

REPORT OF

THE JOINT BOARD OF THE
LAKE OZARK - OSAGE BEACH
SEWAGE TREATMENT PLANT

DECEMBER 31, 2021

**THE JOINT BOARD OF THE LAKE OZARK - OSAGE BEACH
SEWAGE TREATMENT PLANT**

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INDEPENDENT AUDITOR'S REPORT

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Board of Directors
The Joint Board of the Lake Ozark - Osage Beach
Sewage Treatment Plant
Osage Beach, Missouri

Report on the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the business-type activities of the Joint Board of the Lake Ozark – Osage Beach Sewage Treatment Plant (the “Board”), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Board’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the business-type activities of the Board as of December 31, 2021, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances.

Management is also responsible for 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.

PARTNERS
Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson

PARTNERS EMERITI
Robert A. Gerding
Fred W. Korte, Jr.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for purposes of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, the statement of revenues collected, expenses paid and changes in net position arising from modified cash transactions - with budget comparisons is fairly stated in all material respects in relation to the basic financial statements as a whole.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The statement of revenues collected, expenses paid and changes in net position arising from modified cash transactions – with budget comparisons, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2022, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



May 9, 2022

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri

**THE JOINT BOARD OF THE LAKE OZARK - OSAGE BEACH
SEWAGE TREATMENT PLANT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

As management of the Joint Board of the Lake Ozark-Osage Beach Sewage Treatment Plant, we offer readers of the Board's financial statement this narrative overview and analysis of the financial activities of the Board for the calendar year.

Financial Highlights

The assets of the Joint Board of the Lake Ozark-Osage Beach Sewage Treatment Plant exceeded its liabilities at the close of the most recent calendar year by \$778,467 (net position). Of this amount, \$479,377 was restricted for equipment replacement, and \$299,090 was unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the Board's fund designation and fiscal policies.

The Board's total net position decreased by \$96,276; this decrease in cash is primarily a result of purchasing a new 2022 Mack Sludge Truck for \$185,979.

Total operating revenue increased 3.6% from \$589,320 in FY2020 to \$610,520 in FY2021. Revenue from the City of Lake Ozark based on actual measured flows to the plant for the year was \$84,797 (15.42%) and Osage Beach was \$465,203 (84.58%). Waste Hauler's Fee revenue was up 54%. The number of loads (600) and gallons (1,473,000) was up 46% and 51%, respectively, for the year. The Sewage Treatment Plant attracted new haulers in 2021. Disposal charges are calculated at .04 cents per gallon, in 500-gallon increments.

Total operating expenses increased \$90,375 (20%) from \$444,468 in FY2020 to \$534,843 in FY2021. The increase of expenses was primarily due to the completion of sandblasting and painting of Clarifier #2 (\$68,400). Other projects completed during year include Ultraviolet System supplies (\$9,701), RAS Pump Rebuild (\$2,300), Chain Link Fence repair (\$3,400).

Equipment replacement during the year included a new 2022 Mack Sludge Truck for \$185,979, new Lift Station pump (\$6,759) and new lawn mower (\$6,113).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Board's basic financial statements. The Board's basic financial statements are comprised of two components: 1) proprietary fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**THE JOINT BOARD OF THE LAKE OZARK - OSAGE BEACH
SEWAGE TREATMENT PLANT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

Proprietary Funds - The Board maintains one type of proprietary fund. The Board uses an enterprise fund to account for its sewer operations.

The proprietary fund financial statements are designed to provide readers with the broad overview of the Board's finances in a manner similar to private-sector business.

The Statement of Net Position presents information on all the Board's modified cash basis assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the cash position of the Board is improving or deteriorating.

The Statement of Activities presents information showing how the Board's modified cash basis net position changed during the fiscal year. All changes in modified cash basis net position are reported when cash is received and expended.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-15.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents a budget comparison. The budget comparison can be found on page 16 of this report.

NET POSITION

	2021	2020
Current assets	\$ 299,090	\$ 342,320
Restricted assets	479,377	532,423
Total Assets	<u>778,467</u>	<u>874,743</u>
Net Position		
Unrestricted	299,090	342,320
Restricted for equipment replacement	479,377	532,423
Total Net Position	<u>\$ 778,467</u>	<u>\$ 874,743</u>

Business-Type Activities: Net Position from business-type activities decreased by \$96,276 from \$874,743 to \$778,467.

**THE JOINT BOARD OF THE LAKE OZARK - OSAGE BEACH
SEWAGE TREATMENT PLANT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

The following table provides a summary of the Board's operations for years ended December 31, 2021 and 2020

CHANGES IN NET POSITION

	2021	2020
Revenues:		
Program Revenues		
Charges for services	\$ 610,520	\$ 589,320
General Revenues		
Interest and investment earnings	8,209	12,975
Miscellaneous	22,000	4,500
Total Revenues	640,729	606,795
Expenses:		
Sewer	737,005	529,726
Total Expenses	737,005	529,726
Increase (Decrease) in net position	(96,276)	77,069
Net Position-Beginning of Year	874,743	797,674
Net Position-End of Year	\$ 778,467	\$ 874,743

Economic Outlook

The annual sewer flows to the plant decreased a total of 12% from 541,320,000 gallons in fiscal year 2020 to 478,201,000 gallons in 2021. Lake Ozark increased .03% from 74,835,000 gallons in 2020 to 74,860,000 in 2021. Osage Beach decreased 14% from 466,485,000 in 2020 to 403,341,000 in 2021. Both cities are currently experiencing growth and flows to the plant are expected to increase in the future. The 2022 Budget does not include an increase in expense to the two cities nor rate increases of disposal charges for its waste haulers' fees.

Request for Information

The financial report is designed to provide the reader a general overview of the Lake Ozark-Osage Beach Sewage Treatment Plant's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to Karri Bell, City Treasurer (kbell@osagebeach.org), City of Osage Beach, 1000 City Parkway, Osage Beach, Missouri 65065, or call (573) 302-2000, extension 1030.

**THE JOINT BOARD OF THE LAKE OZARK - OSAGE BEACH
SEWAGE TREATMENT PLANT
STATEMENT OF NET POSITION ARISING
FROM MODIFIED CASH TRANSACTIONS
DECEMBER 31, 2021**

ASSETS

Current Assets:

Cash and investments	\$ 299,090
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Restricted Assets:

Cash and investments	479,377
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Total Assets	\$ 778,467
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NET POSITION

Restricted for equipment replacement	479,377
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Unrestricted	299,090
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Total Net Position	\$ 778,467
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THE JOINT BOARD OF THE LAKE OZARK - OSAGE BEACH
SEWAGE TREATMENT PLANT
STATEMENT OF ACTIVITIES ARISING FROM MODIFIED CASH TRANSACTIONS
YEAR ENDED DECEMBER 31, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net Expenses and Changes in Net Position</u>
Business -Type Activities:			
Sewer	\$ 737,005	\$ 610,520	\$ (126,485)
Total	<u>\$ 737,005</u>	<u>\$ 610,520</u>	<u>(126,485)</u>
Unrestricted investment earnings			8,209
Other			<u>22,000</u>
Total general revenues			<u>30,209</u>
Change in net position			(96,276)
Net position - beginning			<u>874,743</u>
Net position - ending			<u>\$ 778,467</u>

See Notes to Financial Statements

**THE JOINT BOARD OF THE LAKE OZARK - OSAGE BEACH
SEWAGE TREATMENT PLANT
STATEMENT OF REVENUES COLLECTED, EXPENSES PAID AND CHANGE
IN NET POSITION ARISING FROM MODIFIED CASH TRANSACTIONS
YEAR ENDED DECEMBER 31, 2021**

Operating Revenues Collected:	
User fees	\$ 610,520
Total Operating Revenues Collected	<u>610,520</u>
Operating Expenses Paid:	
Repair and maintenance	116,354
Insurance	21,493
Professional services	2,600
Electricity	85,756
Contract management	308,640
Total Operating Expenses Paid	<u>534,843</u>
Income (Loss) from Operations	<u>75,677</u>
Nonoperating Revenues (Expenses):	
Interest received	8,209
Miscellaneous revenue	22,000
Capital improvements, equipment	<u>(202,162)</u>
Net Nonoperating Revenues (Expenses)	<u>(171,953)</u>
Net Income (Loss)	(96,276)
Net Position, beginning of year	<u>874,743</u>
Net Position, end of year	<u><u>\$ 778,467</u></u>

See Notes to Financial Statements

**THE JOINT BOARD OF THE LAKE OZARK – OSAGE BEACH
SEWAGE TREATMENT PLANT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Reporting Entity

The Organization was formed in 1984 under authorization set forth by Section 250.20 of the Revised Statutes of the State of Missouri as amended. The purpose of the Organization is to operate and maintain a sewage treatment plant owned by the cities of Lake Ozark and Osage Beach.

The Board has developed criteria to determine whether outside agencies, with activities which benefit the patrons of the Board, should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the Board exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), scope of public service, and special financing relationships.

The Board has determined that no other outside agency meets the above criteria, and therefore, no other agency has been included as a component unit in the Board's financial statements. In addition, the Board is not aware of any entity which would exercise such oversight which would result in the Board being considered a component unit of the entity.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The accounts of the Board are maintained, and the accompanying financial statements have been prepared, on the modified cash basis of accounting. Therefore, revenues and expenditures are recognized only when collected or paid, and receivables and accrued liabilities are not reflected in the financial statements.

The Board distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Board's principal ongoing operations. The principal operating revenues of the Board's enterprise fund are fees charged to the cities of Osage Beach and Lake Ozark, and waste handling fees. The principal operating expenses of the Board are contract management, hauler fees and insurance. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. The Board first utilizes unrestricted resources to finance qualifying activities. Amounts reported as program revenues include user fees.

**THE JOINT BOARD OF THE LAKE OZARK – OSAGE BEACH
SEWAGE TREATMENT PLANT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

Cash and Investments

Cash consists of amounts in demand deposits and certificates of deposit. The Board considers all highly liquid investments maturing within three months to be cash equivalents. Cash balances are invested to the extent available. Investments include certificates of deposit. Investments are stated at cost or amortized cost.

State statutes authorize the Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Restricted Assets

Certain resources are classified as restricted assets on the balance sheet because their use is limited by applicable organizational agreements.

Capital assets are charged to expenditures as they are paid. Capital improvements and equipment report the cost of property, plant and equipment.

Budgets and Budgetary Practices

The board members are responsible for the approval of an annual operating budget. A formal budget was adopted November 17, 2020. The Board was in compliance with State statutes in accordance with Sections 67.010 to 67.080, RSMo 1986.

Compensated Absences

The Board has no policy providing for compensated absences.

**THE JOINT BOARD OF THE LAKE OZARK – OSAGE BEACH
SEWAGE TREATMENT PLANT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

II. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Board complies with various restrictions on deposits and investments which are imposed by state statutes as follows:

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

Investments - The Board may purchase any investments allowed by the State Treasurer. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within ninety days secured by U. S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law.

Deposits:

The Board's deposits, including restricted assets, are stated at cost and are composed of the following:

	<u>Maturity Date</u>	<u>Carrying Value</u>
Deposits:		
Demand deposits		\$ 178,663
Investments:		
Time deposit	10/31/22	109,527
Time deposit	08/20/22	107,104
Time deposit	07/22/22	113,173
Time deposit	02/07/23	<u>270,000</u>
Total deposits & investments		<u>\$ 778,467</u>

Custodial credit risk. Deposits in financial institutions, reported as components of cash and investments, had a bank balance of \$780,104 at December 31, 2021, which was fully insured by depository insurance.

Investment interest rate risk. The Board has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2021, are provided in the previous schedule.

**THE JOINT BOARD OF THE LAKE OZARK – OSAGE BEACH
SEWAGE TREATMENT PLANT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

II. DETAILED NOTES ON ALL FUNDS (continued)

Investment credit risk. The Board maintains cash deposits and investments which are authorized by the Board. The Board invests idle funds in certificates of deposit.

Concentration of investment credit risk. The Board places no limit on the amount it may invest in any one issuer. At December 31, 2021, the Board had no concentration of credit risk.

B. Restricted Assets and Net Position

The 1984 agreement for Joint Design, Construction, Ownership, Operation and Maintenance of the Lake Ozark - Osage Beach Sewage Treatment Plant established amounts required to be deposited in an equipment replacement account. All required deposits to those accounts have been made. The restrictions are as follows:

	Restricted Cash and Investments	Restricted Net Position
Equipment Replacement Account	\$ 479,377	\$ 479,377

C. Expense Allocation

Per the 2021 budget of the Board, the expenses of operating the sewer treatment plant are to be shared by the cities in the following percentages for 2021:

Lake Ozark	14.00%
Osage Beach	86.00%

For the year ended December 31, 2021, the percentages actually contributed are as follows:

Lake Ozark	15.42%
Osage Beach	84.58%

D. Professional Services

Professional services expense includes accountant fees paid during 2021.

**THE JOINT BOARD OF THE LAKE OZARK – OSAGE BEACH
SEWAGE TREATMENT PLANT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

III. OTHER INFORMATION

A. Ownership of Facility

Ownership of the sewage treatment plant and its real and personal property is vested and titled equally in the names of Lake Ozark and Osage Beach as tenants in common.

Costs incurred in building the facility and related equipment were paid directly by the cities of Lake Ozark and Osage Beach.

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally by the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

C. Litigation

Management believes there are no outstanding matters which will have a material effect on the financial statements of the Board.

D. Commitments

On December 12, 2018, the Board entered into an agreement with Alliance Water Resources, Inc. to provide operation, maintenance and management services for Board facilities for the period January 1, 2019 through December 31, 2024. The agreement is terminable each December 31 and must be renegotiated annually with written documentation given Alliance by the Board no later than July 31 of each year during the three year term.

E. Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Board carries commercial insurance.

**THE JOINT BOARD OF THE LAKE OZARK – OSAGE BEACH
SEWAGE TREATMENT PLANT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

III. OTHER INFORMATION (continued)

F. Consideration of Subsequent Events

Subsequent events have been evaluated through May 9, 2022, which is the date the financial statements are available to be issued. No events requiring disclosure were identified as a result of this review.

SUPPLEMENTARY INFORMATION

**THE JOINT BOARD OF THE LAKE OZARK - OSAGE BEACH
SEWAGE TREATMENT PLANT
STATEMENT OF REVENUES COLLECTED, EXPENSES PAID AND
CHANGES IN NET POSITION ARISING FROM MODIFIED CASH TRANSACTIONS -
WITH BUDGET COMPARISONS
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
OPERATING REVENUES COLLECTED:				
User fees	\$ 586,000	\$ 586,000	\$ 610,520	\$ 24,520
Total Operating Revenues Collected	586,000	586,000	610,520	24,520
OPERATING EXPENSES PAID:				
Repairs and maintenance	123,300	123,300	116,354	6,946
Insurance	19,200	19,200	21,493	(2,293)
Professional fees	2,600	2,600	2,600	-
Electricity	85,000	85,000	85,756	(756)
Contract management	314,752	314,752	308,640	6,112
Total Operating Expenses Paid	544,852	544,852	534,843	10,009
Net Income (Loss) from Operations	41,148	41,148	75,677	34,529
NON-OPERATING REVENUES (EXPENSES):				
Interest received	8,000	8,000	8,209	209
Miscellaneous revenue	-	-	22,000	22,000
Capital improvements, equipment	(221,500)	(221,500)	(202,162)	19,338
Net Non-Operating Revenues (Expenses)	(213,500)	(213,500)	(171,953)	41,547
Net Income (Loss)	(172,352)	(172,352)	(96,276)	\$ 76,076
Net Position, beginning of year	874,743	874,743	874,743	
Net Position, end of year	\$ 702,391	\$ 702,391	\$ 778,467	

COMPLIANCE AND INTERNAL CONTROL

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
The Joint Board of the Lake Ozark - Osage Beach
Sewage Treatment Plant
Osage Beach, Missouri

PARTNERS
Joseph E. Chirwood
Travis W. Hundley
Jeffrey A. Chirwood
Amy L. Watson

PARTNERS EMERITI
Robert A. Gerding
Fred W. Korte, Jr.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of The Joint Board of the Lake Ozark - Osage Beach Sewage Treatment Plant (the "Board"), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated May 9, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



May 9, 2022

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri