

CITY OF BOLIVAR, MISSOURI
BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2014

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
City of Bolivar
Bolivar, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bolivar, Missouri, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City'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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 City'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 City'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.

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Honorable Mayor and Board of Aldermen
City of Bolivar
Bolivar, Missouri

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bolivar, Missouri, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows 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, budgetary comparison information and Schedule of Funding Progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bolivar, Missouri's basic financial statements. The Combining Non-Major Fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Honorable Mayor and Board of Aldermen
City of Bolivar
Bolivar, Missouri

The Combining Non-Major Fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2015, on our consideration of the City of Bolivar, Missouri's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bolivar, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
June 16, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOLIVAR, MISSOURI
December 31, 2014

The Management's Discussion and Analysis of the City of Bolivar, Missouri's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2014. Please read it in conjunction with the City's financial statements, which begin on page 15.

Financial Highlights

- The net position of the City's governmental activities increased by \$815,438 or 5% for the year as a result of current year activities. The net position of the City's business activities increased by \$176,106 or 2% for the year.
- The assets of the City exceeded its liabilities as of December 31, 2014, by \$25 million (net position). Of this amount \$2,137,092 was unrestricted and may be used to meet future obligations of the City.
- Total long-term liabilities of the City increased by \$714,911 during the year primarily due to issuance of a lease for a new fire truck in the amount of \$509,958, a lease for a public safety building in the amount of \$500,000, and principal payments on debt.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information about the City 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 City's net position and changes in it. The City's net position – the difference between assets and liabilities – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOLIVAR, MISSOURI
December 31, 2014

In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.
- **Business-Type Activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer services are provided here.
- **Component Unit** – The City has one component unit, which is the Industrial Development Authority whose activities are presented in the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide detailed information about the City's funds and not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the Board of Aldermen establishes many other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

- **Governmental Funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are 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 City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in reconciliations following the fund financial statement.
- **Enterprise Funds** – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Enterprise funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOLIVAR, MISSOURI
December 31, 2014

Government-Wide Financial Analysis

NET POSITION

The following table presents the condensed Statement of Net Position for the City as of December 31, 2014 and 2013, as restated.

	Governmental Activities	Business-Type Activities	Total December 31, 2014	Total December 31, 2013
Current and other assets	\$ 5,011,652	\$ 1,672,883	\$ 6,684,535	\$ 5,420,017
Capital assets	18,495,931	9,834,812	28,330,743	28,268,868
TOTAL ASSETS	23,507,583	11,507,695	35,015,278	33,688,885
Other liabilities	568,545	649,824	1,218,369	1,598,431
Long-term liabilities outstanding	7,036,386	1,636,701	8,673,087	7,958,176
TOTAL LIABILITIES	7,604,931	2,286,525	9,891,456	9,556,607
Net position:				
Net investment in capital assets	11,888,034	8,289,799	20,177,833	20,049,726
Restricted				
Non-expendable	384,607	-	384,607	385,228
Expendable	2,424,290	-	2,424,290	2,156,642
Unrestricted	1,205,721	931,371	2,137,092	1,540,682
TOTAL NET POSITION	\$ 15,902,652	\$ 9,221,170	\$ 25,123,822	\$ 24,132,278

Total net position of the City increased by \$991,544 for the year due to current year activities. Total liabilities for the City have increased by \$334,849. Restricted net position of the City totaled \$2,808,897 as of December 31, 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOLIVAR, MISSOURI
December 31, 2014

CHANGES IN NET POSITION

	Governmental Activities	Business-Type Activities	Total Year Ended December 31, 2014	Total Year Ended December 31, 2013
REVENUES AND TRANSFERS				
Program Revenues				
Charges for services	\$ 870,688	\$ 3,017,864	\$ 3,888,552	\$ 4,083,563
Operating grants and contributions	373,221	-	373,221	115,355
Capital grants and contributions	26,080	-	26,080	221,472
General Revenues				
Sales tax	4,562,077	-	4,562,077	4,298,310
Motor vehicle tax	389,340	-	389,340	374,072
Other taxes	31,736	-	31,736	28,804
Franchise fees	219,278	-	219,278	200,535
Interest	6,734	254	6,988	16,234
Other revenue	131,670	-	131,670	248,025
Transfers	(20,503)	20,503	-	-
TOTAL REVENUES AND TRANSFERS	6,590,321	3,038,621	9,628,942	9,586,370
EXPENSES				
Public safety	1,647,297	-	1,647,297	1,724,091
Municipal Court	132,296	-	132,296	132,172
Community development	112,509	-	112,509	118,079
Animal pound	121,544	-	121,544	108,551
Recreation and parks	487,244	-	487,244	425,411
Rails to trails	24,866	-	24,866	154,347
Aquatic center	252,853	-	252,853	246,600
Golf course	228,735	-	228,735	263,769
Fire	825,041	-	825,041	526,575
Cemetery	71,858	-	71,858	68,284
Transportation	927,417	-	927,417	986,125
Airport	599,945	-	599,945	575,700
Economic development	14,155	-	14,155	16,437
Other	-	-	-	237
Debt service	329,123	-	329,123	355,488
Water and sewer	-	2,862,515	2,862,515	2,754,442
TOTAL EXPENSES	5,774,883	2,862,515	8,637,398	8,456,308
INCREASE IN NET POSITION	\$ 815,438	\$ 176,106	\$ 991,544	\$ 1,130,062

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOLIVAR, MISSOURI
December 31, 2014**

Governmental Activities

Governmental activities increased the net position of the City by \$815,438. Tax revenues for the City were \$5,202,431, which represents 79% of the funding of these activities. Program revenues for the functions totaled \$1,269,989 or 19% of the funding. The following table shows the cost of the City's programs as well as each programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

**NET COST OF THE CITY OF BOLIVAR'S
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services	Net Cost of Services
Administrative	\$ -	\$ (42,891)
Public safety	1,647,297	1,487,658
Municipal court	132,296	132,296
Community development	112,509	79,423
Animal pound	121,544	115,661
Recreation and parks	487,244	460,184
Rails to trails	24,866	24,866
Aquatic center	252,853	207,532
Golf course	228,735	135,805
Fire	825,041	485,114
Cemetery	71,858	21,732
Transportation	927,417	927,367
Airport	599,945	126,869
Economic development	14,155	14,155
Debt service	329,123	329,123
	\$ 5,774,883	\$ 4,504,894

Business-Type Activities

Business-type activities increased the City's net position by \$176,106. This is down from the increase received last year from the City's business-type activities. The increase incurred in the prior year was \$479,905.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of December 31, 2014, were \$4.7 million. The General Fund increased by \$463,477. The Street Fund increased by \$258,066. The ½ Cent Capital Improvement Fund decreased by \$2,192. The Recreation Facility Fund decreased by \$65,859. The Fire Fund increased by \$520,758.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOLIVAR, MISSOURI
December 31, 2014

General Fund Budgetary Highlights

Differences between the original, the final amended budget, and the actual results can be summarized as follows:

- The original revenue budget of \$2,175,000 was not amended during the year.
- The original expenditures budget of \$2,134,550 was increased to \$2,808,910 during the year.
- Budgeted revenues were \$203,129 below actual, and budgeted expenditures were \$412,125 above actual.

Capital Assets and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$18,495,931 (net of accumulated depreciation) as of December 31, 2014. This represents a \$419,553 increase from the prior year. Capital assets for business-type activities were \$9,834,812 as of December 31, 2014. This represents a decrease of \$357,678 from the prior year.

Debt

Total debt of the governmental activities as of December 31, 2014, was \$7,263,226, which is up \$823,864 from the prior year, primarily due to the issuance of a lease for a new fire truck in the amount of \$509,958, a lease for a public safety building in the amount of \$500,000, and principal payments on debt.

Total debt of the business-type activities as of December 31, 2014, was \$2,021,816, which is down \$379,070 from the prior year, primarily due to principal payments on debt.

Economic Factors and Next Year's Budget

2014 found the City much more capable of addressing the needs of the community after having dealt with the financial issues with which we were faced in previous years. Although the economy itself has not yet fully rebounded to where it was in pre-recessionary days, there has been a modest comeback, with City revenues being up year over year. In addition, the City Aquatics Center saw the end of its first year of operation with the City in control of operations, and though the pool is still not as fully utilized by the citizenry as we would hope, it was also more cost effective in its operations. In all, each of the past problems faced by the City of Bolivar has been met head-on by the Elected Officials and the Staff, and the City is in, by far, better financial status than it was at the end of the previous year. The City once again received an upgrade of creditworthiness from Standard and Poors (S&P) to an A+ rating, in part because of this approach to the City's finances.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOLIVAR, MISSOURI
December 31, 2014

The City is anticipating a relatively flat (perhaps 1.5-2%) change in revenues for 2015, however, through continued management of the City resources, and containment of costs wherever possible, the City anticipates reaching a milestone of financial health in 2015. Having met, ahead of the previously projected schedule, the need for the General Revenue Fund to have a balance of 25% of the operational costs of the City, the monies that have been set aside in previous attempts to meet that financial goal will then be freed to meet other objectives in the future.

Contacting the City's Financial Management

For additional information or questions, please contact:

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Darin Chappell, City Administrator
Natalie Scrivner, City Clerk

CITY OF BOLIVAR, MISSOURI
STATEMENT OF NET POSITION
December 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
ASSETS				
Current				
Cash and cash equivalents	\$ 2,897,836	\$ 636,903	\$ 3,534,739	\$ 114,373
Investments	426,023	148,669	574,692	-
Taxes receivable	765,321	-	765,321	-
Court fines receivable, net	38,933	-	38,933	-
Intergovernmental receivable	85,830	-	85,830	-
Utilities receivable, net	-	266,920	266,920	-
Other accounts receivable	85,320	-	85,320	-
Prepaid expenses	74,982	27,173	102,155	-
Noncurrent				
Restricted cash and cash equivalents	545,534	593,218	1,138,752	-
Restricted investments	91,873	-	91,873	-
Capital Assets:				
Non-depreciable	787,469	132,231	919,700	554,725
Depreciable, net	17,708,462	9,702,581	27,411,043	-
TOTAL ASSETS	23,507,583	11,507,695	35,015,278	669,098
LIABILITIES				
Current				
Accounts payable	151,418	91,739	243,157	-
Accrued expenses	125,076	45,009	170,085	-
Customer deposits payable	2,310	122,460	124,770	-
Court bonds payable	9,604	-	9,604	-
Accrued interest payable	53,297	5,501	58,798	-
Current portion of long-term debt	226,840	385,115	611,955	-
	568,545	649,824	1,218,369	-
Noncurrent				
Capital leases payable	1,142,917	1,629,156	2,772,073	-
Certificates of participation payable, net	5,748,348	-	5,748,348	-
Post employment pension liability	122,814	-	122,814	-
Compensated absences	22,307	7,545	29,852	-
	7,036,386	1,636,701	8,673,087	-
TOTAL LIABILITIES	7,604,931	2,286,525	9,891,456	-
NET POSITION				
Net investment in capital assets	11,888,034	8,289,799	20,177,833	554,725
Restricted				
Non-expendable	384,607	-	384,607	-
Expendable	2,424,290	-	2,424,290	-
Unrestricted	1,205,721	931,371	2,137,092	114,373
TOTAL NET POSITION	\$ 15,902,652	\$ 9,221,170	\$ 25,123,822	\$ 669,098

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
Primary Government								
Governmental Activities								
Administrative	\$ -	\$ 42,891	\$ -	\$ -	\$ 42,891	\$ -	\$ 42,891	\$ -
Public safety	(1,647,297)	125,392	31,407	2,840	(1,487,658)	-	(1,487,658)	-
Municipal court	(132,296)	-	-	-	(132,296)	-	(132,296)	-
Community development	(112,509)	33,086	-	-	(79,423)	-	(79,423)	-
Animal pound	(121,544)	5,135	748	-	(115,661)	-	(115,661)	-
Recreation and parks	(487,244)	3,320	500	23,240	(460,184)	-	(460,184)	-
Rails to trails	(24,866)	-	-	-	(24,866)	-	(24,866)	-
Aquatic center	(252,853)	45,321	-	-	(207,532)	-	(207,532)	-
Golf course	(228,735)	92,930	-	-	(135,805)	-	(135,805)	-
Fire	(825,041)	2,392	337,535	-	(485,114)	-	(485,114)	-
Cemetery	(71,858)	47,095	3,031	-	(21,732)	-	(21,732)	-
Transportation	(927,417)	50	-	-	(927,367)	-	(927,367)	-
Airport	(599,945)	473,076	-	-	(126,869)	-	(126,869)	-
Economic development	(14,155)	-	-	-	(14,155)	-	(14,155)	-
Debt service	(329,123)	-	-	-	(329,123)	-	(329,123)	-
TOTAL GOVERNMENTAL ACTIVITIES	(5,774,883)	870,688	373,221	26,080	(4,504,894)	-	(4,504,894)	-
Business-Type Activities								
Water and Sewer	(2,862,515)	3,017,864	-	-	-	155,349	155,349	-
TOTAL BUSINESS-TYPE ACTIVITIES	(2,862,515)	3,017,864	-	-	-	155,349	155,349	-
TOTAL PRIMARY GOVERNMENT	\$ (8,637,398)	\$ 3,888,552	\$ 373,221	\$ 26,080	(4,504,894)	155,349	(4,349,545)	-
Component Unit								
Industrial Development Authority	\$ (300)	\$ -	\$ -	\$ -	-	-	-	(300)
General Revenues:								
					4,562,077	-	4,562,077	-
					389,340	-	389,340	-
					31,736	-	31,736	-
					219,278	-	219,278	-
					6,734	254	6,988	228
					131,670	-	131,670	-
					(20,503)	20,503	-	-
					5,320,332	20,757	5,341,089	228
					815,438	176,106	991,544	(72)
					15,087,214	9,045,064	24,132,278	669,170
					\$ 15,902,652	\$ 9,221,170	\$ 25,123,822	\$ 669,098

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2014

	Special Revenue Funds						Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Fund	1/2 Cent Capital Improvement Fund	Recreation Facility Fund	Fire Fund			
ASSETS								
Cash and cash equivalents - unrestricted	\$ 744,394	\$ 739,485	\$ 841,919	\$ -	\$ 174,140	\$ 397,898	\$ 2,897,836	
Investments - unrestricted	41,009	111,801	-	-	-	273,213	426,023	
Taxes receivable	311,819	129,487	155,909	74,356	74,401	19,349	765,321	
Court fines receivable, net	38,933	-	-	-	-	-	38,933	
Intergovernmental receivable	-	-	-	-	85,830	-	85,830	
Other accounts receivable	9,308	173	-	10,654	-	65,185	85,320	
Prepaid expenses	39,841	18,796	-	5,108	11,237	-	74,982	
Due from other funds	-	397,869	-	-	-	-	397,869	
Restricted cash and cash equivalents	29,835	-	-	3,181	510,208	2,310	545,534	
Restricted investments	-	-	-	-	-	91,873	91,873	
TOTAL ASSETS	\$ 1,215,139	\$ 1,397,611	\$ 997,828	\$ 93,299	\$ 855,816	\$ 849,828	\$ 5,409,521	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)								
Liabilities								
Accounts payable	\$ 75,586	\$ 22,676	\$ -	\$ 16,594	\$ 24,067	\$ 12,495	\$ 151,418	
Accrued expenses	81,073	13,089	-	7,450	23,441	23	125,076	
Due to other funds	-	-	-	310,048	-	87,821	397,869	
Customer deposits payable	-	-	-	-	-	2,310	2,310	
Court bonds payable	9,604	-	-	-	-	-	9,604	
TOTAL LIABILITIES	166,263	35,765	-	334,092	47,508	102,649	686,277	
Deferred Inflows of Resources								
Deferred court fines	24,611	-	-	-	-	-	24,611	
TOTAL DEFERRED INFLOWS OF RESOURCES	24,611	-	-	-	-	-	24,611	

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS (continued)
December 31, 2014

	Special Revenue Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Fund	1/2 Cent Capital Improvement Fund	Recreation Facility Fund	Fire Fund		
Fund Balances (Deficit)							
Nonspendable:							
Prepaid items	39,841	18,796	-	5,108	11,237	-	74,982
Cemetery perpetual care	-	-	-	-	-	31,873	31,873
Permanent	-	-	-	-	-	352,734	352,734
Restricted for:							
Debt service	-	-	-	3,181	-	-	3,181
Public safety - drug forfeiture funds	20,231	-	-	-	-	-	20,231
Transportation	-	1,343,050	-	-	-	-	1,343,050
Capital improvements	-	-	997,828	-	-	-	997,828
Fire truck purchase	-	-	-	-	510,208	-	510,208
Cemetery	-	-	-	-	-	60,000	60,000
Assigned to:							
Airport	-	-	-	-	-	87,853	87,853
Fire	-	-	-	-	286,863	-	286,863
Special road district	-	-	-	-	-	253,363	253,363
Unassigned	964,193	-	-	(249,082)	-	(38,644)	676,467
TOTAL FUND BALANCES (DEFICIT)	1,024,265	1,361,846	997,828	(240,793)	808,308	747,179	4,698,633
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	\$ 1,215,139	\$ 1,397,611	\$ 997,828	\$ 93,299	\$ 855,816	\$ 849,828	\$ 5,409,521

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
 NET POSITION
 December 31, 2014

Fund balance - total governmental funds	\$ 4,698,633
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	26,533,246
Less accumulated depreciation	<u>(8,037,315)</u>
	18,495,931
Adjustment of deferred court fines	24,611
Interest on long-term debt is not accrued in governmental funds, but rather recognized as an expenditure when due	(53,297)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(7,263,226)</u>
Net position of governmental activities	<u><u>\$ 15,902,652</u></u>

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
 Year Ended December 31, 2014

	Special Revenue Funds						Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Fund	1/2 Cent Capital Improvement Fund	Recreation Facility Fund	Fire Fund			
REVENUES								
Taxes	\$ 2,118,931	\$ 1,156,046	\$ 933,936	\$ 438,838	\$ 440,115	\$ 114,565	\$ 5,202,431	
Licenses and permits	67,938	-	-	-	-	-	67,938	
Charges for services	-	50	-	141,571	-	508,522	650,143	
Intergovernmental revenues	34,247	-	-	23,240	337,460	-	394,947	
Fines and forfeitures	120,537	-	-	-	-	-	120,537	
Interest	5,366	167	-	-	250	951	6,734	
Other	31,210	2,244	-	36,753	11,628	86,259	168,094	
TOTAL REVENUES	2,378,229	1,158,507	933,936	640,402	789,453	710,297	6,610,824	
EXPENDITURES								
Current								
Public safety	2,017,407	-	-	-	-	-	2,017,407	
Municipal court	138,263	-	-	-	-	-	138,263	
Community development	114,111	-	-	-	-	-	114,111	
Animal pound	127,004	-	-	-	-	-	127,004	
Recreation and parks	-	-	-	405,590	-	-	405,590	
Rails to trails	-	-	-	8,116	-	-	8,116	
Aquatic center	-	-	-	267,613	-	-	267,613	
Golf course	-	-	-	223,165	-	-	223,165	
Fire	-	-	-	-	1,101,392	1,287	1,102,679	
Cemetery	-	-	-	-	-	71,491	71,491	
Transportation	-	889,646	-	-	-	-	889,646	
Airport	-	-	-	-	-	481,324	481,324	
Economic development	-	-	-	-	-	14,789	14,789	
Debt Service								
Principal and interest	-	103,586	-	415,202	20,783	72,818	612,389	
TOTAL EXPENDITURES	2,396,785	993,232	-	1,319,686	1,122,175	641,709	6,473,587	
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(18,556)	165,275	933,936	(679,284)	(332,722)	68,588	137,237	
OTHER FINANCING SOURCES (USES)								
Lease proceeds	250,000	92,791	-	-	759,958	-	1,102,749	
Operating transfer in (out)	232,033	-	(936,128)	613,425	93,522	(23,355)	(20,503)	
TOTAL OTHER FINANCING SOURCES (USES)	482,033	92,791	(936,128)	613,425	853,480	(23,355)	1,082,246	
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	463,477	258,066	(2,192)	(65,859)	520,758	45,233	1,219,483	
FUND BALANCE (DEFICIT), January 1	560,788	1,103,780	1,000,020	(174,934)	287,550	701,946	3,479,150	
FUND BALANCE (DEFICIT), December 31	\$ 1,024,265	\$ 1,361,846	\$ 997,828	\$ (240,793)	\$ 808,308	\$ 747,179	\$ 4,698,633	

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 Year Ended December 31, 2014

Net change in fund balances - total governmental funds \$ 1,219,483

Amounts reported for governmental activities in the Statement
 of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement
 of Activities the cost of these assets is allocated over their estimated useful lives on a
 straight line basis and reported as depreciation expense. The following is the detail
 of the amount by which capital outlay exceeded depreciation for the year.

Capital outlay	1,006,554
Depreciation	(587,001)
	<u>419,553</u>

The issuance of long-term debt provides current financial resources to governmental
 funds. The repayment of the principal of long-term debt is a use of current
 financial resources of governmental funds. In the Statement of Activities,
 interest is accrued on outstanding debt whereas, in the governmental funds,
 an interest expenditure is reported when due. The following is the detail of
 the net effect of these differences.

Lease proceeds	(1,102,749)
Discount on certificates of participation	(11,602)
Accrued interest payable	266
Repayment of principal on leases	294,602
	<u>(819,483)</u>

Some expenditures reported in the governmental funds represent the use of current
 financial resources and were recognized in the Statement of Activities when incurred.

	<u>(4,115)</u>
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Change in net position of governmental activities	<u>\$ 815,438</u>
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See accompanying notes.

CITY OF BOLIVAR, MISSOURI
STATEMENT OF NET POSITION – ENTERPRISE FUND
December 31, 2014

	<u>Water and Sewer Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 636,903
Investments	148,669
Utilities receivable, net	266,920
Prepaid expenses	<u>27,173</u>
TOTAL CURRENT ASSETS	1,079,665
Restricted Assets	
Cash and cash equivalents	<u>593,218</u>
TOTAL RESTRICTED ASSETS	593,218
Property, Plant and Equipment	
Land	132,231
Equipment and furniture	2,082,884
Water and sewer system	16,429,979
Buildings and improvements	582,993
Less Accumulated Depreciation	<u>(9,393,275)</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>9,834,812</u>
TOTAL ASSETS	11,507,695
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts payable	91,739
Accrued expenses	45,009
Customer deposits	122,460
Accrued interest payable	5,501
Current portion of long-term debt	<u>385,115</u>
TOTAL CURRENT LIABILITIES	649,824
Long-Term Liabilities	
Capital leases payable	1,629,156
Compensated absences payable	<u>7,545</u>
TOTAL LONG-TERM LIABILITIES	<u>1,636,701</u>
TOTAL LIABILITIES	<u>2,286,525</u>
Net Position	
Net investment in capital assets	8,289,799
Restricted	-
Unrestricted	<u>931,371</u>
TOTAL NET POSITION	<u>\$ 9,221,170</u>

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – ENTERPRISE FUND
Year Ended December 31, 2014

	<u>Water and Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 2,931,853
Other charges	<u>86,011</u>
TOTAL OPERATING REVENUES	3,017,864
OPERATING EXPENSES	
Salaries and wages	851,208
Employee Benefits	171,759
Materials and supplies	252,985
Utilities	646,587
Insurance	82,522
Repairs and maintenance	186,555
Travel and conferences	10,513
Depreciation	594,140
Miscellaneous	<u>10,660</u>
TOTAL OPERATING EXPENSES	<u>2,806,929</u>
OPERATING INCOME	210,935
NONOPERATING REVENUES (EXPENSES)	
Interest income	254
Interest expense	<u>(55,586)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(55,332)</u>
INCOME BEFORE OPERATING TRANSFERS	155,603
OPERATING TRANSFERS IN	<u>20,503</u>
NET INCOME	176,106
NET POSITION, January 1, as restated	<u>9,045,064</u>
NET POSITION, December 31	<u><u>\$ 9,221,170</u></u>

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
STATEMENT OF CASH FLOWS – ENTERPRISE FUND
Year Ended December 31, 2014

	<u>Water and Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 3,101,175
Cash paid to employees	(1,024,544)
Cash paid to suppliers	<u>(1,195,141)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	881,490
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>20,503</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	20,503
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(229,180)
Capital lease proceeds	278,374
Payment of principal on capital leases	(654,147)
Payment of interest expense	<u>(56,515)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(661,468)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	254
Maturity of investments	<u>1,174</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,428</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	241,953
CASH AND CASH EQUIVALENTS, Beginning of year	<u>988,168</u>
CASH AND CASH EQUIVALENTS, End of year	1,230,121
LESS RESTRICTED CASH AND CASH EQUIVALENTS	<u>(593,218)</u>
UNRESTRICTED CASH AND CASH EQUIVALENTS	<u><u>\$ 636,903</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 210,935
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	594,140
(Increase) decrease in:	
Utilities receivable	71,351
Prepaid expenses	12,597
Increase (decrease) in:	
Accounts payable	(17,916)
Accrued expenses	1,720
Compensated absences	(3,297)
Customer deposits payable	<u>11,960</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 881,490</u></u>

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bolivar, Missouri (the City) is a fourth class City under Missouri State Statutes and is governed under a Mayor/Board of Aldermen form of government. The City provides a range of municipal services, including general government administration, public safety, recreation, cemetery, economic development, street maintenance, airport facilities, and waterworks and sewerage operations.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Financial Reporting Entity

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

The City of Bolivar, Missouri, is a primary government, which is governed by an elected Board of Aldermen. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that the entity described in the following paragraph meets the above criteria and therefore, has been included as a component unit in the City's basic financial statements.

Component Unit

Industrial Development Authority

The IDA is a not-for-profit corporation established by resolution of the Board of Aldermen and formed under RSMo Chapter 349, the Industrial Development Corporations Act. It is designed to develop, advance, encourage and promote commercial, industrial and manufacturing facilities in the City. The IDA Board of Directors is appointed by the Board of Aldermen of the City of Bolivar, Missouri. The City provides the IDA financial and administrative support.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

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

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

FUND FINANCIAL STATEMENTS

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds.

Street Fund: The Street Fund of the City is used to account for resources restricted, committed or assigned for City streets.

½ Cent Capital Improvement Fund: This fund is used to account for financial resources restricted, committed or assigned for the acquisition, construction, and maintenance of major capital assets of the City.

Recreation Facility Fund: The Recreation Facility Fund is used to account for financial resources restricted, committed or assigned for City recreation and parks.

Fire Fund: The Fire Fund is used to account for financial resources restricted, committed or assigned for the City Fire Department.

The City reports the following major proprietary fund:

Water and Sewer Fund: The Water and Sewer Fund accounts for the activities and capital improvements of the City's water and sewer operations.

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Historically, governmental infrastructure assets have not been capitalized and reported in the financial statements. In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the city elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Buildings	40 - 50 years
Equipment	5 - 20 years
Vehicles	10 - 20 years
Water and sewer plant	20 - 50 years
Infrastructure	30 - 50 years

Expenditures for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

Pooled Cash and Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements.

Compensated Absences

Employees earn vacation time based on the number of years' service to the City. Outstanding vacation leave is payable upon termination of employment. Compensated absences are recorded as a liability in the Statement of Net Position.

Use of Estimates

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest Capitalization

Interest expense that relates to the cost of acquiring or constructing capital assets in the Enterprise Fund is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction in accordance with Governmental Accounting Standards Board (GASB) Statement Section 1400-120-137 – *Capitalization of Interest Cost*. There was no interest capitalized during the current fiscal year.

Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position 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.

Unrestricted – Consists of net position that does not meet the determination of restricted or net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City first applies restricted amounts.

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Committed fund balance – This consists of fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City’s Board of Aldermen.

Assigned fund balance – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the City’s deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2014, all bank balances on deposit are entirely insured or collateralized.

NOTE C – INVESTMENTS

The City’s investments as of December 31, 2014, are as follows:

Investment Type	Maturity	Amount
Series EE Treasury bonds	12/1/2032	\$ 9,486
Certificates of Deposit	4/10/2015 - 7/10/2015	657,079
		<u>\$ 666,565</u>

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE C – INVESTMENTS (continued)

Certificates of Deposit

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. State statutes require that the City’s deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2014, all certificates of deposit are entirely insured or collateralized with securities.

Interest Rate Risk

The City does not have a policy on interest rate risk.

NOTE D – RESTRICTED ASSETS

Governmental Activities

Cash and investments and net position have been restricted in the following funds:

	<u>Restricted Cash and Investments</u>	<u>Restricted Net Position</u>
GENERAL FUND		
Court bonds	\$ 9,604	\$ -
Drug forfeiture	20,231	20,231
	<u>\$ 29,835</u>	<u>\$ 20,231</u>
STREET FUND		
Transportation taxes	<u>\$ -</u>	<u>\$ 1,343,050</u>
1/2 CENT CAPITAL IMPROVEMENT FUND		
Capital improvement taxes	<u>\$ -</u>	<u>\$ 997,828</u>
RECREATION FACILITY FUND		
2010 A&B Certificates of Participation		
Principal and interest	<u>\$ 3,181</u>	<u>\$ 3,181</u>
FIRE FUND		
Fire truck lease proceeds	<u>\$ 510,208</u>	<u>\$ -</u>

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE D – RESTRICTED ASSETS (continued)

	Restricted Cash and Investments	Restricted Net Position
NON-MAJOR GOVERNMENTAL FUNDS		
Cemetery perpetual care	\$ 31,873	\$ 31,873
Cemetery donations	60,000	60,000
Airport deposits	2,310	-
Corbett donation	-	282,320
Bolivar Charitable Trust	-	28,565
Plaza of the Americas	-	41,849
	<u>\$ 94,183</u>	<u>\$ 444,607</u>

Business-Type Activities

Restricted cash and cash equivalents and net position include cash restricted for wastewater improvements, customer deposits and performance bonds. These restrictions are as follows:

	Restricted Cash and Cash Equivalents	Restricted Net Position
Wastewater Improvements Lease Proceeds	\$ 469,258	\$ -
Utility Deposits	122,460	-
Performance Bonds	1,500	-
	<u>\$ 593,218</u>	<u>\$ -</u>

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE E – ACCOUNTS RECEIVABLE

Accounts receivable are presented net of an allowance for doubtful accounts as follows:

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net Accounts Receivable</u>
UTILITIES RECEIVABLE			
Water and Sewer Fund	<u>\$ 268,240</u>	<u>\$ 1,320</u>	<u>\$ 266,920</u>
COURT FINES RECEIVABLE			
General Fund	<u>\$ 47,547</u>	<u>\$ 8,614</u>	<u>\$ 38,933</u>

NOTE F – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES

The business-type activities long-term debt at December 31, 2014, consists of three capital lease obligations and compensated absences.

Capital Lease Agreement – Water Tower

During 2002, the City entered into a lease purchase agreement with the Industrial Development Authority of the City of Bolivar, Inc. to finance the purchase of a water tower, well, and the land on which the aforementioned is located. During 2007, the City refinanced this lease under the City’s name. The lease has been recorded as a lease obligation payable in the Water and Sewer Fund.

The City's lease/purchase agreement provides for the cancellation of the lease at the City's option on the renewal dates each year per State statute, however the City does not foresee exercising its option to cancel. Therefore, this lease is accounted for as a noncancellable capital lease in accordance with GASB Section L20, “Leases”.

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE F – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

The following is a schedule of the future minimum payments under the lease agreement (assuming noncancellation):

Year Ended December 31,	IDA Water Tower Lease Purchase
2015	\$ 116,005
2016	116,005
2017	87,004
TOTAL MINIMUM LEASE PAYMENTS	319,014
LESS AMOUNT REPRESENTING INTEREST	(7,849)
PRINCIPAL BALANCE, DECEMBER 31, 2014	<u>\$ 311,165</u>

Capital Lease Agreement – Public Works Building

On April 30, 2009, the City entered into a lease purchase agreement to finance the purchase of a building. On April 10, 2014, this lease was refinanced. The lease is split between the street, water, sewer and utilities departments. Three-fourths of the lease activity is included in the business-type activities and one-fourth of the lease activity is included in the governmental activities. The agreement requires monthly payments of \$2,624 including interest at 2.509%, with a final principal payment of \$150,135 in April 2019.

The City's lease/purchase agreement provides for the cancellation of the lease at the City's option on the renewal dates each year per State statute, however the City does not foresee exercising its option to cancel. Therefore, this lease is accounted for as a noncancellable capital lease in accordance with GASB Section L20, "Leases".

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE F – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

The following is a schedule of future lease payments under the lease (assuming noncancellation):

Year Ended December 31,	Principal	Interest	Total
2015	\$ 25,210	\$ 6,279	\$ 31,489
2016	25,849	5,640	31,489
2017	26,506	4,983	31,489
2018	27,178	4,311	31,489
2019	157,037	1,285	158,322
	<u>\$ 261,780</u>	<u>\$ 22,498</u>	<u>\$ 284,278</u>

Capital Lease Agreement

On April 30, 2013, the City entered into a cancelable lease agreement with Clayton Holdings, LLC (Commerce Bank) in the amount of \$1,804,084 to pay off an existing lease for wastewater treatment plant improvements in the amount of \$386,493 and to finance new wastewater treatment plant improvements. The agreement requires semi-annual payments of \$140,202 including interest at 2.29%.

The City's lease/purchase agreement provides for the cancellation of the lease at the City's option on the renewal dates each year per State statute, however the City does not foresee exercising its option to cancel. Therefore, this lease is accounted for as a noncancellable capital lease in accordance with GASB Section L20, "Leases".

The following is a schedule of future lease payments under the lease (assuming noncancellation):

Year Ended December 31,	Principal	Interest	Total
2015	\$ 248,814	\$ 31,590	\$ 280,404
2016	254,545	25,859	280,404
2017	260,407	19,997	280,404
2018	266,405	13,999	280,404
2019	272,540	7,864	280,404
2020	138,615	1,588	140,203
	<u>\$ 1,441,326</u>	<u>\$ 100,897</u>	<u>\$ 1,542,223</u>

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE F – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

A summary of the changes in long-term debt – business-type activities for the year ended December 31, 2014, is as follows:

	Balance December 31, 2013	Additions	Retirements	Balance December 31, 2014	Amounts Due Within One Year
Capital Leases Payable	\$ 2,390,044	\$ 278,374	\$ 654,147	\$ 2,014,271	\$ 385,115
Compensated Absences Payable	10,842	-	3,297	7,545	-
	<u>\$ 2,400,886</u>	<u>\$ 278,374</u>	<u>\$ 657,444</u>	<u>\$ 2,021,816</u>	<u>\$ 385,115</u>

NOTE G – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

Long-term debt for governmental activities at December 31, 2014, consists of five capital lease obligations, Series 2010A and 2010B Certificates of Participation, compensated absences, and post-employment pension obligation.

Capital Lease Agreement – Airport Land

During 2007, the City entered into a lease purchase agreement with Commerce Bank, N.A. to finance the purchase of land to be used for the airport. The property has been accounted for in the Airport Fund. The lease agreement requires monthly payments through 2017 including an interest rate of 2.36%.

Capital Lease Agreement – Public Works Building

On April 30, 2009, the City entered into a lease purchase agreement to finance the purchase of a building. On April 10, 2014, this lease was refinanced. The lease is split between the street, water, sewer and utilities departments. One-fourth of the lease activity is included in the governmental activities and three-fourths of the lease activity is included in the business-type activities. The agreement requires monthly payments of \$875 including interest at 2.509% with a final principal payment of \$50,045 in April 2019.

Capital Lease Agreement – Technology Equipment

During 2012, the City entered into a lease purchase agreement to finance the purchase of technology equipment. The agreement requires monthly payments of \$2,496 including interest at 8%.

CITY OF BOLIVAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE G – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (continued)

Capital Lease Agreement – Fire Truck

On December 18, 2014, the City entered into a lease purchase agreement to finance the purchase of a fire truck in the amount of \$509,958. The agreement requires monthly payments of \$5,033 including interest at 4%. As of December 31, 2014, the City had not purchased the fire truck and the lease proceeds were deposited in an escrow account with Commerce Bank. The balance in the account at year end was \$510,208.

Capital Lease Agreement – Public Safety Building

On January 30, 2014, the City entered into a lease purchase agreement to finance the purchase of a Public Safety Building and land in the amount of \$500,000. The agreement requires monthly payments of \$3,325 including interest at 2.46%.

The City's lease/purchase agreements provide for the cancellation of the leases at the City's option on the renewal dates each year per State statute, however the City does not foresee exercising its option to cancel. Therefore, these leases are accounted for as noncancellable capital leases in accordance with GASB Section L20, "Leases".

The following is a schedule of the future minimum lease payments under the lease agreements (assuming noncancellation):

Year Ended December 31,	Airport Land Lease	Public Works Building Lease	Technology Equipment Lease	Fire Truck Lease	Public Safety Building Lease	Total
2015	\$ 53,677	\$ 10,496	\$ 29,952	\$ 45,301	\$ 39,897	\$ 179,323
2016	53,677	10,496	29,952	60,402	39,897	194,424
2017	40,257	10,496	29,952	60,402	39,897	181,004
2018	-	10,496	-	60,402	39,897	110,795
2019	-	52,774	-	60,402	39,897	153,073
2020	-	-	-	60,402	355,962	416,364
2021	-	-	-	60,402	-	60,402
2022	-	-	-	60,402	-	60,402
2023	-	-	-	60,402	-	60,402
2024	-	-	-	50,335	-	50,335
TOTAL MINIMUM LEASE PAYMENTS	147,611	94,758	89,856	578,852	555,447	1,466,524
LESS AMOUNT REPRESENTING INTEREST	(4,824)	(7,498)	(14,580)	(68,894)	(80,971)	(176,767)
PRINCIPAL BALANCE, DECEMBER 31, 2014	<u>\$ 142,787</u>	<u>\$ 87,260</u>	<u>\$ 75,276</u>	<u>\$ 509,958</u>	<u>\$ 474,476</u>	<u>\$ 1,289,757</u>

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE G – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (continued)

Series 2010A and 2010B Certificates of Participation

On December 23, 2010, the City issued \$1,675,000 Tax Exempt Certificates of Participation, Series 2010A and \$4,775,000 Taxable Certificates of Participation (Build America Bonds – Direct Pay), Series 2010B. The Certificates were issued to provide financing of the costs related to the acquisition, construction, improvement, furnishing and equipping of an aquatic center, certain improvements to the City’s golf course and parks and for six police vehicles. The Certificates of Participation bear interest from 1.25% to 8.50% with principal payments due November 1 and interest payments due May 1 and November 1 each year. The City will receive an interest subsidy from the U.S. Treasury semi-annually to offset approximately 35% of the cost of interest payments on the Series 2010B Certificates of Participation. The City is required to file specific forms with the IRS before each interest payment is due in order to receive the subsidy. The Certificates of Participation outstanding at December 31, 2014, are due as follows:

Year Ended December 31,	Principal	Interest	Interest Subsidy	Total
2015	\$ 80,000	\$ 461,192	\$ (141,409)	\$ 399,783
2016	90,000	459,113	(141,409)	407,704
2017	95,000	456,413	(141,409)	410,004
2018	105,000	453,206	(141,409)	416,797
2019	110,000	449,400	(141,409)	417,991
2020	120,000	445,000	(141,409)	423,591
2021	130,000	439,900	(141,409)	428,491
2022	140,000	434,180	(141,409)	432,771
2023	150,000	427,740	(141,409)	436,331
2024	160,000	420,615	(141,409)	439,206
2025	175,000	412,775	(141,409)	446,366
2026	185,000	404,025	(141,409)	447,616
2027	200,000	390,150	(136,553)	453,597
2028	215,000	373,150	(130,603)	457,547
2029	230,000	354,875	(124,206)	460,669
2030	250,000	335,325	(117,364)	467,961
2031	270,000	314,075	(109,926)	474,149
2032	285,000	291,125	(101,894)	474,231
2033	305,000	266,900	(93,415)	478,485
2034	330,000	240,975	(84,341)	486,634
2035	350,000	212,925	(74,524)	488,401
2036	375,000	183,175	(64,111)	494,064
2037	400,000	151,300	(52,955)	498,345
2038	430,000	117,300	(41,055)	506,245
2039	460,000	80,750	(28,263)	512,487
2040	490,000	41,650	(14,578)	517,072
	<u>\$ 6,130,000</u>	<u>\$ 8,617,234</u>	<u>\$ (2,870,696)</u>	<u>\$ 11,876,538</u>

CITY OF BOLIVAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE G – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (continued)

A summary of the changes in the long-term debt-governmental activities for the year ended December 31, 2014, is as follows:

	Balance December 31, 2013	Additions	Retirements	Balance December 31, 2014	Amounts Due Within One Year
Capital Leases Payable	\$ 406,610	\$ 1,102,749	\$ 219,602	\$ 1,289,757	\$ 146,840
Certificates of Participation	6,205,000	-	75,000	6,130,000	80,000
Less: Discount on Certificates of Participation	<u>(313,254)</u>	<u>-</u>	<u>(11,602)</u>	<u>(301,652)</u>	<u>-</u>
	5,891,746	-	63,398	5,828,348	80,000
Compensated Absences Payable	15,778	6,529	-	22,307	-
Post Employment Pension Liability	<u>125,228</u>	<u>-</u>	<u>2,414</u>	<u>122,814</u>	<u>-</u>
	<u>\$ 6,439,362</u>	<u>\$ 1,109,278</u>	<u>\$ 285,414</u>	<u>\$ 7,263,226</u>	<u>\$ 226,840</u>

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

Primary Government

	Balance December 31, 2013	Additions	Deletions	Balance December 31, 2014
GOVERNMENTAL ACTIVITIES				
Non-depreciable Capital Assets:				
Land	\$ 712,020	\$ 50,000	\$ -	\$ 762,020
Construction in progress	-	25,449	-	25,449
Total Non-depreciable Capital Assets	712,020	<u>\$ 75,449</u>	<u>\$ -</u>	787,469

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE H – CAPITAL ASSETS (continued)

	Balance December 31, 2013	Additions	Deletions	Balance December 31, 2014
Depreciable Capital Assets:				
Buildings and land improvements	10,035,236	\$ 791,778	\$ -	10,827,014
Equipment and furniture	4,738,070	157,407	32,274	4,863,203
Infrastructure	10,041,366	14,194	-	10,055,560
Total Depreciable Capital Assets	24,814,672	\$ 963,379	\$ 32,274	25,745,777
Less Accumulated Depreciation	(7,450,314)	\$ (615,944)	\$ (28,943)	(8,037,315)
Total Depreciable Capital Assets, net	17,364,358			17,708,462
Total Governmental Activities Capital Assets, net	\$ 18,076,378			\$ 18,495,931

Depreciation expense for governmental activities was charged to functions as follows:

Fire	\$ 19,350
Public safety	53,943
Recreation and parks	152,594
Rails to trails	16,750
Golf course	15,187
Transportation	212,183
Airport	142,505
Cemetery	3,432
	<u>\$ 615,944</u>

CITY OF BOLIVAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE H – CAPITAL ASSETS (continued)

	Balance December 31, 2013	Additions	Deletions	Balance December 31, 2014
BUSINESS-TYPE ACTIVITIES				
Non-depreciable Capital Assets:				
Land	\$ 132,231	\$ -	\$ -	\$ 132,231
Total Non-depreciable Capital Assets	132,231	<u>\$ -</u>	<u>\$ -</u>	132,231
Depreciable Capital Assets:				
Equipment and furniture	2,025,795	\$ 57,089	\$ -	2,082,884
Water and sewer system	16,250,606	179,373	-	16,429,979
Buildings and improvements	582,993	-	-	582,993
Total Depreciable Capital Assets	18,859,394	<u>\$ 236,462</u>	<u>\$ -</u>	19,095,856
Less Accumulated Depreciation	(8,799,135)	<u>\$ (594,140)</u>	<u>\$ -</u>	(9,393,275)
Total Depreciable Capital Assets, net	<u>10,060,259</u>			<u>9,702,581</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 10,192,490</u>			<u>\$ 9,834,812</u>

Industrial Development Authority

	Balance December 31, 2013	Additions	Deletions	Balance December 31, 2014
Non-depreciable Capital Assets:				
Land	\$ 554,725	\$ -	\$ -	\$ 554,725
Total Non-Depreciable Capital Assets	<u>\$ 554,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 554,725</u>

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE I – ASSESSED VALUATION AND LEGAL DEBT MARGIN

The assessed valuation of the tangible property is as follows:

	<u>2014</u>
Assessed Valuation	
Real estate	\$ 80,073,326
Personal property	<u>15,316,047</u>
TOTAL	<u><u>\$ 95,389,373</u></u>

The legal debt margin at December 31, 2014, was computed as follows:

	<u>General Obligation Bonds</u>		
	<u>Ordinary (1)</u>	<u>Additional (2)</u>	<u>Total</u>
Constitutional Debt Limit	\$ 9,538,937	\$ 9,538,937	\$ 19,077,874
General Obligation Bonds Payable	<u>-</u>	<u>-</u>	<u>-</u>
LEGAL DEBT MARGIN	<u><u>\$ 9,538,937</u></u>	<u><u>\$ 9,538,937</u></u>	<u><u>\$ 19,077,874</u></u>

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

NOTE J – EMPLOYEE PENSION PLAN

Plan Description

The City of Bolivar participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Funding Status

Full-time employees of the City of Bolivar contribute 4% of their gross pay to the pension plan. The June 30th statutorily required contribution rates are 7.9% (General), 3.7% (Police), and 8.2% (Fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 143,246
Interest on net pension obligation	9,079
Adjustment to annual required contribution	(6,909)
Annual pension cost	<u>145,416</u>
Actual contributions	<u>147,830</u>
(Decrease) in NPO	(2,414)
NPO beginning of year	<u>125,228</u>
NPO end of year	<u><u>\$ 122,814</u></u>

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE J – EMPLOYEE PENSION PLAN (continued)

The annual required contribution (ARC) was determined as part of the February 29, 2012, and/or February 28, 2013, annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2014, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 29, 2012, was 21 years for the General division, 15 years for the Police division, and 2 years for the Fire division. The amortization period as of February 28, 2013, was 30 years for the General division, 30 years for the Police division, and 19 years for the Fire division

Three-Year Trend Information

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 136,446	80.4%	\$ 115,103
2013	114,096	91.1%	125,228
2014	145,416	101.7%	122,814

The actuarial valuation revealed the following relating to the financial position of the Plan:

	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll	UAL as a Percentage of Covered Payroll
2/28/2014	\$ 2,282,997	\$ 2,612,387	\$ 329,390	87%	\$ 2,338,802	14%

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The information contained in the multi-year trend information was derived based on the actuarial methods and assumptions noted above.

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE K – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE L – CLAIMS AND ADJUSTMENTS

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of December 31, 2014, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

NOTE M – INTERFUND TRANSFERS

Transfers between funds of the City for the year ended December 31, 2014, were as follows:

	Transfers In (Out)
General Fund	\$ 232,033
1/2 Cent Capital Improvement Fund	(936,128)
Recreation Facility Fund	613,425
Fire Fund	93,522
Non-major Funds	(23,355)
Water and Sewer Fund	20,503
	<u>\$ -</u>

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them.

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE N – COMMITMENT

On December 18, 2014, the City approved a contract with Southtown Utilities Company, Inc. (seller) to purchase the seller’s interest in the public utility system located in and around the Karlin Acres Development in Polk County, Missouri, in the amount of \$3,750,000. The sale shall be closed on or before December 31, 2015. The City has plans to, but has not secured financing at this time.

NOTE O – DEFERRED COURT FINES

Revenues from receivables not expected to be collected in time to pay current operating expenses are deferred until received in the governmental funds. These deferred court fines are to be collected over several years. All of the deferred court fines at December 31, 2014, are accounted for as follows:

General Fund	
Deferred court fines	<u><u>\$ 24,611</u></u>

NOTE P– INTERNAL BALANCES

Internal balances as of December 31, 2014, consisted of the following:

	<u>Greenwood Cemetery Fund</u>	<u>Recreation Facility Fund</u>	<u>Street Fund</u>
Internal balances	<u><u>\$ (87,821)</u></u>	<u><u>\$ (310,048)</u></u>	<u><u>\$ 397,869</u></u>

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of December 31, 2014, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

CITY OF BOLIVAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE Q – DEFICIT FUND BALANCE

As of December 31, 2014, the City had a deficit fund balance of \$240,793 in the Recreation Facility Fund.

NOTE R – RESTATEMENT

Net position for the Business-Type Activities/Water and Sewer Fund has been restated due to a change in the interest rate on the Water Tower Lease Purchase, which changed the allocation of principal and interest paid in prior years.

The restatement is as follows:

<u>Water and Sewer Fund/Business-Type Activities</u>	
Net Position, as previously stated, December 31, 2013	\$ 8,903,611
Leases payable	<u>141,453</u>
Net Position, as restated, January 1, 2014	<u><u>\$ 9,045,064</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BOLIVAR, MISSOURI
 SCHEDULE OF FUNDING PROGRESS
 Year Ended December 31, 2014

Missouri Local Government Employees Retirement System (LAGERS)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/29/2012	\$ 3,011,408	\$ 3,316,875	\$ 305,467	91%	\$ 2,130,651	14%
2/28/2013	2,176,496	2,448,901	272,405	89%	1,594,425	17%
2/28/2014	2,282,997	2,612,387	329,390	87%	2,338,802	14%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

CITY OF BOLIVAR, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Sales tax	\$ 1,700,500	\$ 1,700,500	\$ 1,867,917	\$ 167,417
Utility franchise tax	193,500	193,500	219,278	25,778
Surtax	29,000	29,000	31,736	2,736
	<u>1,923,000</u>	<u>1,923,000</u>	<u>2,118,931</u>	<u>195,931</u>
Licenses and Permits				
Merchant licenses	20,000	20,000	22,083	2,083
Building permits	2,000	2,000	1,300	(700)
Solicitor permits	7,000	7,000	6,930	(70)
Trash permits	-	-	45	45
Inspection fees	33,000	33,000	29,949	(3,051)
Zoning fees	-	-	1,837	1,837
Animal license and fees	4,000	4,000	5,794	1,794
	<u>66,000</u>	<u>66,000</u>	<u>67,938</u>	<u>1,938</u>
Intergovernmental Revenues				
Law enforcement grants	-	3,000	34,247	31,247
	<u>-</u>	<u>3,000</u>	<u>34,247</u>	<u>31,247</u>
Fines and Forfeitures				
City court fines	150,000	140,000	117,840	(22,160)
Miscellaneous fines and forfeitures	3,700	8,200	2,697	(5,503)
	<u>153,700</u>	<u>148,200</u>	<u>120,537</u>	<u>(27,663)</u>
Miscellaneous				
Interest	5,000	5,000	5,366	366
Other	27,400	29,900	31,210	1,310
	<u>32,400</u>	<u>34,900</u>	<u>36,576</u>	<u>1,676</u>
TOTAL REVENUES	2,175,100	2,175,100	2,378,229	203,129

CITY OF BOLIVAR, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
 Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
EXPENDITURES				
Current				
Administrative	-	44,110	-	44,110
Public safety	1,760,400	2,214,200	2,017,407	196,793
Municipal court	171,220	329,620	138,263	191,357
Community development	75,500	90,500	114,111	(23,611)
Animal pound	127,430	130,480	127,004	3,476
TOTAL EXPENDITURES	<u>2,134,550</u>	<u>2,808,910</u>	<u>2,396,785</u>	<u>412,125</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	40,550	(633,810)	(18,556)	615,254
OTHER FINANCING SOURCES (USES)				
Lease proceeds	-	250,000	250,000	-
Operating transfers in	388,500	388,500	398,913	10,413
Operating transfers (out)	(40,000)	(190,893)	(166,880)	24,013
TOTAL OTHER FINANCING SOURCES (USES)	<u>348,500</u>	<u>447,607</u>	<u>482,033</u>	<u>34,426</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	389,050	(186,203)	463,477	649,680
FUND BALANCE, January 1	<u>560,788</u>	<u>560,788</u>	<u>560,788</u>	<u>-</u>
FUND BALANCE, December 31	<u>\$ 949,838</u>	<u>\$ 374,585</u>	<u>\$ 1,024,265</u>	<u>\$ 649,680</u>

CITY OF BOLIVAR, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – STREET FUND
 Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Sales tax	\$ 696,000	\$ 696,000	\$ 766,706	\$ 70,706
Motor vehicle tax	362,000	362,000	389,340	27,340
	<u>1,058,000</u>	<u>1,058,000</u>	1,156,046	98,046
Permits and fees	2,116,000			
Storm water drain fees	1,000	1,000	50	(950)
Miscellaneous				
Interest	800	800	167	(633)
Other	6,500	6,500	2,244	(4,256)
	<u>7,300</u>	<u>7,300</u>	2,411	(4,889)
TOTAL REVENUES	1,066,300	1,066,300	1,158,507	92,207
EXPENDITURES				
Current				
Transportation	712,170	1,003,070	889,646	113,424
Debt service				
Principal and interest	11,000	15,000	103,586	(88,586)
TOTAL EXPENDITURES	<u>723,170</u>	<u>1,018,070</u>	<u>993,232</u>	<u>24,838</u>
EXCESS OF REVENUES OVER EXPENDITURES	343,130	48,230	165,275	117,045
OTHER FINANCING SOURCES				
Operating transfers in	104,000	104,000	-	(104,000)
Lease proceeds	-	-	92,791	92,791
TOTAL OTHER FINANCING SOURCES	<u>104,000</u>	<u>104,000</u>	<u>92,791</u>	<u>(11,209)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	447,130	152,230	258,066	105,836
FUND BALANCE, January 1	1,103,780	1,103,780	1,103,780	-
FUND BALANCE, December 31	<u>\$ 1,550,910</u>	<u>\$ 1,256,010</u>	<u>\$ 1,361,846</u>	<u>\$ 105,836</u>

CITY OF BOLIVAR, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – ½ CENT CAPITAL IMPROVEMENT FUND
 Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Sales tax	\$ 865,000	\$ 865,000	\$ 933,936	\$ 68,936
TOTAL REVENUES	<u>865,000</u>	<u>865,000</u>	<u>933,936</u>	<u>68,936</u>
EXPENDITURES				
Capital improvement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	865,000	865,000	933,936	68,936
OTHER FINANCING (USES)				
Operating transfers (out)	<u>(574,500)</u>	<u>(574,500)</u>	<u>(936,128)</u>	<u>(361,628)</u>
TOTAL OTHER FINANCING (USES)	<u>(574,500)</u>	<u>(574,500)</u>	<u>(936,128)</u>	<u>(361,628)</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES AND OTHER (USES)	290,500	290,500	(2,192)	(292,692)
FUND BALANCE, January 1	<u>1,000,020</u>	<u>1,000,020</u>	<u>1,000,020</u>	<u>-</u>
FUND BALANCE, December 31	<u><u>\$ 1,290,520</u></u>	<u><u>\$ 1,290,520</u></u>	<u><u>\$ 997,828</u></u>	<u><u>\$ (292,692)</u></u>

CITY OF BOLIVAR, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – RECREATION FACILITY FUND
 Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Sales tax	\$ 400,000	\$ 400,000	\$ 438,838	\$ 38,838
Charges for services	194,000	194,000	141,571	(52,429)
Intergovernmental revenue	-	-	23,240	23,240
Other	180,500	181,000	36,753	(144,247)
TOTAL REVENUES	774,500	775,000	640,402	(134,598)
EXPENDITURES				
Current				
Recreation and parks	187,000	377,033	405,590	(28,557)
Rails to trails	-	-	8,116	(8,116)
Aquatic center	399,350	419,450	267,613	151,837
Golf course	191,090	197,390	223,165	(25,775)
Debt service				
Principal and interest	333,000	333,000	415,202	(82,202)
TOTAL EXPENDITURES	1,110,440	1,326,873	1,319,686	7,187
(DEFICIT) OF REVENUES OVER EXPENDITURES				
	(335,940)	(551,873)	(679,284)	(127,411)
OTHER FINANCING SOURCES				
Operating transfers in	402,500	552,709	613,425	60,716
TOTAL OTHER FINANCING SOURCES	402,500	552,709	613,425	60,716
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES				
	66,560	836	(65,859)	(66,695)
FUND BALANCE (DEFICIT), January 1				
	-	-	(174,934)	(174,934)
FUND BALANCE (DEFICIT), December 31				
	\$ 66,560	\$ 836	\$ (240,793)	\$ (241,629)

CITY OF BOLIVAR, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – FIRE FUND
 Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Sales tax	\$ 402,000	\$ 402,000	\$ 440,115	\$ 38,115
Intergovernmental revenue	57,500	317,500	337,460	19,960
Miscellaneous				
Interest	-	-	250	250
Other	3,750	6,142	11,628	5,486
TOTAL REVENUES	463,250	725,642	789,453	63,811
EXPENDITURES				
Current				
Fire	504,905	1,123,897	1,101,392	22,505
Debt service				
Principal and interest	-	21,000	20,783	217
TOTAL EXPENDITURES	504,905	1,144,897	1,122,175	22,722
(DEFICIT) OF REVENUES OVER EXPENDITURES	(41,655)	(419,255)	(332,722)	86,533
OTHER FINANCING SOURCES				
Operating transfers in	11,500	29,710	93,522	63,812
Lease proceeds	-	250,000	759,958	509,958
TOTAL OTHER FINANCING SOURCES	11,500	279,710	853,480	573,770
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(30,155)	(139,545)	520,758	660,303
FUND BALANCE, January 1	287,550	287,550	287,550	-
FUND BALANCE, December 31	<u>\$ 257,395</u>	<u>\$ 148,005</u>	<u>\$ 808,308</u>	<u>\$ 660,303</u>

CITY OF BOLIVAR, MISSOURI
NOTE TO BUDGETARY COMPARISON SCHEDULES
Year Ended December 31, 2014

Budgets and Budgetary Accounting

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to January, Administration submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the Board of Aldermen in late November or early December to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to January 1, ordinances are passed by the Board, which provide for legally adopted budgets for all funds of the City.
4. The City operates on a program performance budget system, with legally adopted budgets prepared by fund, program and department. The level of budgetary control is at the City Administrator level. The City Administrator may direct transfers of appropriations within a department or between departments. Transfers of appropriations between funds require the express approval of the Board of Aldermen.
5. Formal budgetary integration is employed as a management control device for all funds of the City.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by the Board of Aldermen on approved budget adjustment forms.

OTHER FINANCIAL INFORMATION

CITY OF BOLIVAR, MISSOURI
 COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
 December 31, 2014

	Special Revenue Funds				Permanent Funds			Total
	Airport Fund	Economic Development Fund	Greenwood Cemetery Fund	Special Road District Fund	Corbett Donation Fund	Bolivar Charitable Trust Fund	Plaza of the Americas Fund	
ASSETS								
Cash and cash equivalents - unrestricted	\$ 12,320	\$ -	\$ 31,259	\$ 253,363	\$ 32,320	\$ 28,565	\$ 40,071	\$ 397,898
Investments - unrestricted	-	-	21,435	-	250,000	-	1,778	273,213
Taxes receivable	19,349	-	-	-	-	-	-	19,349
Other accounts receivable	64,778	-	407	-	-	-	-	65,185
Restricted cash and cash equivalents	2,310	-	-	-	-	-	-	2,310
Restricted investments	-	-	91,873	-	-	-	-	91,873
TOTAL ASSETS	<u>\$ 98,757</u>	<u>\$ -</u>	<u>\$ 144,974</u>	<u>\$ 253,363</u>	<u>\$ 282,320</u>	<u>\$ 28,565</u>	<u>\$ 41,849</u>	<u>\$ 849,828</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 8,594	\$ -	\$ 3,901	\$ -	\$ -	\$ -	\$ -	\$ 12,495
Customer deposits payable	2,310	-	-	-	-	-	-	2,310
Accrued expenses	-	-	23	-	-	-	-	23
Due to other funds	-	-	87,821	-	-	-	-	87,821
TOTAL LIABILITIES	<u>10,904</u>	<u>-</u>	<u>91,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,649</u>
Fund Balances								
Nonspendable:								
Cemetery perpetual care	-	-	31,873	-	-	-	-	31,873
Permanent	-	-	-	-	282,320	28,565	41,849	352,734
Restricted for:								
Cemetery	-	-	60,000	-	-	-	-	60,000
Assigned to:								
Airport	87,853	-	-	-	-	-	-	87,853
Special road district	-	-	-	253,363	-	-	-	253,363
Unassigned	<u>-</u>	<u>-</u>	<u>(38,644)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,644)</u>
TOTAL FUND BALANCES	<u>87,853</u>	<u>-</u>	<u>53,229</u>	<u>253,363</u>	<u>282,320</u>	<u>28,565</u>	<u>41,849</u>	<u>747,179</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 98,757</u>	<u>\$ -</u>	<u>\$ 144,974</u>	<u>\$ 253,363</u>	<u>\$ 282,320</u>	<u>\$ 28,565</u>	<u>\$ 41,849</u>	<u>\$ 849,828</u>

CITY OF BOLIVAR, MISSOURI
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2014

	Special Revenue Funds				Permanent Funds			Total
	Airport Fund	Economic Development Fund	Greenwood Cemetery Fund	Special Road District Fund	Corbett Donation Fund	Bolivar Charitable Trust Fund	Plaza of the Americas Fund	
REVENUES								
Taxes	\$ 114,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,565
Charges for services	473,077	-	35,445	-	-	-	-	508,522
Interest	-	-	285	-	626	-	40	951
Other	7,630	600	45,490	-	-	32,539	-	86,259
TOTAL REVENUES	595,272	600	81,220	-	626	32,539	40	710,297
EXPENDITURES								
Current								
Airport	481,324	-	-	-	-	-	-	481,324
Economic development	-	14,789	-	-	-	-	-	14,789
Cemetery	-	-	71,491	-	-	-	-	71,491
Fire	-	-	-	-	1,287	-	-	1,287
Debt service								
Principal and interest	72,818	-	-	-	-	-	-	72,818
TOTAL EXPENDITURES	554,142	14,789	71,491	-	1,287	-	-	641,709
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	41,130	(14,189)	9,729	-	(661)	32,539	40	68,588
OTHER FINANCING SOURCES (USES)								
Operating transfers in (out)	-	9,184	-	-	-	(32,539)	-	(23,355)
TOTAL OTHER FINANCING SOURCES (USES)	-	9,184	-	-	-	(32,539)	-	(23,355)
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	41,130	(5,005)	9,729	-	(661)	-	40	45,233
FUND BALANCE, January 1	46,723	5,005	43,500	253,363	282,981	28,565	41,809	701,946
FUND BALANCE, December 31	\$ 87,853	\$ -	\$ 53,229	\$ 253,363	\$ 282,320	\$ 28,565	\$ 41,849	\$ 747,179



**INDEPENDENT AUDITORS' 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***

Honorable Mayor and Board of Aldermen
City of Bolivar
Bolivar, Missouri

We have audited, 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, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bolivar, Missouri, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Bolivar, Missouri's basic financial statements, and have issued our report thereon, dated June 16, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bolivar, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bolivar, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

Honorable Mayor and Board of Aldermen
City of Bolivar
Bolivar, Missouri

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. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. It is identified as item 2014-001.

Compliance and Other Matters

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

City of Bolivar, Missouri's Response to the Finding

The City's response to the findings identified in our audit, described in the accompanying schedule of findings and responses, was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 City of Bolivar, Missouri'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 City of Bolivar, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
June 16, 2015

CITY OF BOLIVAR, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2014

2014-001 Segregation of duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties.