

**MILLER COUNTY  
BUSINESS DISTRICT**

Osage Beach, Missouri

**INDEPENDENT AUDITOR'S REPORT**

For the Year Ended June 30, 2013

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SIDNEY A. DULLE, CPA, PC  
CERTIFIED PUBLIC ACCOUNTANT

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**Miller County Business District**  
Osage Beach, Missouri:

I have audited the accompanying financial statements of the governmental activities and each major fund of **Miller County Business District**, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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**

My responsibility is to express an opinion 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. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my 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 **Miller County Business District**, as of June 30, 2013, 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 management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 inquiries 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.

Management has not presented the budgetary comparison schedules that governmental accounting principles generally accepted in the United States of America require 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 operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.



Sidney A. Dulle, CPA, PC  
Jefferson City, Missouri

December 10, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Our discussion and analysis of the **Miller County Business District's** (hereafter known as "the District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the District's financial statements, which begin on page 6.

### **FINANCIAL HIGHLIGHTS**

- The District's net assets and fund balances of governmental activities increased by \$29,453.33 as a result of this year's operations.

### **USING THIS REPORT**

The District is engaged in a single governmental program; therefore, the District has elected to report the government-wide financial statements combined with the fund financial statements. Due to the nature of the District, the only adjustments to reconcile the government-wide financial statements to the fund financial statement are the removal of the nonspendable fund balance for prepaid expenses and the reclassification of fund balance to net assets.

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's investment earnings capacity, to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Activities, the District has reported one kind of activity:

- Governmental Activities – all of the District's activities are reported here.

### **Reporting the District's Most Significant funds**

Due to the nature of the operations of the District, the District has only one Governmental Fund.

- *Governmental Fund* – all of the District’s activities are reported in the governmental fund, which focuses on how money flows into and out of that fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. We described the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the adjustment column on the financial statements.

**THE DISTRICT AS A WHOLE**

The District combined net assets increased from \$49,419 to \$78,873.

**Summary Statement of Net Assets – Governmental Activities**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Total Assets	\$ 83,768	\$ 83,902
Total Liabilities	<u>4,896</u>	<u>34,483</u>
Net assets:		
Total Unrestricted Net Assets	<u>\$ 78,873</u>	<u>\$ 49,419</u>

This \$29,454 increase in unrestricted governmental net assets is primarily because of a decrease in general revenues, with a greater decrease in expenditures.

**Changes in Net Assets**

	<u>2013</u>	<u>2012</u>
<b>Revenues</b>		
General revenues:		
Lodging taxes	\$ 173,353	\$ 198,653
Interest and Investment earnings	<u>236</u>	<u>262</u>
Total revenues	173,589	198,915
<b>Program expenses</b>		
General government	<u>144,135</u>	<u>197,310</u>
Total expenses	<u>144,135</u>	<u>197,310</u>
Increase (decrease) in net assets	29,454	1,605
Net Assets – Beginning	<u>49,419</u>	<u>47,814</u>
Net Assets – Ending	<u>\$ 78,873</u>	<u>\$ 49,419</u>

## **Governmental Activities**

Revenues for the District's governmental activities decreased due to a decrease in lodging tax receipts.

The cost of all governmental activities this year was \$144,135 compared to \$197,310 last year, due primarily to a decrease in transfers to Tri-County Lodging Association.

## **THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds reported a combined fund balance of \$78,873, which is more than last year's total of \$49,419.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The primary factor the District has to consider for the 2014 fiscal year is the anticipated lodging tax revenues. The current economic conditions would indicate these revenues would approximate the revenues in 2013.

The District's General Fund balance is not expected to change significantly by the close of the fiscal year ending June 30, 2014.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's accountant:

Evers & Company, CPA's, L.L.C.  
5886 Osage Beach Pkwy  
Osage Beach, MO 65065  
(573) 348-4141

**MILLER COUNTY BUSINESS DISTRICT**  
**Osage Beach, Missouri**

**STATEMENT OF NET ASSETS AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**June 30, 2013**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents-Small	\$ 8,885.26	\$ -	\$ 8,885.26
Cash and Cash Equivalents-Medium	5,288.34	-	5,288.34
Taxes Receivable-Small	11,059.03	-	11,059.03
Taxes Receivable-Medium	39,905.36	-	39,905.36
Prepaid Expenses-Small	3,645.30	-	3,645.30
Prepaid Expenses-Medium	14,985.40	-	14,985.40
<b>Total Current Assets</b>	<u>83,768.69</u>	<u>-</u>	<u>83,768.69</u>
<b>TOTAL ASSETS</b>	<u>\$ 83,768.69</u>	<u>-</u>	<u>83,768.69</u>
<b><u>LIABILITIES AND FUND BALANCE/NET ASSETS</u></b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable-Small	\$ 886.17	-	886.17
Accounts Payable-Medium	3,642.94	-	3,642.94
Due to TCLA-Small	366.90	-	366.90
<b>Total Current Liabilities</b>	<u>4,896.01</u>	<u>-</u>	<u>4,896.01</u>
<b>TOTAL LIABILITIES</b>	4,896.01	-	4,896.01
<b>FUND BALANCE/NET ASSETS:</b>			
Fund Balances			
Nonspendable	18,630.70	(148,197.23)	(129,566.53)
Unassigned	60,241.98	(469,223.47)	(408,981.49)
<b>TOTAL FUND BALANCE</b>	<u>78,872.68</u>	<u>(617,420.70)</u>	<u>(538,548.02)</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 83,768.69</u>		
Net Assets			
Unrestricted		78,872.68	78,872.68
<b>TOTAL NET ASSETS</b>		<u>\$ 78,872.68</u>	<u>\$ 78,872.68</u>

See accompanying notes to the financial statements.



**MILLER COUNTY BUSINESS DISTRICT**  
**Osage Beach, Missouri**

**STATEMENT OF ACTIVITIES AND  
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>EXPENDITURES/EXPENSES</b>			
Advertising-Small	\$ 816.66	\$ -	\$ 816.66
Advertising-Medium	8,184.94	-	8,184.94
County Fees-Small	780.92	-	780.92
County Fees-Medium	2,683.68	-	2,683.68
Insurance-Small	469.58	-	469.58
Insurance-Medium	2,912.92	-	2,912.92
Transfer to TCLA-Small	25,100.65	-	25,100.65
Transfer to TCLA-Medium	103,185.90	-	103,185.90
<b>Total Expenditures/Expenses</b>	<u>144,135.25</u>	<u>-</u>	<u>144,135.25</u>
<b>GENERAL REVENUES</b>			
Lodging Tax Collector-Small	39,353.87	-	39,353.87
Lodging Tax Collector-Medium	133,998.26	-	133,998.26
Interest Income-Small	40.09	-	40.09
Interest Income-Medium	196.36	-	196.36
<b>Total General Revenues</b>	<u>173,588.58</u>	<u>-</u>	<u>173,588.58</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	29,453.33	(29,453.33)	-
<b>Change in Net Assets</b>	-	29,453.33	29,453.33
<b>FUND BALANCE/NET ASSETS</b>			
<b>BEGINNING OF THE YEAR</b>	49,419.35	-	49,419.35
<b>END OF THE YEAR</b>	<u>\$ 78,872.68</u>	<u>\$ -</u>	<u>\$ 78,872.68</u>

See accompanying notes to the financial statements.

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting and reporting policies of the District relating to the funds and account groups included in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the District are described below.

#### A. General Statement

Miller County Business District is a political subdivision pursuant to Chapter 67.1170 of the Missouri Revised Statutes. The District is governed by a Board of Directors and provides the following services as authorized by its charter: promotion of tourism and participation in recreational opportunities in the area.

#### B. Financial Reporting Entity

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards include whether:

- \* the organization is legally separate (can sue and be sued in their own name)
- \* the District holds the corporate powers of the organization
- \* the District appoints a voting majority of the organization's board
- \* the District is able to impose its will on the organization
- \* the organization has the potential to impose a financial benefit/burden on the District
- \* there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, Miller County Business District has no component units.

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

#### C. Basis of Presentation

##### Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

##### Fund Financial Statements

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

The fund of the financial reporting entity is described below:

##### Governmental Fund Types:

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

##### General Fund

The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

#### D. 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.

The government-wide financial statements are reported using the *economic resources measurement focus*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

#### D. Measurement Focus and Basis of Accounting (Cont'd).

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

#### E. Equity Classification

##### *Government-Wide Statements:*

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b. 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.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

It is the District's policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets available. At June 30, 2013 the District had no invested capital assets, net of related debt or restricted net assets.

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

#### E. Equity Classification (Cont'd).

##### *Fund Financial Statements*

Governmental fund equity is classified as fund balance.

In accordance with GASB 54, as of June 30, 2013, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the District's Board. The District's Board is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the District's Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the District's Board may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of June 30, 2013, fund balances are composed of the following:

	<u>General Fund</u>
Nonspendable:	
Prepays	\$ 18,631
Unassigned funds	<u>60,242</u>
Total fund balances	<u>\$ 78,873</u>

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Cont'd.)

#### E. Equity Classification (Cont'd).

##### *Fund Financial Statements (Cont'd).*

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District's Board has provided otherwise in its commitment or assignment actions.

#### F. Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the District's taxpayers are reported as program revenues. The District has no program revenues.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

#### G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles used by the District requires management to make estimates and assumptions that affect certain amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

#### H. Subsequent Events

The District evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through December 10, 2013, which is the date the financial statements were available to be issued.

#### I. Budgetary Control

As further explained in Note 4, the District is a member of Tri-County Lodging Association. Tri-County Lodging Association prepares an annual budget. Each of the three members of Tri-County agree to support a percentage of that budget. Any funds not obligated to support the Tri-County budget is available for use by the individual associations. There are no budgets prepared by the Districts for these funds.

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Cont'd.)

#### J. Prepaid Items

Prepaid balances are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year, and nonspendable fund balance has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

### **NOTE 2 - DEPOSITS AND INVESTMENTS:**

The District follows the policies of state law for deposits and investments. Missouri State Statutes authorize the District to deposit funds in open accounts, U.S. Treasury securities, U.S. Agency securities, repurchase agreements, collateralized certificates of deposit, banker's acceptance, and commercial paper.

Collateral is required for demand deposits and certificates of deposit. Custodial credit risk is the risk that in the event of a bank failure, the District deposits may not be returned to it. Statutes require the collateral pledged must have a fair market value equal to 100% of the funds on deposit, less insured amounts. Obligations that may be pledged as collateral are of the same type in which the District may invest.

As of June 30, 2013, all District deposits and certificates of deposit were insured by depository insurance or secured with collateral held by the District's agent in the District's name.

### **NOTE 3 - LODGING TAX:**

The five percent lodging tax is paid by all transient guests of hotels, motels and resorts. The tax is collected by the lodging businesses and remitted monthly, quarterly or annually to the county collector. After retaining a two percent fee for the cost of collection, the collector remits the lodging tax to the District. In accordance with the District's by-laws, lodging businesses are categorized as follows:

- A. Lodging businesses with fifty or less rooms, camping spaces or houseboats. (Small Category)
- B. Lodging businesses with at least fifty-one, but less than three hundred rooms, camping spaces, or houseboats. (Medium Category)
- C. Lodging businesses with at least three hundred rooms, camping spaces or houseboats. (Large Category)

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

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### **NOTE 4 – OPERATIONS:**

The District is a member of the Tri-County Lodging Association, a 501(c)(6) non-profit organization. This organization was formed for the purpose of promoting and encouraging through advertising, the travel and tourism industry for business engaged in furnishing lodging within the business districts of Camden, Miller and Morgan counties. The Tri-County Lodging Association contracts with the Greater Lake Ozark Convention and Visitor's Bureau to perform the promotion activities. The District remits the lodging tax revenue to the Tri-County Lodging Association as it is billed for expenses by the Association.

### **NOTE 5 - 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. The District purchases commercial insurance for all risks of loss. No significant reduction in coverage occurred during the year and no settlements exceeded this commercial insurance coverage during any of the past three years.



**MILLER COUNTY  
BUSINESS DISTRICT**

Osage Beach, Missouri

**INDEPENDENT AUDITOR'S REPORT**

For the Year Ended June 30, 2014

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SIDNEY A. DULLE, CPA, PC  
CERTIFIED PUBLIC ACCOUNTANT

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**Miller County Business District**  
Osage Beach, Missouri:

I have audited the accompanying financial statements of the governmental activities and each major fund of **Miller County Business District**, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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**

My responsibility is to express an opinion 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. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my 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 **Miller County Business District**, as of June 30, 2014, 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 management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 inquiries 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.

Management has not presented the budgetary comparison schedules that governmental accounting principles generally accepted in the United States of America require 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 operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.



Sidney A. Dulle, CPA, PC  
Jefferson City, Missouri

November 25, 2014

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Our discussion and analysis of the **Miller County Business District's** (hereafter known as "the District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the District's financial statements, which begin on page 6.

### **FINANCIAL HIGHLIGHTS**

- The District's net assets and fund balances of governmental activities decreased by \$3,156 as a result of this year's operations.

### **USING THIS REPORT**

The District is engaged in a single governmental program; therefore, the District has elected to report the government-wide financial statements combined with the fund financial statements. Due to the nature of the District, the only adjustments to reconcile the government-wide financial statements to the fund financial statement are the removal of the nonspendable fund balance for prepaid expenses and the reclassification of fund balance to net assets.

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's investment earnings capacity, to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Activities, the District has reported one kind of activity:

- Governmental Activities – all of the District's activities are reported here.

### **Reporting the District's Most Significant funds**

Due to the nature of the operations of the District, the District has only one Governmental Fund.

- Governmental Fund* – all of the District’s activities are reported in the governmental fund, which focuses on how money flows into and out of that fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. We described the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the adjustment column on the financial statements.

**THE DISTRICT AS A WHOLE**

The District combined net assets decreased from \$78,873 to \$75,717.

**Summary Statement of Net Assets – Governmental Activities**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Total Assets	\$ 84,242	\$ 83,768
Total Liabilities	<u>8,525</u>	<u>4,896</u>
Net assets:		
Total Unrestricted Net Assets	<u>\$ 75,717</u>	<u>\$ 78,873</u>

This \$3,156 decrease in unrestricted governmental net assets is primarily because of a decrease in general revenues, with a lesser increase in expenditures.

**Changes in Net Assets**

	<u>2014</u>	<u>2013</u>
<b>Revenues</b>		
General revenues:		
Lodging taxes	\$ 146,891	\$ 173,353
Interest and Investment earnings	<u>161</u>	<u>236</u>
Total revenues	147,052	173,589
<b>Program expenses</b>		
General government	<u>150,208</u>	<u>144,135</u>
Total expenses	150,208	144,135
Increase (decrease) in net assets	(3,156)	29,454
Net Assets – Beginning	<u>78,873</u>	<u>49,419</u>
Net Assets – Ending	<u>\$ 75,717</u>	<u>\$ 78,873</u>

### **Governmental Activities**

Revenues for the District's governmental activities decreased due to a decrease in lodging tax receipts.

The cost of all governmental activities this year was \$150,208 compared to \$144,208 last year, due primarily to an increase in transfers to Tri-County Lodging Association.

### **THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds reported a combined fund balance of \$75,717 which is less than last year's total of \$78,873.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The primary factor the District has to consider for the 2015 fiscal year is the anticipated lodging tax revenues. The current economic conditions would indicate these revenues would approximate the revenues in 2014.

The District's General Fund balance is not expected to change significantly by the close of the fiscal year ending June 30, 2015.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's accountant:

Evers & Company, CPA's, L.L.C.  
5886 Osage Beach Pkwy  
Osage Beach, MO 65065  
(573) 348-4141

**MILLER COUNTY BUSINESS DISTRICT  
Osage Beach, Missouri**

**STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUND BALANCE SHEET  
June 30, 2014**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents - Small	\$ 19,457.50	\$ -	\$ 19,457.50
Cash and Cash Equivalents - Medium	1,575.91	-	1,575.91
Taxes Receivable - Small	11,449.06	-	11,449.06
Taxes Receivable - Medium	19,459.19	-	19,459.19
Prepaid Expenses - Sma II	6,320.10	-	6,320.10
Prepaid Expenses - Medium	<u>25,979.97</u>	<u>-</u>	<u>25,979.97</u>
<b>Total Current Assets</b>	<u>84,241.73</u>	<u>-</u>	<u>84,241.73</u>
<b>TOTAL ASSETS</b>	<u>\$ 84,241.73</u>	<u>-</u>	<u>84,241.73</u>
<b><u>LIABILITIES AND FUND BALANCE/NET ASSETS</u></b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable - Small	\$ 1,570.30	-	1,570.30
Accounts Payable - Medium	6,455.00	-	6,455.00
Due to TCLA - Small	54.95	-	54.95
Due to TCLA - Medium	<u>444.81</u>	<u>-</u>	<u>444.81</u>
<b>Total Current Liabilities</b>	<u>8,525.06</u>	<u>-</u>	<u>8,525.06</u>
<b>TOTAL LIABILITIES</b>	8,525.06	-	8,525.06
<b>FUND BALANCE/NET ASSETS:</b>			
Fund Balances			
Nonspendable	32,300.07	(32,300.07)	-
Unassigned	<u>43,416.60</u>	<u>(43,416.60)</u>	<u>-</u>
<b>TOTAL FUND BALANCE</b>	75,716.67	(75,716.67)	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 84,241.73</u>		
Net Assets			
Unrestricted		<u>75,716.67</u>	<u>75,716.67</u>
<b>TOTAL NET ASSETS</b>		<u>\$ 75,716.67</u>	<u>\$ 75,716.67</u>

See accompanying notes to the financial statements



**MILLER COUNTY BUSINESS DISTRICT  
Osage Beach, Missouri**

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

**For the Year Ended June 30, 2014**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>EXPENDITURES/EXPENSES</b>			
Advertising - small	\$ 650.16	\$ -	\$ 650.16
Advertising - medium	4,478.04	-	4,478.04
County fees - small	867.30	-	867.30
County fees - medium	2,073.33	-	2,073.33
Insurance - small	125.00	-	125.00
Insurance - medium	125.00	-	125.00
Transfer to TCLA -small	28,466.22	-	28,466.22
Transfer to TCLA - medium	<u>113,422.75</u>	<u>-</u>	<u>113,422.75</u>
<b>Total Expenditures/Expenses</b>	<u>150,207.80</u>	<u>-</u>	<u>150,207.80</u>
<b>GENERAL REVENUES</b>			
Lodging Tax Collector - small	\$ 43,318.35	-	43,318.35
Lodging Tax Collector - medium	103,572.59	-	103,572.59
Interest Income - small	55.22	-	55.22
Interest Income - medium	<u>105.63</u>	<u>-</u>	<u>105.63</u>
<b>Total General Revenues</b>	<u>147,051.79</u>	<u>-</u>	<u>147,051.79</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(3,156.01)	3,156.01	-0-
<b>Change in Net Assets</b>	-0-	(3,156.01)	(3,156.01)
<b>FUND BALANCE/NET ASSETS</b>			
<b>BEGINNING OF THE YEAR</b>	<u>78,872.68</u>	<u>-</u>	<u>78,872.68</u>
<b>END OF THE YEAR</b>	<u>\$ 75,716.67</u>	<u>\$ -</u>	<u>\$ 75,716.67</u>

See accompanying notes to the financial statements

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting and reporting policies of the District relating to the funds and account groups included in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the District are described below.

#### A. General Statement

Miller County Business District is a political subdivision pursuant to Chapter 67.1170 of the Missouri Revised Statutes. The District is governed by a Board of Directors and provides the following services as authorized by its charter: promotion of tourism and participation in recreational opportunities in the area.

#### B. Financial Reporting Entity

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards include whether:

- \* the organization is legally separate (can sue and be sued in their own name)
- \* the District holds the corporate powers of the organization
- \* the District appoints a voting majority of the organization's board
- \* the District is able to impose its will on the organization
- \* the organization has the potential to impose a financial benefit/burden on the District
- \* there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, Miller County Business District has no component units.

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

#### C. Basis of Presentation

##### Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

##### Fund Financial Statements

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

The fund of the financial reporting entity is described below:

##### Governmental Fund Types:

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

##### General Fund

The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

#### D. 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.

The government-wide financial statements are reported using the *economic resources measurement focus*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

#### D. Measurement Focus and Basis of Accounting (Cont'd).

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

#### E. Equity Classification

##### *Government-Wide Statements:*

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b. 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.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

It is the District's policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets available. At June 30, 2014 the District had no invested capital assets, net of related debt or restricted net assets.

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

#### E. Equity Classification (Cont'd).

##### *Fund Financial Statements*

Governmental fund equity is classified as fund balance.

In accordance with GASB 54, as of June 30, 2014, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the District's Board. The District's Board is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the District's Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the District's Board may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of June 30, 2014, fund balances are composed of the following:

	<b>General Fund</b>
Nonspendable:	
Prepays	\$ 32,300
Unassigned funds	<u>43,417</u>
Total fund balances	<u>\$ 75,717</u>

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

#### E. Equity Classification (Cont'd).

##### *Fund Financial Statements (Cont'd).*

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District's Board has provided otherwise in its commitment or assignment actions.

#### F. Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the District's taxpayers are reported as program revenues. The District has no program revenues.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

#### G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles used by the District requires management to make estimates and assumptions that affect certain amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

#### H. Subsequent Events

The District evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through December 10, 2013, which is the date the financial statements were available to be issued.

#### I. Budgetary Control

As further explained in Note 4, the District is a member of Tri-County Lodging Association. Tri-County Lodging Association prepares an annual budget. Each of the three members of Tri-County agree to support a percentage of that budget. Any funds not obligated to support the Tri-County budget is available for use by the individual associations. There are no budgets prepared by the Districts for these funds.

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Cont'd.)

#### J. Prepaid Items

Prepaid balances are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year, and nonspendable fund balance has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

### **NOTE 2 – DEPOSITS AND INVESTMENTS:**

The District follows the policies of state law for deposits and investments. Missouri State Statutes authorize the District to deposit funds in open accounts, U.S. Treasury securities, U.S. Agency securities, repurchase agreements, collateralized certificates of deposit, banker's acceptance, and commercial paper.

Collateral is required for demand deposits and certificates of deposit. Custodial credit risk is the risk that in the event of a bank failure, the District deposits may not be returned to it. Statutes require the collateral pledged must have a fair market value equal to 100% of the funds on deposit, less insured amounts. Obligations that may be pledged as collateral are of the same type in which the District may invest.

As of June 30, 2014, all District deposits and certificates of deposit were insured by depository insurance or secured with collateral held by the District's agent in the District's name.

### **NOTE 3 – LODGING TAX:**

The five percent lodging tax is paid by all transient guests of hotels, motels and resorts. The tax is collected by the lodging businesses and remitted monthly, quarterly or annually to the county collector. After retaining a two percent fee for the cost of collection, the collector remits the lodging tax to the District. In accordance with the District's by-laws, lodging businesses are categorized as follows:

- A. Lodging businesses with fifty or less rooms, camping spaces or houseboats. (Small Category)
- B. Lodging businesses with at least fifty-one, but less than three hundred rooms, camping spaces, or houseboats. (Medium Category)
- C. Lodging businesses with at least three hundred rooms, camping spaces or houseboats. (Large Category)

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

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### **NOTE 4 – OPERATIONS:**

The District is a member of the Tri-County Lodging Association, a 501(c)(6) non-profit organization. This organization was formed for the purpose of promoting and encouraging through advertising, the travel and tourism industry for business engaged in furnishing lodging within the business districts of Camden, Miller and Morgan counties. The Tri-County Lodging Association contracts with the Greater Lake Ozark Convention and Visitor's Bureau to perform the promotion activities. The District remits the lodging tax revenue to the Tri-County Lodging Association as it is billed for expenses by the Association.

### **NOTE 5 - 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. The District purchases commercial insurance for all risks of loss. No significant reduction in coverage occurred during the year and no settlements exceeded this commercial insurance coverage during any of the past three years.



**MILLER COUNTY  
BUSINESS DISTRICT**

Osage Beach, Missouri

**INDEPENDENT AUDITOR'S REPORT**

For the Year Ended June 30, 2015

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SIDNEY A. DULLE, CPA, PC  
CERTIFIED PUBLIC ACCOUNTANT

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**Miller County Business District**  
Osage Beach, Missouri:

I have audited the accompanying financial statements of the governmental activities and each major fund of **Miller County Business District**, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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**

My responsibility is to express an opinion 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. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my 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 **Miller County Business District**, as of June 30, 2015, 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 management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 inquiries 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.

Management has not presented the budgetary comparison schedules that governmental accounting principles generally accepted in the United States of America require 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 operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.



Sidney A. Dulle, CPA, PC  
Jefferson City, Missouri

December 8, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Our discussion and analysis of the **Miller County Business District's** (hereafter known as "the District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the District's financial statements, which begin on page 6.

### **FINANCIAL HIGHLIGHTS**

- The District's net assets and fund balances of governmental activities increased by \$10,717 as a result of this year's operations.

### **USING THIS REPORT**

The District is engaged in a single governmental program; therefore, the District has elected to report the government-wide financial statements combined with the fund financial statements. Due to the nature of the District, the only adjustments to reconcile the government-wide financial statements to the fund financial statement are the removal of the nonspendable fund balance for prepaid expenses and the reclassification of fund balance to net assets.

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's investment earnings capacity, to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Activities, the District has reported one kind of activity:

- Governmental Activities – all of the District's activities are reported here.

### **Reporting the District's Most Significant funds**

Due to the nature of the operations of the District, the District has only one Governmental Fund.

- *Governmental Fund* – all of the District’s activities are reported in the governmental fund, which focuses on how money flows into and out of that fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. We described the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the adjustment column on the financial statements.

**THE DISTRICT AS A WHOLE**

The District combined net assets increased from \$75,717 to \$86,434.

**Summary Statement of Net Assets – Governmental Activities**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Total Assets	\$ 95,323	\$ 84,242
Total Liabilities	<u>8,889</u>	<u>8,525</u>
Net assets:		
Total Unrestricted Net Assets	<u>\$ 86,434</u>	<u>\$ 75,717</u>

This \$10,717 increase in unrestricted governmental net assets is primarily because of a increase in general revenues, with a decrease in expenditures.

**Changes in Net Assets**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
General revenues:		
Lodging taxes	\$ 157,461	\$ 146,891
Interest and Investment earnings	<u>141</u>	<u>161</u>
Total revenues	157,602	147,052
<b>Program expenses</b>		
General government	<u>146,884</u>	<u>150,208</u>
Total expenses	<u>146,884</u>	<u>150,208</u>
Increase (decrease) in net assets	10,717	(3,156)
Net Assets – Beginning	<u>75,717</u>	<u>78,873</u>
Net Assets – Ending	<u>\$ 86,434</u>	<u>\$ 75,717</u>

## **Governmental Activities**

Revenues for the District's governmental activities increased due to an increase in lodging tax receipts.

The cost of all governmental activities this year was \$146,884 compared to \$150,208 last year, due primarily to an decrease in transfers to Tri-County Lodging Association.

## **THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds reported a combined fund balance of \$86,434 which is more than last year's total of \$75,717.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The primary factor the District has to consider for the 2016 fiscal year is the anticipated lodging tax revenues. The current economic conditions would indicate these revenues would approximate the revenues in 2015.

The District's General Fund balance is not expected to change significantly by the close of the fiscal year ending June 30, 2016.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's accountant:

Evers & Company, CPA's, L.L.C.  
5886 Osage Beach Pkwy  
Osage Beach, MO 65065  
(573) 348-4141

**MILLER COUNTY BUSINESS DISTRICT  
Osage Beach, Missouri**

**STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUND BALANCE SHEET  
June 30, 2015**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents - Small	\$ 29,964.87	\$ -	\$ 29,964.87
Cash and Cash Equivalents - Medium	(4,162.20)	-	(4,162.20)
Due from TCLA - Small	991.78	-	991.78
Due from TCLA - Medium	2,384.02	-	2,384.02
Taxes Receivable - Small	10,703.94	-	10,703.94
Taxes Receivable - Medium	27,002.63	-	27,002.63
Prepaid Expenses - Small	7,009.91	-	7,009.91
Prepaid Expenses - Medium	<u>21,427.71</u>	<u>-</u>	<u>21,427.71</u>
<b>Total Current Assets</b>	<u>95,322.66</u>	<u>-</u>	<u>95,322.66</u>
<b>TOTAL ASSETS</b>	<u>\$ 95,322.66</u>	<u>-</u>	<u>95,322.66</u>
<b><u>LIABILITIES AND FUND BALANCE/NET ASSETS</u></b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable - Small	\$ 2,191.12	-	2,191.12
Accounts Payable - Medium	<u>6,697.75</u>	<u>-</u>	<u>6,697.75</u>
<b>Total Current Liabilities</b>	<u>8,888.87</u>	<u>-</u>	<u>8,888.87</u>
<b>TOTAL LIABILITIES</b>	8,888.87	-	8,888.87
<b>FUND BALANCE/NET ASSETS:</b>			
Fund Balances			
Nondisposable	28,437.62	(28,437.62)	-
Unassigned	<u>57,996.17</u>	<u>(57,996.17)</u>	<u>-</u>
<b>TOTAL FUND BALANCE</b>	86,433.79	(86,433.79)	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 95,322.66</u>		
Net Assets			
Unrestricted		<u>86,433.17</u>	<u>86,433.17</u>
<b>TOTAL NET ASSETS</b>		<u>\$ 86,433.17</u>	<u>\$ 86,433.17</u>

See accompanying notes to the financial statements



**MILLER COUNTY BUSINESS DISTRICT  
Osage Beach, Missouri**

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

For the Year Ended June 30, 2015

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>EXPENDITURES/EXPENSES</b>			
Advertising - small	\$ 608.18	\$ -	\$ 608.18
Advertising - medium	6,877.65	-	6,877.65
County fees - small	926.22	-	926.22
County fees - medium	2,225.37	-	2,225.37
Insurance - small	1,721.25	-	1,721.25
Insurance - medium	1,721.25	-	1,721.25
Legal fees - small	85.80	-	85.80
Legal fees - medium	694.20	-	694.20
Transfer to TCLA -small	32,544.21	-	32,544.21
Transfer to TCLA - medium	<u>99,480.32</u>	<u>-</u>	<u>99,480.32</u>
<b>Total Expenditures/Expenses</b>	<u>146,884.45</u>	<u>-</u>	<u>146,884.45</u>
<b>GENERAL REVENUES</b>			
Lodging Tax Collector - small	\$ 46,267.94	-	46,267.94
Lodging Tax Collector - medium	111,192.68	-	111,192.68
Interest Income - small	54.11	-	54.11
Interest Income - medium	<u>86.84</u>	<u>-</u>	<u>86.84</u>
<b>Total General Revenues</b>	<u>157,601.57</u>	<u>-</u>	<u>157,601.57</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	10,717.12	(10,717.12)	-0-
<b>Change in Net Assets</b>	-0-	10,717.12	10,717.12
<b>FUND BALANCE/NET ASSETS</b>			
<b>BEGINNING OF THE YEAR</b>	<u>75,716.67</u>	<u>-</u>	<u>75,716.67</u>
<b>END OF THE YEAR</b>	<u>\$ 86,433.79</u>	<u>\$ -</u>	<u>\$ 86,433.79</u>

See accompanying notes to the financial statements

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting and reporting policies of the District relating to the funds and account groups included in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the District are described below.

#### A. General Statement

Miller County Business District is a political subdivision pursuant to Chapter 67.1170 of the Missouri Revised Statutes. The District is governed by a Board of Directors and provides the following services as authorized by its charter: promotion of tourism and participation in recreational opportunities in the area.

#### B. Financial Reporting Entity

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards include whether:

- \* the organization is legally separate (can sue and be sued in their own name)
- \* the District holds the corporate powers of the organization
- \* the District appoints a voting majority of the organization's board
- \* the District is able to impose its will on the organization
- \* the organization has the potential to impose a financial benefit/burden on the District
- \* there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, Miller County Business District has no component units.

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

#### C. Basis of Presentation

##### Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

##### Fund Financial Statements

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

The fund of the financial reporting entity is described below:

##### Governmental Fund Types:

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

##### General Fund

The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

#### D. 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.

The government-wide financial statements are reported using the *economic resources measurement focus*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Cont'd.)

#### E. Equity Classification (Cont'd).

##### *Fund Financial Statements (Cont'd).*

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District's Board has provided otherwise in its commitment or assignment actions.

#### F. Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the District's taxpayers are reported as program revenues. The District has no program revenues.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

#### G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles used by the District requires management to make estimates and assumptions that affect certain amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

#### H. Subsequent Events

The District evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through December 8, 2015, which is the date the financial statements were available to be issued.

#### I. Budgetary Control

As further explained in Note 4, the District is a member of Tri-County Lodging Association. Tri-County Lodging Association prepares an annual budget. Each of the three members of Tri-County agree to support a percentage of that budget. Any funds not obligated to support the Tri-County budget is available for use by the individual associations. There are no budgets prepared by the Districts for these funds.

**MILLER COUNTY BUSINESS DISTRICT**  
Osage Beach, Missouri

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2015

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Cont'd.)

J. Prepaid Items

Prepaid balances are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year, and nonspendable fund balance has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

**NOTE 2 – DEPOSITS AND INVESTMENTS:**

The District follows the policies of state law for deposits and investments. Missouri State Statutes authorize the District to deposit funds in open accounts, U.S. Treasury securities, U.S. Agency securities, repurchase agreements, collateralized certificates of deposit, banker's acceptance, and commercial paper.

Collateral is required for demand deposits and certificates of deposit. Custodial credit risk is the risk that in the event of a bank failure, the District deposits may not be returned to it. Statutes require the collateral pledged must have a fair market value equal to 100% of the funds on deposit, less insured amounts. Obligations that may be pledged as collateral are of the same type in which the District may invest.

As of June 30, 2015, all District deposits and certificates of deposit were insured by depository insurance or secured with collateral held by the District's agent in the District's name.

**NOTE 3 – LODGING TAX:**

The five percent lodging tax is paid by all transient guests of hotels, motels and resorts. The tax is collected by the lodging businesses and remitted monthly, quarterly or annually to the county collector. After retaining a two percent fee for the cost of collection, the collector remits the lodging tax to the District. In accordance with the District's by-laws, lodging businesses are categorized as follows:

- A. Lodging businesses with fifty or less rooms, camping spaces or houseboats. (Small Category)
- B. Lodging businesses with at least fifty-one, but less than three hundred rooms, camping spaces, or houseboats. (Medium Category)
- C. Lodging businesses with at least three hundred rooms, camping spaces or houseboats. (Large Category)

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

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### **NOTE 4 – OPERATIONS:**

The District is a member of the Tri-County Lodging Association, a 501(c)(6) non-profit organization. This organization was formed for the purpose of promoting and encouraging through advertising, the travel and tourism industry for business engaged in furnishing lodging within the business districts of Camden, Miller and Morgan counties. The Tri-County Lodging Association contracts with the Greater Lake Ozark Convention and Visitor's Bureau to perform the promotion activities. The District remits the lodging tax revenue to the Tri-County Lodging Association as it is billed for expenses by the Association.

### **NOTE 5 - 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. The District purchases commercial insurance for all risks of loss. No significant reduction in coverage occurred during the year and no settlements exceeded this commercial insurance coverage during any of the past three years.

**MILLER COUNTY  
BUSINESS DISTRICT**

Osage Beach, Missouri

**INDEPENDENT AUDITOR'S REPORT**

For the Year Ended June 30, 2016

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SIDNEY A. DULLE, CPA, PC  
CERTIFIED PUBLIC ACCOUNTANT

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
**Miller County Business District**  
Osage Beach, Missouri:

I have audited the accompanying financial statements of the governmental activities and each major fund of **Miller County Business District**, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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**

My responsibility is to express an opinion 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. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my 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 **Miller County Business 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 management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 inquiries 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.

Management has not presented the budgetary comparison schedules that governmental accounting principles generally accepted in the United States of America require 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 operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.



Sidney A. Dulle, CPA, PC  
Jefferson City, Missouri

November 21, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Our discussion and analysis of the **Miller County Business District's** (hereafter known as "the District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the District's financial statements, which begin on page 6.

### **FINANCIAL HIGHLIGHTS**

- The District's net assets and fund balances of governmental activities decreased by \$32,533 as a result of this year's operations.

### **USING THIS REPORT**

The District is engaged in a single governmental program; therefore, the District has elected to report the government-wide financial statements combined with the fund financial statements. Due to the nature of the District, the only adjustments to reconcile the government-wide financial statements to the fund financial statement are the removal of the nonspendable fund balance for prepaid expenses and the reclassification of fund balance to net assets.

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's investment earnings capacity, to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Activities, the District has reported one kind of activity:

- Governmental Activities – all of the District's activities are reported here.

### **Reporting the District's Most Significant funds**

Due to the nature of the operations of the District, the District has only one Governmental Fund.

- *Governmental Fund* – all of the District’s activities are reported in the governmental fund, which focuses on how money flows into and out of that fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. We described the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the adjustment column on the financial statements.

**THE DISTRICT AS A WHOLE**

The District combined net assets decreased from \$86,434 to \$53,901.

**Summary Statement of Net Assets – Governmental Activities**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Total Assets	\$ 67,890	\$ 95,322
Total Liabilities	<u>13,989</u>	<u>8,888</u>
Net assets:		
Total Unrestricted Net Assets	<u>\$ 53,901</u>	<u>\$ 86,434</u>

This \$32,533 decrease in unrestricted governmental net assets is primarily because of a decrease in general revenues, with a lesser increase in expenditures.

**Changes in Net Assets**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
General revenues:		
Lodging taxes	\$ 129,235	\$ 157,461
Interest and Investment earnings	<u>107</u>	<u>141</u>
Total revenues	129,342	157,602
<b>Program expenses</b>		
General government	<u>161,875</u>	<u>146,885</u>
Total expenses	<u>161,875</u>	<u>146,885</u>
Increase (decrease) in net assets	(32,533)	10,717
Net Assets – Beginning	<u>86,434</u>	<u>75,717</u>
Net Assets – Ending	<u>\$ 53,901</u>	<u>\$ 86,434</u>

## **Governmental Activities**

Revenues for the District's governmental activities decreased due to a decrease in lodging tax receipts.

The cost of all governmental activities this year was \$161,875 compared to \$146,885 last year, due primarily to an increase in transfers to Tri-County Lodging Association.

## **THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds reported a combined fund balance of \$53,901 which is less than last year's total of \$86,434.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The primary factor the District has to consider for the 2017 fiscal year is the anticipated lodging tax revenues. The current economic conditions would indicate these revenues would approximate the revenues in 2016.

The District's General Fund balance is not expected to change significantly by the close of the fiscal year ending June 30, 2017.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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**MILLER COUNTY BUSINESS DISTRICT  
Osage Beach, Missouri**

**STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUND BALANCE SHEET  
June 30, 2016**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents - Small	\$ 39,751.99	\$ -	\$ 39,751.99
Cash and Cash Equivalents - Medium	(23,817.92)	-	(23,817.92)
Accounts Receivable - Small	9,328.65	-	9,328.65
Accounts Receivable - Medium	15,282.64	-	15,282.64
Prepaid advertising - Small	7,326.40	-	7,326.40
Prepaid advertising - Medium	<u>20,018.43</u>	<u>-</u>	<u>20,018.43</u>
<b>Total Current Assets</b>	<u>67,890.19</u>	<u>-</u>	<u>67,890.19</u>
<b>TOTAL ASSETS</b>	<u>\$ 67,890.19</u>	<u>-</u>	<u>67,890.19</u>
<b><u>LIABILITIES AND FUND BALANCE/NET ASSETS</u></b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable - Small	\$ 2,481.46	-	2,481.46
Accounts Payable - Medium	6,780.26	-	6,780.26
Due to TCLA - Small	856.14	-	856.14
Due to TCLA - Medium	<u>3,871.06</u>	<u>-</u>	<u>3,871.06</u>
<b>Total Current Liabilities</b>	<u>13,988.92</u>	<u>-</u>	<u>13,988.92</u>
<b>TOTAL LIABILITIES</b>	13,988.92	-	13,988.92
<b>FUND BALANCE/NET ASSETS:</b>			
Fund Balances			
Nonspendable	27,344.83	(27,344.83)	-
Unassigned	<u>26,556.44</u>	<u>(26,556.44)</u>	<u>-</u>
<b>TOTAL FUND BALANCE</b>	53,901.27	(53,901.27)	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 67,890.19</u>		
Net Assets			
Unrestricted		<u>53,901.27</u>	<u>53,901.27</u>
<b>TOTAL NET ASSETS</b>		<u>\$ 53,901.27</u>	<u>\$ 53,901.27</u>

See accompanying notes to the financial statements

**MILLER COUNTY BUSINESS DISTRICT  
Osage Beach, Missouri**

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

**For the Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>EXPENDITURES/EXPENSES</b>			
Advertising - small	\$ 640.06	\$ -	\$ 640.06
Advertising - medium	3,059.94	-	3,059.94
County fees - small	966.78	-	966.78
County fees - medium	1,619.80	-	1,619.80
Insurance - small	714.18	-	714.18
Insurance - medium	5,778.32	-	5,778.32
Legal fees - small	59.40	-	59.40
Legal fees - medium	480.60	-	480.60
Transfer to TCLA -small	39,383.16	-	39,383.16
Transfer to TCLA - medium	<u>109,172.57</u>	<u>-</u>	<u>109,172.57</u>
<b>Total Expenditures/Expenses</b>	<u>161,874.81</u>	<u>-</u>	<u>161,874.81</u>
<b>GENERAL REVENUES</b>			
Lodging Tax Collector - small	\$ 48,309.63	-	48,309.63
Lodging Tax Collector - medium	80,925.45	-	80,925.45
Interest Income - small	44.01	-	44.01
Interest Income - medium	<u>63.20</u>	<u>-</u>	<u>63.20</u>
<b>Total General Revenues</b>	<u>129,342.29</u>	<u>-</u>	<u>129,342.29</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(32,532.52)	32,532.52	-0-
<b>Change in Net Assets</b>	-0-	(32,532.52)	(32,532.52)
<b>FUND BALANCE/NET ASSETS</b>			
<b>BEGINNING OF THE YEAR</b>	<u>86,433.79</u>	<u>-</u>	<u>86,433.79</u>
<b>END OF THE YEAR</b>	<u>\$ 53,901.27</u>	<u>\$ -</u>	<u>\$ 53,901.27</u>

See accompanying notes to the financial statements

# MILLER COUNTY BUSINESS DISTRICT

Osage Beach, Missouri

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting and reporting policies of the District relating to the funds and account groups included in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the District are described below.

#### A. General Statement

Miller County Business District is a political subdivision pursuant to Chapter 67.1170 of the Missouri Revised Statutes. The District is governed by a Board of Directors and provides the following services as authorized by its charter: promotion of tourism and participation in recreational opportunities in the area.

#### B. Financial Reporting Entity

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards include whether:

- \* the organization is legally separate (can sue and be sued in their own name)
- \* the District holds the corporate powers of the organization
- \* the District appoints a voting majority of the organization's board
- \* the District is able to impose its will on the organization
- \* the organization has the potential to impose a financial benefit/burden on the District
- \* there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, Miller County Business District has no component units.



**MILLER COUNTY BUSINESS DISTRICT**  
Osage Beach, Missouri

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Cont'd.)

C. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statements

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

The fund of the financial reporting entity is described below:

Governmental Fund Types:

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

General Fund

The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

D. 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.

The government-wide financial statements are reported using the *economic resources measurement focus*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**MILLER COUNTY BUSINESS DISTRICT**  
Osage Beach, Missouri

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Cont'd.)

D. Measurement Focus and Basis of Accounting (Cont'd).

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

E. Equity Classification

*Government-Wide Statements:*

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b. 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.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

It is the District’s policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets available. At June 30, 2016 the District had no invested capital assets, net of related debt or restricted net assets.

**MILLER COUNTY BUSINESS DISTRICT**  
Osage Beach, Missouri

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Cont'd.)

E. Equity Classification (Cont'd).

*Fund Financial Statements*

Governmental fund equity is classified as fund balance.

In accordance with GASB 54, as of June 30, 2016, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the District's Board. The District's Board is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the District's Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the District's Board may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of June 30, 2016, fund balances are composed of the following:

	<b><u>General Fund</u></b>
Nonspendable:	
Prepays	\$ 27,345
Unassigned funds	<u>26,556</u>
Total fund balances	<u><u>\$ 53,901</u></u>

**MILLER COUNTY BUSINESS DISTRICT**  
Osage Beach, Missouri

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Cont'd.)

E. Equity Classification (Cont'd).

*Fund Financial Statements* (Cont'd).

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District's Board has provided otherwise in its commitment or assignment actions.

F. Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the District's taxpayers are reported as program revenues. The District has no program revenues.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles used by the District requires management to make estimates and assumptions that affect certain amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

H. Subsequent Events

The District evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through November 21, 2016, which is the date the financial statements were available to be issued.

I. Budgetary Control

As further explained in Note 4, the District is a member of Tri-County Lodging Association. Tri-County Lodging Association prepares an annual budget. Each of the three members of Tri-County agree to support a percentage of that budget. Any funds not obligated to support the Tri-County budget is available for use by the individual associations. There are no budgets prepared by the Districts for these funds.

**MILLER COUNTY BUSINESS DISTRICT**  
Osage Beach, Missouri

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Cont'd.)

J. Prepaid Items

Prepaid balances are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year, and nonspendable fund balance has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

**NOTE 2 – DEPOSITS AND INVESTMENTS:**

The District follows the policies of state law for deposits and investments. Missouri State Statutes authorize the District to deposit funds in open accounts, U.S. Treasury securities, U.S. Agency securities, repurchase agreements, collateralized certificates of deposit, banker's acceptance, and commercial paper.

Collateral is required for demand deposits and certificates of deposit. Custodial credit risk is the risk that in the event of a bank failure, the District deposits may not be returned to it. Statutes require the collateral pledged must have a fair market value equal to 100% of the funds on deposit, less insured amounts. Obligations that may be pledged as collateral are of the same type in which the District may invest.

As of June 30, 2016, all District deposits and certificates of deposit were insured by depository insurance or secured with collateral held by the District's agent in the District's name.

**NOTE 3 – LODGING TAX:**

The five percent lodging tax is paid by all transient guests of hotels, motels and resorts. The tax is collected by the lodging businesses and remitted monthly, quarterly or annually to the county collector. After retaining a two percent fee for the cost of collection, the collector remits the lodging tax to the District. In accordance with the District's by-laws, lodging businesses are categorized as follows:

- A. Lodging businesses with fifty or less rooms, camping spaces or houseboats. (Small Category)
- B. Lodging businesses with at least fifty-one, but less than three hundred rooms, camping spaces, or houseboats. (Medium Category)
- C. Lodging businesses with at least three hundred rooms, camping spaces or houseboats. (Large Category)

**MILLER COUNTY BUSINESS DISTRICT**  
Osage Beach, Missouri

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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**NOTE 4 – OPERATIONS:**

The District is a member of the Tri-County Lodging Association, a 501(c)(6) non-profit organization. This organization was formed for the purpose of promoting and encouraging through advertising, the travel and tourism industry for business engaged in furnishing lodging within the business districts of Camden, Miller and Morgan counties. The Tri-County Lodging Association contracts with the Greater Lake Ozark Convention and Visitor's Bureau to perform the promotion activities. The District remits the lodging tax revenue to the Tri-County Lodging Association as it is billed for expenses by the Association.

**NOTE 5 - 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. The District purchases commercial insurance for all risks of loss. No significant reduction in coverage occurred during the year and no settlements exceeded this commercial insurance coverage during any of the past three years.



SIDNEY A. DULLE, CPA, PC  
CERTIFIED PUBLIC ACCOUNTANT

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November 21, 2016

To the Board of Directors of  
**Miller County Business District**  
Osage Beach, Missouri

In planning and performing my audit of the financial statements of the governmental activities and each major fund of Miller County Business District as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, I considered the Miller County Business District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

My consideration of internal control was for the limited purpose described in the first paragraph above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified certain deficiencies in internal control that I consider to be significant deficiencies.

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 did not identify any deficiencies in internal control that I consider to be material weaknesses.

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. I consider the following deficiency in the District's internal control to be a significant deficiency:

## **PRIOR YEAR RECOMMENDATIONS RESUBMITTED:**

### **Budget Preparation**

The District does not prepare a budget in accordance with Section 67.010 of the Missouri Revised Statutes which requires all political subdivisions to prepare a budget. We understand the District agrees to fund their allocated share of the Tri-County Lodging Association, Inc. budget. I do not feel this meets the intent of the statute and a formal budget should be adopted.

### **Internal Control Structure**

I am required to give consideration to the District's ability to prepare financial statements and related note disclosures, as well as the oversight of the financial reporting process by those charged with governance. The District does not have in place controls that would assure the preparation of internal financial statements and related note disclosures in accordance with generally accepted accounting principles. The District engages independent accountants to draft the financial statements, which includes drafting the primary financial statements and ensuring the disclosures are complete. Once drafted, the financial statements are submitted to the District for review and approval.

While the practice is common and practical, I must inform those charged with governance that this must be considered a significant deficiency in internal control since the financial statement preparation cannot be performed in-house.

This communication is intended solely for the information and use by the Board of Directors, and management of the Association and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,



Sidney A. Dulle CPA, P.C.





November 21, 2016

To the Board of Directors of  
**Miller County Business District**  
Osage Beach, Missouri

I have audited the financial statements of the governmental activities and each major fund of Miller County Business District for the year ended June 30, 2016. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of my audit. I have communicated such information to you. Professional standards also require that I communicate to you the following information related to my audit.

**Significant Audit Findings**

***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Miller County Business District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. I noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the allowance for uncollectible accounts is based on historical collection rates and an analysis of the collectibility of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### ***Difficulties Encountered in Performing the Audit***

I encountered no significant difficulties in dealing with management in performing and completing my audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements were identified.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

### ***Management Representations***

I have requested certain representations from management that are included in the management representation letter dated November 21, 2016.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

This information is intended solely for the use of the Board of Directors and management of Miller County Business District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Sidney A. Dulle, CPA, PC

# Miller County Business District

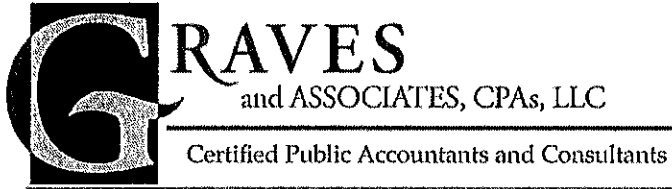
Osage Beach, Missouri

INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Miller County Business District  
Osage Beach, Missouri

We have audited the accompanying financial statements of the governmental activities and each major fund of the Miller County Business District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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. 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 District, as of June 30, 2018, and the respective changes in financial position thereof 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 management's discussion and analysis, as listed in the table of contents, 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 inquires 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.

Management has omitted the management's discussion and analysis and the budgetary comparison schedules that accounting principles generally accepted in the United States of America require 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.

Graves and Associates,  
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC

Jefferson City, Missouri

February 6, 2019

MILLER COUNTY BUSINESS DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2018

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	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 17,521
Accounts Receivable	26,079
Prepaid Expenses	<u>25,929</u>
TOTAL ASSETS	<u>69,529</u>
LIABILITIES	
Accounts Payable	6,015
Due to TCLA	<u>14,964</u>
TOTAL LIABILITIES	<u>20,978</u>
NET POSITION	
Unrestricted	<u>48,551</u>
TOTAL NET POSITION	<u>\$ 48,551</u>

The accompanying notes are an integral part of these financial statements.

MILLER COUNTY BUSINESS DISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenditures	Program Revenues		Net (Expenditures) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ 2,497	\$ -	\$ -	\$ 2,497
Transfers to TCLA	116,066	-	-	116,066
Total Governmental Activities	<u>\$ 118,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>118,563</u>
General Revenues:				
Lodging Tax Collector				126,050
Interest				2,714
Total General Revenues				<u>128,765</u>
Increase (Decrease) in Net Position				10,201
Net Position, Beginning of Year				<u>38,349</u>
Net Position, End of Year				<u>\$ 48,551</u>

The accompanying notes are an integral part of these financial statements.



MILLER COUNTY BUSINESS DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

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	General Fund
<b>ASSETS</b>	
Cash and Cash Equivalents - Small	\$ 24,258
Cash and Cash Equivalents - Medium	(6,737)
Accounts Receivable - Small	10,966
Accounts Receivable - Medium	15,114
Prepaid Advertising - Small	9,723
Prepaid Advertising - Medium	16,206
Total Assets	69,529
<b>LIABILITIES AND FUND BALANCE</b>	
<b>Liabilities:</b>	
Accounts Payable - Small	2,255
Accounts Payable - Medium	3,759
Due to TCLA - Medium	14,964
Total Liabilities	20,978
<b>Fund Balance:</b>	
Nonspendables	25,929
Unassigned	22,622
Total Fund Balance	48,551
Total Liabilities and Fund Balance	\$ 69,529

The accompanying notes are an integral part of these financial statements.

MILLER COUNTY BUSINESS DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE -  
 GOVERNMENTAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2018

---

	<u>General Fund</u>
REVENUES	
Lodging Tax Collector - Small	\$ 44,984
Lodging Tax Collector - Medium	81,067
Interest Income - Small	1,221
Interest Income - Medium	1,493
Total Revenues	<u>128,765</u>
EXPENSES	
County Fees - Small	924
County Fees - Medium	1,651
Insurance - Small	(39)
Insurance - Medium	(39)
Transfer to TCLA - Small	38,561
Transfer to TCLA - Medium	77,505
Total Expenses	<u>118,563</u>
Excess of Revenues Over (Under) Expenses	10,201
Fund Balance, Beginning of Year	<u>38,349</u>
Fund Balance, End of Year	<u>\$ 48,551</u>

The accompanying notes are an integral part of these financial statements.



MILLER COUNTY BUSINESS DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED JUNE 30, 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The fund of the financial reporting entity is described below:

Governmental Fund Types:

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

General Fund

The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

*Government-Wide Financial Statements* - The government-wide financial statements are reported using the current financial resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

*Governmental Fund Financial Statements* - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences are recorded only when payment is due.

MILLER COUNTY BUSINESS DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED JUNE 30, 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Equity Classification

*Government-Wide Statements:*

Net position is classified and displayed in three components:

*Invested in capital assets* – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.

*Restricted* – Consists of restricted assets with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.

*Unrestricted* – Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the restricted component of net position.

It is the District's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted balances are available. As of the year ended, the District had no invested capital assets, net of related debt or restricted net assets.

*Fund Financial Statements:*

Governmental fund equity is classified as fund balance.

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

- **Nonspendable:** Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted:** Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

MILLER COUNTY BUSINESS DISTRICT  
 NOTES TO THE FINANCIAL STATEMENT  
 FOR THE YEARS ENDED JUNE 30, 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Equity Classification (Continued)

- Committed: Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the District's highest level of decision-making authority (i.e. the Board of Directors).
- Assigned: Amounts constrained by the District's intent to be used for specific purposes but that are neither restricted nor committed. Intent can be expressed by the District's Board of Directors or by an official body to which the Board of Directors delegates authority.
- Unassigned: The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

As of the year ended, fund balances are composed of the following:

	<u>General Fund</u>
Nonspendable:	
Prepays	\$ 25,929
Unassigned	22,622
Total Fund Balances	<u>\$ 48,551</u>

It is the District's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also the District policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

The District has no formal minimum fund balance policies or any formal stabilization arrangements in place.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the District's taxpayers are reported as program revenues. The District has no program revenues.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

MILLER COUNTY BUSINESS DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED JUNE 30, 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Control

As further explained in Note 4, the District is a member of Tri-County Lodging Association. Tri-County Lodging Association prepares an annual budget. Each of the three members of Tri-County agrees to support a percentage of that budget. Any funds not obligated to support the Tri-County budget is available for use by the individual associations. There are no budgets prepared by the Districts for these funds.

Prepaid Items

Prepaid balances are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year, and the nonspendable fund balance has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

NOTE 2 - DEPOSITS AND INVESTMENTS

The District follows the policies of state law for deposits and investments. Missouri State Statutes authorize the District to deposit funds in open accounts, U.S. Treasury securities, U.S. Agency securities, repurchase agreements, collateralized certificates of deposit, banker's acceptance, and commercial paper.

Collateral is required for demand deposits and certificates of deposit. Custodial credit risk is the risk that in the event of a bank failure, the District deposits may not be returned to it. Statutes require the collateral pledged must have a fair market value equal to 100% of the funds on deposit, less insured amounts. Obligations that may be pledged as collateral are of the same type in which the District may invest.

As of the year ended, all District deposits and certificates of deposit were insured by depository insurance or secured with collateral held by the District's agent in the District's name.

MILLER COUNTY BUSINESS DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED JUNE 30, 2018

NOTE 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. The District purchases commercial insurance to provide coverage for general liability, property damage, and workers' compensation. Settled claims have not exceeded this commercial insurance coverage in any of the past three years.

NOTE 4 - LODGING TAX

The five percent lodging tax is paid by all transient guests of hotels, motels and resorts. The tax is collected by the lodging businesses and remitted monthly, quarterly or annually to the county collector. After retaining a two percent fee for the cost of collection, the collector remits the lodging tax to the District. In accordance with the District's by-laws, lodging businesses are categorized as follows:

- A. Lodging businesses with fifty or less rooms, camping spaces or houseboats. (Small Category)
- B. Lodging businesses with at least fifty-one, but less than three hundred rooms, camping spaces, or houseboats. (Medium Category)
- C. Lodging businesses with at least three hundred rooms, camping spaces or houseboats. (Large Category)

NOTE 5 - OPERATIONS

The District is a member of the Tri-County Lodging Association (the "TCLA"), a 501(c)(6) non-profit organization. This organization was formed for the purpose of promoting and encouraging through advertising, the travel and tourism industry for business engaged in furnishing lodging within the business districts of Camden, Miller, and Morgan counties. The TCLA contracts with the Greater Lake Ozark Convention and Visitor's Bureau to perform the promotion activities. The District remits the lodging tax revenue to the TCLA as it is billed for expenses by the TCLA.

NOTE 5 - EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through February 6, 2019, the date which the financial statements were available to be issued.