaluating the District's progress in expanding and improving waste reduction and recycling efforts within their District and shall submit revisions to planning information to the Department and District Executive Board or Council. At a minimum, the District Executive Board shall submit revisions by April 1 of each odd numbered year that include, but are not limited to:
- a. An inventory of solid waste services in the planning area on forms provided by the SWMP. Service information shall include:
    - i. the solid waste collection services available to residential and commercial customers;
    - ii. the recycling services available to residential and commercial customers;
    - iii. the services available for management of items banned from Missouri landfills, pursuant to section 260.250, RSMo; and

- iv. the services available for management of household hazardous wastes.
  - b. Pursuant to section 260.320.3, RSMo, a list of advisory boards, members of each and documentation of meetings; and
  - c. A description of illegal dumping identification, public education, and household hazardous waste activities and programs established by the District Executive Board, pursuant to section 260.320.3, RSMo.
5. Financial Audit Requirements:
- a. The District's Executive Board shall have their records audited by a certified public accountant or firm of certified public accountants pursuant to section 260.325, RSMo. Districts receiving two hundred thousand dollars or more of financial assistance shall have annual independent financial audits and Districts receiving less than two hundred thousand dollars of financial assistance shall have independent audits at least once every two (2) years. The due date for audit reports will be within one hundred eighty (180) days of the close of the District's fiscal year.
  - b. The District's Executive Board shall address all deficiencies identified in a District's audit to the satisfaction of the SWMP. Districts failing to adequately address deficiencies identified in the audit may have funds withheld or may be required to repay any and all disbursements of funds in accordance with 10 CSR 80-9.050(9) Withholding of District Funds.
  - c. For questioned costs that the SWMP determines to be inappropriate or unnecessary, the District shall repay the SWMP or the SWMP shall withhold from the District's allocation the amount of the cost.
  - d. The SWMP may withhold or reduce district grant awards until the District is in compliance with the audit requirements, and has resolved significant audit findings and questioned costs.
  - e. The basic financial statements and required supplementary information shall be audited and provide, at a minimum, for all fund types and account groups in accordance with generally accepted government auditing standards and include the following:
    - i. An Independent Auditor's Report on the Financial Statements and Schedule of Receipts and Expenditures of State Awards.
    - ii. Management's Discussion and Analysis (MDA) providing an analytical overview of the district's financial activities.
    - iii. Basic Financial Statements
      - 1) With statements identifying, at a minimum, the following accounts:
        - a) Assets: cash, investments, receivables, fixed assets.
        - b) Liabilities: accounts payable, deferred grant revenue, deferred interest revenue.
        - c) Net Assets
        - d) Revenues: grant revenue, program income, interest revenue, and other revenue.
      - 2) With the following minimum statements:
        - a) Statement of Net Assets
        - b) Statement of Activities
        - c) Fund Financial Statements
      - 3) Notes to the Financial Statements
    - iv. Schedule of Receipts and Expenditures of State Awards

- 1) The schedule for each subgrant including district operations shall include, at a minimum, subgrant period; subgrant project number; subgrantee name; subgrant award amount; prior period subgrant funds expended; current period subgrant amount expended; program income earned and expended, as applicable; interest income earned and expended, as applicable; subgrant amount remaining available; program income amount remaining available; and unobligated amount by source as identified by the District's Executive Board.
  - 2) Notes to the Schedule of Receipts and Expenditures of State Awards
- v. Report on Internal Controls over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, issued by the Comptroller General of the United States.
  - vi. Schedule of Findings and Questioned Costs, if applicable.
  - vii. Corrective Action Plan, if applicable.
  - viii. Summary Schedule of Prior Audit Findings and Questioned Costs.

6. Performance Reports:

- a. The SWMP pursuant to 260.335.5 RSMo may require the District Grantee or Subgrantee to submit periodic reports and such other data as are necessary, both during the grant or subgrant period and up to five years thereafter to ensure the Grantee or Subgrantee complies with the specific goals and implementation dates contained in their grant or subgrant application and that grantees or subgrantees shall be contractually obligated to fulfill same.
- b. The District Grantee or Subgrantee shall file quarterly program status reports during the grant or subgrant period including waste material diversion tonnage information, as established in the grant or subgrant application.
- c. The District Grantee or Subgrantee acquiring equipment from district grant funds shall thereafter provide an annual waste material diversion tonnage report for a period of up to four years after the expiration of the grant period, but no longer than a five year period in total. The annual waste material diversion tonnage report shall be due to the district from the grantee or subgrantee by September 30 of each year. The district shall be responsible for submitting all such annual waste material diversion tonnage reports for the applicable district to the SWMP along with the district's annual report.

K. Performance Audits and Other Examinations or Reviews

The SWMP or its designees have the right to conduct audits, examinations or reviews of the District or District Subgrantees at any time.

1. Audits or examinations must confirm that records accurately reflect the operations of the District; the internal control structure provides reasonable assurance that assets are safeguarded, and the District or District Subgrantee is in compliance with applicable laws and regulations.
2. A District or a District Subgrantee receiving SWMF which are audited shall address all deficiencies identified in the audit to the satisfaction of the SWMP and/or the District.
3. The District's Executive Board shall address all deficiencies identified in a District's audit to the satisfaction of the SWMP. Districts failing to adequately address deficiencies identified in the audit may have funds withheld or may be required to repay any and all disbursements of funds in accordance with 10 CSR 80-9.050(9) Withholding of District Funds.

4. For questioned costs that the SWMP determines to be inappropriate or unnecessary, the District shall repay the SWMP or the SWMP shall withhold from the District's allocation the amount of the cost.
5. The SWMP may withhold or reduce district grant awards until the District is in compliance with the audit requirements and has resolved significant audit findings and questioned costs.

L. Budget and Scope of Work Revisions

The District and District Subgrantees are permitted to rebudget within the approved direct cost budget to meet unanticipated requirements. However, the District and District Subgrantees must request approval in writing to revise budgets and scopes of work under the following conditions:

1. For non-construction projects, the District and District Subgrantees shall obtain the prior approval of the SWMP, unless waived in writing by the SWMP, for cumulative transfers among direct cost categories, or, if applicable, among separately budgeted programs, projects, functions, or activities when the accumulative amounts of such transfers exceed or are expected to exceed 10% of the current total approved budget which includes current year grant award amount, carryover amount, and interest income amount, whenever the SWMP's share exceeds \$100,000.
2. For construction and non-construction projects, the District and District Subgrantees shall obtain prior written approval from the SWMP for any budget revision which would result in the need for additional SWMF monies.
3. For combined non-construction and construction projects, the District and District Subgrantee must obtain prior written approval from the SWMP before making any fund or budget transfer from a non-construction project to a construction project or vice versa.
4. The District or District Subgrantee under non-construction projects must obtain prior written approval from the SWMP whenever contracting out, subgranting or otherwise obtaining a third party to perform activities, which are central to the purpose of the award.
5. Changes to the scope of services described in the application and FAA must receive prior approval from the District or SWMP, as applicable. Approved changes in the scope of work or budget shall be incorporated by written amendment to the FAA with copies immediately provided to SWMP upon the obtaining of the District and District Subgrantee's official signatures.
6. To extend the subgrant past the original completion date, see section B., above.

M. Equipment

Equipment is defined in Section III below. The District and District Subgrantee agree that any equipment purchased pursuant to this agreement shall be used for the performance of services under the FAA during the term of the FAA. Notwithstanding anything to the contrary contained in this agreement, the equipment shall not be removed from the State of Missouri without the written approval of the SWMP.

The following standards shall govern the utilization and disposition of equipment acquired with District or District Subgrantee funds:

1. Title to equipment acquired under a grant or subgrant will vest with either the District or District Subgrantee upon acquisition.

- a. Equipment shall be used by the District or District Subgrantee in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by SWMF. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by the SWMP or MDNR.
  - b. The District or District Subgrantee shall not transfer, sell, or pledge any assets including equipment purchased using SWMF monies during the term of the grant and for four years thereafter without first obtaining the prior written consent of the SWMP.
  - c. The District or District Subgrantee shall not sell, give away, relocate, or abandon the assets including equipment without the SWMP's prior written approval.
  - d. The District or District Subgrantee shall also make equipment available for use on other projects or programs currently or previously supported by the SWMP or other MDNR programs, if such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the SWMP or MDNR. User fees should be considered, if appropriate. This fee may be considered program income. See Section F, above.
  - e. The District or District Subgrantee must not use equipment acquired with SWMF to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specifically allowed by state law.
  - f. When acquiring replacement equipment, the District or District Subgrantee may use the equipment to be replaced as a trade-in or sell the equipment and use the proceeds to offset the cost of the replacement equipment, subject to the prior written approval of the SWMP or District.
  - g. The District or District's Subgrantee hereby agrees that any equipment purchased pursuant to this agreement shall be used for the performance of services under this agreement during the term of this agreement, and for four years thereafter. The District or District's Subgrantees shall annually submit a statement as provided by the District certifying that the use(s) of said equipment is for project activities. Use(s) of said equipment for activities not related to the performance of services of this agreement must be reported in quarterly reports required by this agreement.
2. **Equipment Management.** The District's and District Subgrantee's procedures for managing equipment (i.e., including replacement equipment), whether acquired in whole or in part with subgrant funds, will, at a minimum, meet the following requirements until disposition takes place:
- a. Equipment records must be maintained that include a description of the equipment, a serial number or other identification number, 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 any ultimate disposition data including date of disposal, and sale price of the equipment.
  - b. A physical inventory of the equipment must be taken and the results reconciled with the equipment records at least once every two years.
  - c. A control system must be developed to ensure adequate safeguards to prevent against loss, damage, or theft of the equipment. Any loss, damage, or theft shall be reported to and investigated by local authorities.

- d. The control system shall include permanent tagging of equipment to identify the equipment as belonging to the District or being funded by district grant funds.
  - e. For all equipment purchased, in whole or in part, with SWMF, the District or District Subgrantee shall procure and maintain insurance covering loss or damage to equipment purchased with a District or District Subgrantee award, with a financially sound and reputable insurer in such amounts and covering such risks as are usually carried by similarly situated companies engaged in the same or similar business. Alternatively, the Subgrantee may provide documentation of self-insurance to cover the amount of the equipment purchased.
  - f. The District and District Subgrantee must utilize adequate maintenance procedures to keep the equipment in good condition.
  - g. If the District or District Subgrantee is authorized or required to sell the equipment, proper sales procedures must be established to ensure the highest possible return.
3. Security Interest in Equipment.

- a. The District hereby grants to the SWMP, its successors and assigns a security interest in all equipment purchased by the District for five thousand dollars or more, in whole or in part, with SWMF monies.
  - i. The District hereby agrees to apply the funding provided for equipment to the purchase of the equipment specified in the FAA as negotiated with the SWMP.
  - ii. The security interest in equipment owned by the District shall be equivalent to the amount of funding provided by SWMP for the purchase of the equipment. Unless the SWMP notifies the District in writing of a material breach of the FAA or any documents incorporated herewith, the security interest of SWMP shall decrease at a rate of 20% of the provided funding per year, beginning one year from the purchase date shown on the equipment invoice.
  - iii. The District hereby covenants that it will not transfer, sell, or pledge the SWMP's security interest in the equipment as collateral for any indebtedness without first obtaining the prior written consent of the SWMP. When the security interest is fully depreciated, the SWMP will, on written demand by the District, send the District a termination statement that the SWMP no longer claims a security interest in the financing statement (identified by file number).
  - iv. If the equipment owned by the District is purchased with SWMF monies and is required to be titled through the Missouri Department of Revenue (MDOR), the SWMP must be listed as a lien holder on said title. The District must provide the SWMP a clear title to be held until the security interest (lien) has been fully depreciated. In the case of more than one lien holder, the District must provide the SWMP with documentation that the SWMP is listed as a lien holder on the title.
  - v. If the equipment owned by the District is purchased with SWMP monies and is not required to be titled through MDOR, the District must provide the SWMP with documentation that the SWMP is listed as a lien holder on the certificate of title, UCC-1 form, or other security instrument.
  - vi. It is the responsibility of the District to obtain the proper forms and meet all requirements regarding the use of such forms. This documentation must be obtained within 30 days of purchase.
- b. The District Subgrantee hereby grants to the District, its successors, and assigns a security interest in all equipment purchased by the District Subgrantee for five thousand dollars or more, in whole or in part, with SWMF monies.