

**CITY OF BOLIVAR, MISSOURI**  
**BASIC FINANCIAL STATEMENTS**  
**Year Ended December 31, 2016**

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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, 2016, 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, 2016, 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, pension information and budgetary comparison information 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.

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.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2017, 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  
July 7, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF BOLIVAR, MISSOURI**  
**December 31, 2016**

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, 2016. 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 \$262,617 or 1% for the year as a result of current year activities. The net position of the City's business activities decreased by \$108,355 or (1%) for the year.
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2016, by \$27.1 million (net position). Of this amount \$2,418,682 was unrestricted and may be used to meet future obligations of the City.
- Total long-term liabilities of the City decreased by \$734,052.

***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 deferred outflows and liabilities and deferred inflows – 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, 2016**

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, 2016**

*Government-Wide Financial Analysis*

**NET POSITION**

The following table presents the condensed Statement of Net Position for the City as of December 31, 2016 and 2015:

	Governmental Activities	Business-Type Activities	Total December 31, 2016	Total December 31, 2015
<b>Assets</b>				
Current and other assets	\$ 4,832,709	\$ 1,048,475	\$ 5,881,184	\$ 6,962,150
Net pension asset	118,070	-	118,070	488,075
Capital assets	19,992,662	13,695,921	33,688,583	33,186,688
	<u>24,943,441</u>	<u>14,744,396</u>	<u>39,687,837</u>	<u>40,636,913</u>
<b>Deferred Outflow of Resources</b>				
Deferred pension outflows	678,707	189,724	868,431	381,466
<b>Liabilities</b>				
Other liabilities	570,563	848,467	1,419,030	1,451,869
Long-term liabilities outstanding	7,035,414	4,762,117	11,797,531	12,531,583
	<u>7,605,977</u>	<u>5,610,584</u>	<u>13,216,561</u>	<u>13,983,452</u>
<b>Deferred Inflow of Resources</b>				
Deferred pension inflows	227,694	31,686	259,380	108,862
<b>Net Position</b>				
Net investment in capital assets	12,685,045	8,862,566	21,547,611	20,638,251
<b>Restricted</b>				
Non-expendable	385,624	-	385,624	384,932
Expendable	2,728,410	-	2,728,410	2,698,751
Unrestricted	1,989,398	429,284	2,418,682	3,204,131
	<u>\$ 17,788,477</u>	<u>\$ 9,291,850</u>	<u>\$ 27,080,327</u>	<u>\$ 26,926,065</u>

Total net position of the City increased by \$154,262 for the year due to current year activities. Total liabilities for the City have decreased by \$766,891. Restricted net position of the City totaled \$3,114,034 as of December 31, 2016.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF BOLIVAR, MISSOURI**  
**December 31, 2016**

**CHANGES IN NET POSITION**

	Governmental Activities	Business-Type Activities	Total Year Ended December 31, 2016	Total Year Ended December 31, 2015
<b>REVENUES AND TRANSFERS</b>				
Program Revenues				
Charges for services	\$ 790,085	\$ 3,265,582	\$ 4,055,667	\$ 3,925,029
Operating grants and contributions	548,976	-	548,976	401,772
Capital grants and contributions	409,629	-	409,629	184,196
General Revenues				
Sales tax	4,970,084	-	4,970,084	4,713,612
Motor vehicle tax	408,390	-	408,390	405,012
Other taxes	33,779	-	33,779	31,725
Franchise fees	207,013	-	207,013	211,643
Interest	14,278	1,008	15,286	8,155
Other revenue	141,306	-	141,306	133,961
Transfers	(13,147)	13,147	-	-
<b>TOTAL REVENUES AND TRANSFERS</b>	<b>7,510,393</b>	<b>3,279,737</b>	<b>10,790,130</b>	<b>10,015,105</b>
<b>EXPENSES</b>				
Administrative	354,051	-	354,051	-
Public safety	2,099,683	-	2,099,683	1,800,336
Municipal Court	151,915	-	151,915	130,714
Community development	192,478	-	192,478	190,075
Animal pound	141,159	-	141,159	131,411
Recreation and parks	563,320	-	563,320	455,921
Rails to trails	15,567	-	15,567	15,567
Aquatic center	272,098	-	272,098	164,670
Golf course	213,640	-	213,640	202,138
Fire	1,002,432	-	1,002,432	928,388
Cemetery	95,732	-	95,732	48,903
Transportation	1,171,008	-	1,171,008	1,127,795
Airport	371,101	-	371,101	377,807
Debt service	603,592	-	603,592	476,149
Water and sewer	-	3,388,092	3,388,092	2,979,660
<b>TOTAL EXPENSES</b>	<b>7,247,776</b>	<b>3,388,092</b>	<b>10,635,868</b>	<b>9,029,534</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 262,617</b>	<b>\$ (108,355)</b>	<b>\$ 154,262</b>	<b>\$ 985,571</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BOLIVAR, MISSOURI  
December 31, 2016**

***Governmental Activities***

Governmental activities increased the net position of the City by \$262,617. Tax revenues for the City were \$5,619,266, which represents 75% of the funding of these activities. Program revenues for the functions totaled \$1,748,690 or 23% 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	\$ 354,051	\$ (52,922)
Public safety	2,099,683	1,899,364
Municipal court	151,915	151,915
Community development	192,478	158,084
Animal pound	141,159	133,710
Recreation and parks	563,320	557,971
Rails to trails	15,567	15,567
Aquatic center	272,098	171,930
Golf course	213,640	114,939
Fire	1,002,432	844,222
Cemetery	95,732	57,552
Transportation	1,171,008	771,008
Airport	371,101	72,154
Debt service	603,592	603,592
	<u>\$ 7,247,776</u>	<u>\$ 5,499,086</u>

***Business-Type Activities***

Business-type activities decreased the City's net position by \$108,355. This is down from the increase received last year from the City's business-type activities. The increase incurred in the prior year was \$152,192.

***Financial Analysis of the City's Funds***

The combined fund balances of the City's governmental funds as of December 31, 2016, were \$4.6 million. The General Fund increased by \$125,715. The Street Fund increased by \$349,690. The ½ Cent Capital Improvement Fund decreased by \$209,518. The Recreation Facility Fund decreased by \$34,230. The Fire Fund decreased by \$117,623.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF BOLIVAR, MISSOURI**  
**December 31, 2016**

***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 \$2,792,273 was increased to \$3,146,324 during the year.
- The original expenditures budget of \$2,796,303 was increased to \$3,150,354 during the year.
- Budgeted revenues were \$186,747 above actual, and budgeted expenditures were \$121,603 above actual.

***Capital Assets and Debt Administration***

**Capital Assets**

Capital assets of the governmental activities were \$19,992,662 (net of accumulated depreciation) as of December 31, 2016. This represents a \$271,485 increase from the prior year. Capital assets for business-type activities were \$13,695,921 as of December 31, 2016. This represents an increase of \$230,410 from the prior year.

**Debt**

Total debt of the governmental activities as of December 31, 2016, was \$7,334,368, which is down \$227,361 from the prior year.

Total debt of the business-type activities as of December 31, 2016, was \$5,193,724, which is down \$650,289 from the prior year.

***Economic Factors and Next Year's Budget***

2016 found the City continuing to increase in its capacity for 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 after year. Though the tasks presented were not easy, 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 has been in previous years. The City continues to see benefits in interest rates and leasing terms, in part because of this approach to the City's finances.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF BOLIVAR, MISSOURI**  
**December 31, 2016**

The City is anticipating a relatively flat (perhaps .5-1.5%) change in revenues for 2017, however, through continued management of City resources, and containment of costs wherever possible, the City anticipates the continued expansion of its financial health in 2017. Having met (and exceeded) 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, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
<b>ASSETS</b>				
<b>Current</b>				
Cash and cash equivalents	\$ 3,344,095	\$ 122,485	\$ 3,466,580	\$ 94,890
Investments	417,621	149,114	566,735	
Taxes receivable	790,222	-	790,222	-
Court fines receivable, net	43,527	-	43,527	-
Intergovernmental receivable	7,305	-	7,305	-
Utilities receivable, net	-	284,752	284,752	-
Other accounts receivable	92,937	-	92,937	-
Prepaid expenses	25,823	12,911	38,734	-
<b>Noncurrent</b>				
Restricted cash and cash equivalents	19,305	479,213	498,518	-
Restricted investments	91,874	-	91,874	-
Net pension asset	118,070	-	118,070	-
Capital Assets:				
Non-depreciable	976,336	216,138	1,192,474	554,725
Depreciable, net	19,016,326	13,479,783	32,496,109	-
<b>TOTAL ASSETS</b>	<b>24,943,441</b>	<b>14,744,396</b>	<b>39,687,837</b>	<b>649,615</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred pension outflows	678,707	189,724	868,431	-

See accompanying notes.

CITY OF BOLIVAR, MISSOURI  
STATEMENT OF NET POSITION (continued)  
December 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
<b>LIABILITIES</b>				
Current				
Accounts payable	53,418	58,990	112,408	-
Accrued expenses	91,405	51,805	143,210	-
Customer deposits payable	875	126,255	127,130	-
Court bonds payable	11,096	-	11,096	-
Unearned revenue	65,273	-	65,273	-
Accrued interest payable	49,542	38,292	87,834	-
Current portion of long-term debt	298,954	573,125	872,079	-
	570,563	848,467	1,419,030	-
Noncurrent				
Capital leases payable	1,381,311	4,611,688	5,992,999	-
Certificates of participation payable, net	5,627,352	-	5,627,352	-
Net pension liability	-	141,518	141,518	-
Compensated absences	26,751	8,911	35,662	-
	7,035,414	4,762,117	11,797,531	-
<b>TOTAL LIABILITIES</b>	<b>7,605,977</b>	<b>5,610,584</b>	<b>13,216,561</b>	<b>-</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred pension inflows	227,694	31,686	259,380	-
<b>NET POSITION</b>				
Net investment in capital assets	12,685,045	8,862,566	21,547,611	554,725
Restricted				
Non-expendable	385,624	-	385,624	-
Expendable	2,728,410	-	2,728,410	-
Unrestricted	1,989,398	429,284	2,418,682	94,890
<b>TOTAL NET POSITION</b>	<b>\$ 17,788,477</b>	<b>\$ 9,291,850</b>	<b>\$ 27,080,327</b>	<b>\$ 649,615</b>

See accompanying notes.



CITY OF BOLIVAR, MISSOURI  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016

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	\$ (354,051)	\$ 52,922	\$ 354,051	\$ -	\$ 52,922	\$ -	\$ 52,922	\$ -
Public safety	(2,099,683)	146,781	51,731	1,807	(1,899,364)	-	(1,899,364)	-
Municipal court	(151,915)	-	-	-	(151,915)	-	(151,915)	-
Community development	(192,478)	34,394	-	-	(158,084)	-	(158,084)	-
Animal pound	(141,159)	6,904	545	-	(133,710)	-	(133,710)	-
Recreation and parks	(563,320)	5,349	-	-	(557,971)	-	(557,971)	-
Rails to trails	(15,567)	-	-	-	(15,567)	-	(15,567)	-
Aquatic center	(272,098)	100,168	-	-	(171,930)	-	(171,930)	-
Golf course	(213,640)	98,701	-	-	(114,939)	-	(114,939)	-
Fire	(1,002,432)	8,961	141,427	7,822	(844,222)	-	(844,222)	-
Cemetery	(95,732)	36,958	1,222	-	(57,552)	-	(57,552)	-
Transportation	(1,171,008)	-	-	400,000	(771,008)	-	(771,008)	-
Airport	(371,101)	298,947	-	-	(72,154)	-	(72,154)	-
Debt service	(603,592)	-	-	-	(603,592)	-	(603,592)	-
TOTAL GOVERNMENTAL ACTIVITIES	(7,247,776)	790,085	548,976	409,629	(5,499,086)	-	(5,499,086)	-
Business-Type Activities								
Water and Sewer	(3,388,092)	3,265,582	-	-	-	(122,510)	(122,510)	-
TOTAL BUSINESS-TYPE ACTIVITIES	(3,388,092)	3,265,582	-	-	-	(122,510)	(122,510)	-
TOTAL PRIMARY GOVERNMENT	<u>\$ (10,635,868)</u>	<u>\$ 4,055,667</u>	<u>\$ 548,976</u>	<u>\$ 409,629</u>	<u>(5,499,086)</u>	<u>(122,510)</u>	<u>(5,621,596)</u>	<u>-</u>
Component Unit								
Industrial Development Authority	<u>\$ (19,825)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,825)</u>
		General Revenues:						
					4,970,084	-	4,970,084	-
					408,390	-	408,390	-
					33,779	-	33,779	-
					207,013	-	207,013	-
					14,278	1,008	15,286	166
					141,306	-	141,306	35
					(13,147)	13,147	-	-
					<u>5,761,703</u>	<u>14,155</u>	<u>5,775,858</u>	<u>201</u>
					262,617	(108,355)	154,262	(19,624)
					<u>17,525,860</u>	<u>9,400,205</u>	<u>26,926,065</u>	<u>669,239</u>
					<u>\$ 17,788,477</u>	<u>\$ 9,291,850</u>	<u>\$ 27,080,327</u>	<u>\$ 649,615</u>

See accompanying notes.

CITY OF BOLIVAR, MISSOURI  
BALANCE SHEET – GOVERNMENTAL FUNDS  
December 31, 2016

	Special Revenue Funds						Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Fund	1/2 Cent Capital Improvement Fund	Recreation Facility Fund	Fire Fund			
<b>ASSETS</b>								
Cash and cash equivalents - unrestricted	\$ 1,098,411	\$ 1,091,120	\$ 833,124	\$ 200	\$ -	\$ 321,240	\$ 3,344,095	
Investments - unrestricted	31,694	112,136	-	-	-	273,791	417,621	
Taxes receivable	322,036	133,626	161,018	76,778	76,797	19,967	790,222	
Court fines receivable, net	43,527	-	-	-	-	-	43,527	
Intergovernmental receivable	-	-	-	-	7,305	-	7,305	
Other accounts receivable	5,138	-	-	10,073	-	77,726	92,937	
Prepaid expenses	8,607	4,304	-	4,304	4,304	4,304	25,823	
Due from other funds	-	297,869	-	-	-	-	297,869	
Restricted cash and cash equivalents	18,323	-	-	107	-	875	19,305	
Restricted investments	-	-	-	-	-	91,874	91,874	
<b>TOTAL ASSETS</b>	<b>\$ 1,527,736</b>	<b>\$ 1,639,055</b>	<b>\$ 994,142</b>	<b>\$ 91,462</b>	<b>\$ 88,406</b>	<b>\$ 789,777</b>	<b>\$ 5,130,578</b>	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>								
<b>Liabilities</b>								
Accounts payable	\$ 15,312	\$ 19,008	\$ -	\$ 623	\$ 743	\$ 17,732	\$ 53,418	
Accrued expenses	54,179	12,643	-	4,563	19,525	495	91,405	
Due to other funds	-	-	-	210,048	-	87,821	297,869	
Customer deposits payable	-	-	-	-	-	875	875	
Court bonds payable	11,096	-	-	-	-	-	11,096	
Unearned revenue	-	-	-	65,273	-	-	65,273	
<b>TOTAL LIABILITIES</b>	<b>80,587</b>	<b>31,651</b>	<b>-</b>	<b>280,507</b>	<b>20,268</b>	<b>106,923</b>	<b>519,936</b>	
<b>Deferred Inflows of Resources</b>								
Deferred court fines	29,204	-	-	-	-	-	29,204	
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>29,204</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,204</b>	

See accompanying notes.

CITY OF BOLIVAR, MISSOURI  
BALANCE SHEET – GOVERNMENTAL FUNDS (continued)  
December 31, 2016

	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	8,607	4,304	-	4,304	4,304	4,304	25,823
Cemetery perpetual care	-	-	-	-	-	31,874	31,874
Permanent	-	-	-	-	-	353,750	353,750
Restricted for:							
Debt service	-	-	-	107	-	-	107
Public safety - drug forfeiture funds	5,432	-	-	-	-	-	5,432
Shop with a cop	1,607	-	-	-	-	-	1,607
Dog pound	188	-	-	-	-	-	188
Transportation	-	1,603,100	-	-	-	-	1,603,100
Capital improvements	-	-	994,142	-	-	-	994,142
Fire	-	-	-	-	63,834	-	63,834
Cemetery	-	-	-	-	-	60,000	60,000
Assigned to:							
Airport	-	-	-	-	-	278,961	278,961
Unassigned	1,402,111	-	-	(193,456)	-	(46,035)	1,162,620
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>1,417,945</b>	<b>1,607,404</b>	<b>994,142</b>	<b>(189,045)</b>	<b>68,138</b>	<b>682,854</b>	<b>4,581,438</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 1,527,736</b>	<b>\$ 1,639,055</b>	<b>\$ 994,142</b>	<b>\$ 91,462</b>	<b>\$ 88,406</b>	<b>\$ 789,777</b>	<b>\$ 5,130,578</b>

See accompanying notes.

CITY OF BOLIVAR, MISSOURI  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF  
 NET POSITION  
 December 31, 2016

Fund balance - total governmental funds	\$ 4,581,438
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	29,552,280
Less accumulated depreciation	<u>(9,559,618)</u>
	19,992,662
The net pension asset and deferred costs are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Net pension asset	118,070
Deferred outflows due to pensions	678,707
Deferred inflows due to pensions	<u>(227,694)</u>
	569,083
Adjustment of deferred court fines	29,204
Interest on long-term debt is not accrued in governmental funds, but rather recognized as an expenditure when due	(49,542)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(7,334,368)</u>
Net Position of Governmental Activities	<u><u>\$ 17,788,477</u></u>

See accompanying notes.

CITY OF BOLIVAR, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
Year Ended December 31, 2016

	Special Revenue Funds						Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Fund	1/2 Cent Capital Improvement Fund	Recreation Facility Fund	Fire Fund			
<b>REVENUES</b>								
Taxes	\$ 2,264,821	\$ 1,249,757	\$ 1,011,980	\$ 483,434	\$ 483,552	\$ 125,722	\$ 5,619,266	
Licenses and permits	67,175	-	-	-	-	-	67,175	
Charges for services	-	-	-	190,352	-	326,337	516,689	
Intergovernmental revenues	394,281	400,000	-	-	149,170	-	943,451	
Fines and forfeitures	153,771	-	-	-	-	-	153,771	
Interest	13,132	167	-	-	-	977	14,276	
Other	66,397	4,248	-	46,113	22,495	80,620	219,873	
<b>TOTAL REVENUES</b>	<b>2,959,577</b>	<b>1,654,172</b>	<b>1,011,980</b>	<b>719,899</b>	<b>655,217</b>	<b>533,656</b>	<b>7,534,501</b>	
<b>EXPENDITURES</b>								
Current								
Administrative	354,051	-	-	-	-	-	354,051	
Public safety	2,179,662	-	-	-	-	-	2,179,662	
Municipal court	155,276	-	-	-	-	-	155,276	
Community development	195,941	-	-	-	-	-	195,941	
Animal pound	143,821	-	-	-	-	-	143,821	
Recreation and parks	-	-	-	456,260	-	-	456,260	
Aquatic center	-	-	-	278,228	-	-	278,228	
Golf course	-	-	-	205,786	-	-	205,786	
Fire	-	-	-	-	1,063,797	-	1,063,797	
Cemetery	-	-	-	-	-	94,879	94,879	
Transportation	-	1,547,349	-	-	-	-	1,547,349	
Airport	-	-	-	-	-	300,708	300,708	
Debt Service								
Principal, interest and fees	-	10,496	-	453,483	157,699	53,677	675,355	
<b>TOTAL EXPENDITURES</b>	<b>3,028,751</b>	<b>1,557,845</b>	<b>-</b>	<b>1,393,757</b>	<b>1,221,496</b>	<b>449,264</b>	<b>7,651,113</b>	
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>(69,174)</b>	<b>96,327</b>	<b>1,011,980</b>	<b>(673,858)</b>	<b>(566,279)</b>	<b>84,392</b>	<b>(116,612)</b>	
<b>OTHER FINANCING SOURCES (USES)</b>								
Payment to refunded COP bond escrow	-	-	-	(1,302,544)	-	-	(1,302,544)	
COP refunding proceeds	-	-	-	1,344,500	-	-	1,344,500	
Operating transfer in (out)	194,889	253,363	(1,221,498)	597,672	448,656	(286,229)	(13,147)	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>194,889</b>	<b>253,363</b>	<b>(1,221,498)</b>	<b>639,628</b>	<b>448,656</b>	<b>(286,229)</b>	<b>28,809</b>	
<b>EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)</b>	<b>125,715</b>	<b>349,690</b>	<b>(209,518)</b>	<b>(34,230)</b>	<b>(117,623)</b>	<b>(201,837)</b>	<b>(87,803)</b>	
<b>FUND BALANCE (DEFICIT), January 1</b>	<b>1,292,230</b>	<b>1,257,714</b>	<b>1,203,660</b>	<b>(154,815)</b>	<b>185,761</b>	<b>884,691</b>	<b>4,669,241</b>	
<b>FUND BALANCE (DEFICIT), December 31</b>	<b>\$ 1,417,945</b>	<b>\$ 1,607,404</b>	<b>\$ 994,142</b>	<b>\$ (189,045)</b>	<b>\$ 68,138</b>	<b>\$ 682,854</b>	<b>\$ 4,581,438</b>	

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, 2016

Net change in fund balances - total governmental funds \$ (87,803)

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	1,087,430
Depreciation	(815,945)
	<u>271,485</u>

Some revenues reported in the governmental funds represent current financial  
 resources and were recognized in the Statement of Activities when earned. (10,961)

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.

COP refunding proceeds	(1,344,500)
Discount on certificates of participation	(11,602)
Accrued interest payable	3,409
Repayment of principal on leases	1,583,821
	<u>231,128</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.

Change in pension related costs	(140,874)
Change in compensated absences	(358)
	<u>(141,232)</u>

Change in Net Position of Governmental Activities	<u>\$ 262,617</u>
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See accompanying notes.

CITY OF BOLIVAR, MISSOURI  
STATEMENT OF NET POSITION – ENTERPRISE FUND  
December 31, 2016

	<u>Water and Sewer Fund</u>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 122,485
Investments	149,114
Utilities receivable, net	284,752
Prepaid expenses	<u>12,911</u>
TOTAL CURRENT ASSETS	569,262
Restricted Assets	
Cash and cash equivalents	<u>479,213</u>
TOTAL RESTRICTED ASSETS	479,213
Property, Plant and Equipment	
Land	132,231
Construction in progress	83,907
Equipment and furniture	2,380,095
Water and sewer system	21,180,304
Buildings and improvements	589,993
Less Accumulated Depreciation	<u>(10,670,609)</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>13,695,921</u>
TOTAL ASSETS	14,744,396
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Deferred pension outflows	189,724

See accompanying notes.

CITY OF BOLIVAR, MISSOURI  
STATEMENT OF NET POSITION – ENTERPRISE FUND (continued)  
December 31, 2016

	<u>Water and Sewer Fund</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	58,990
Accrued expenses	51,805
Customer deposits	126,255
Accrued interest payable	38,292
Current portion of long-term debt	<u>573,125</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>848,467</b>
Long-Term Liabilities	
Capital leases payable	4,611,688
Net pension liability	141,518
Compensated absences payable	<u>8,911</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<b><u>4,762,117</u></b>
<b>TOTAL LIABILITIES</b>	<b>5,610,584</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	
Deferred pension inflows	31,686
<b>NET POSITION</b>	
Net investment in capital assets	8,862,566
Unrestricted	<u>429,284</u>
<b>TOTAL NET POSITION</b>	<b><u><u>\$ 9,291,850</u></u></b>

See accompanying notes.



CITY OF BOLIVAR, MISSOURI  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – ENTERPRISE FUND  
Year Ended December 31, 2016

	<u>Water and Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 3,165,824
Other charges	99,758
	<u>3,265,582</u>
	TOTAL OPERATING REVENUES
	3,265,582
OPERATING EXPENSES	
Salaries and wages	1,042,009
Employee Benefits	201,966
Materials and supplies	246,132
Utilities	692,725
Insurance	68,716
Repairs and maintenance	264,416
Travel and conferences	5,423
Depreciation	684,706
Miscellaneous	38,466
	<u>3,244,559</u>
	TOTAL OPERATING EXPENSES
	3,244,559
	OPERATING INCOME
	21,023
NONOPERATING REVENUES (EXPENSES)	
Interest income	1,008
Interest expense	(143,533)
	<u>(142,525)</u>
	TOTAL NONOPERATING REVENUES (EXPENSES)
	(142,525)
	(LOSS) BEFORE OPERATING TRANSFERS
	(121,502)
OPERATING TRANSFERS IN	<u>13,147</u>
	NET (LOSS)
	(108,355)
NET POSITION, January 1	<u>9,400,205</u>
NET POSITION, December 31	<u><u>\$ 9,291,850</u></u>

See accompanying notes.

CITY OF BOLIVAR, MISSOURI  
STATEMENT OF CASH FLOWS – ENTERPRISE FUND  
Year Ended December 31, 2016

	<u>Water and Sewer Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 3,256,136
Cash paid to employees	(1,229,127)
Cash paid to suppliers	<u>(1,390,838)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>636,171</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	<u>13,147</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>13,147</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(915,116)
Payment of principal on capital leases	(648,219)
Payment of interest expense	<u>(124,657)</u>
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,687,992)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	1,008
Purchase of investments	<u>(223)</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>785</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,037,889)</b>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,639,587</u>
CASH AND CASH EQUIVALENTS, End of year	601,698
LESS RESTRICTED CASH AND CASH EQUIVALENTS	<u>(479,213)</u>
UNRESTRICTED CASH AND CASH EQUIVALENTS	<u><u>\$ 122,485</u></u>

See accompanying notes.

CITY OF BOLIVAR, MISSOURI  
STATEMENT OF CASH FLOWS – ENTERPRISE FUND (continued)  
Year Ended December 31, 2016

	<u>Water and Sewer Fund</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 21,023
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	684,706
(Increase) decrease in:	
Utilities receivable	(9,271)
Prepaid expenses	2,212
Deferred pension outflows	(107,302)
Increase (decrease) in:	
Accounts payable	(77,172)
Accrued expenses	7,978
Compensated absences	(2,070)
Customer deposits payable	(175)
Net pension liability	116,256
Deferred pension inflows	(14)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 636,171</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, fire, recreation, cemetery, community 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.



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.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the City has one item that qualifies for reporting in this category, deferred amounts relating to employer contributions to the retirement plan.

In addition to liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category, deferred amounts relating to court fines on the Balance Sheet and deferred pension inflows relating to the retirement plan on the Statement of Net Position. These amounts are recognized as an inflow of resources in the period that the amounts become available.

Pensions

For purposes of measuring the net pension asset/liability, deferred outflow of resources and deferred inflow of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF BOLIVAR, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned Revenue

This is future revenue received in advance for the interest subsidy on the 2010B Certificates of Participation to offset interest expense. This revenue will be recognized as income when the interest payment is due on the certificates.

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, 2016, all bank balances on deposit are entirely insured or collateralized.

NOTE C – INVESTMENTS

The City’s investments as of December 31, 2016, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Certificates of Deposit	4/6/2017 - 9/1/2017	<u>\$ 658,609</u>

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, 2016, 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.

CITY OF BOLIVAR, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2016

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 Fund Balance/ Net Position</u>
<b>GENERAL FUND</b>		
Court bonds	\$ 11,096	\$ -
Drug forfeiture	5,432	5,432
Shop with a cop	1,607	1,607
Dog pound fund	188	188
	<u>\$ 18,323</u>	<u>\$ 7,227</u>
<b>STREET FUND</b>		
Transportation taxes	<u>\$ -</u>	<u>\$ 1,603,100</u>
<b>1/2 CENT CAPITAL IMPROVEMENT FUND</b>		
Capital improvement taxes	<u>\$ -</u>	<u>\$ 994,142</u>
<b>RECREATION FACILITY FUND</b>		
2016 Certificates of Participation Certificate fund	<u>\$ 107</u>	<u>\$ 107</u>
<b>FIRE FUND</b>		
Fire taxes	<u>\$ -</u>	<u>\$ 63,834</u>
<b>NON-MAJOR GOVERNMENTAL FUNDS</b>		
Cemetery perpetual care	\$ 31,874	\$ 31,874
Cemetery donations	60,000	60,000
Airport deposits	875	-
Corbett donation	-	283,233
Bolivar Charitable Trust	-	28,565
Plaza of the Americas	-	41,952
	<u>\$ 92,749</u>	<u>\$ 445,624</u>

CITY OF BOLIVAR, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2016

NOTE D – RESTRICTED ASSETS (continued)

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
Sewer System Lease Proceeds	\$ 351,458	\$ -
Utility Deposits	126,255	-
Performance Bonds	1,500	-
	<u>\$ 479,213</u>	<u>\$ -</u>

NOTE E – ACCOUNTS RECEIVABLE

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

	Accounts Receivable	Allowance	Net Accounts Receivable
UTILITIES RECEIVABLE			
Water and Sewer Fund	<u>\$ 286,072</u>	<u>\$ 1,320</u>	<u>\$ 284,752</u>
COURT FINES RECEIVABLE			
General Fund	<u>\$ 55,486</u>	<u>\$ 11,959</u>	<u>\$ 43,527</u>

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

The business-type activities long-term debt at December 31, 2016, consists of four capital lease obligations and compensated absences.

CITY OF BOLIVAR, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2016

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

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 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 the future minimum payments under the lease agreement (assuming noncancellation):

Year Ended December 31,	IDA Water Tower Lease Purchase
2017	\$ 47,277
2018	47,277
2019	23,639
TOTAL MINIMUM LEASE PAYMENTS	118,193
LESS AMOUNT REPRESENTING INTEREST	(2,743)
PRINCIPAL BALANCE, DECEMBER 31, 2016	<u>\$ 115,450</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, 2016

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
2017	\$ 26,506	\$ 4,983	\$ 31,489
2018	27,178	4,311	31,489
2019	157,036	1,286	158,322
	<u>\$ 210,720</u>	<u>\$ 10,580</u>	<u>\$ 221,300</u>

Capital Lease Agreement – Wastewater Treatment Plant Improvements

On April 30, 2013, the City entered into a 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
2017	\$ 261,993	\$ 18,411	\$ 280,404
2018	268,026	12,378	280,404
2019	274,199	6,205	280,404
2020	64,925	743	65,668
	<u>\$ 869,143</u>	<u>\$ 37,737</u>	<u>\$ 906,880</u>

Capital Lease Agreement – Sewer Lines and Lift Station

On October 30, 2015, the City entered into a lease agreement with Branch Banking and Trust Company in the amount of \$4,204,000 to purchase sewer lines and a lift station. The agreement requires semi-annual principal and interest payments with interest at 2.63%.

CITY OF BOLIVAR, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2016

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

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
2017	\$ 239,100	\$ 103,362	\$ 342,462
2018	245,400	97,033	342,433
2019	252,000	90,535	342,535
2020	258,700	83,864	342,564
2021	265,500	77,016	342,516
2022	272,500	69,987	342,487
2023	279,700	62,774	342,474
2024	287,100	55,369	342,469
2025	294,700	47,769	342,469
2026	302,500	39,967	342,467
2027	310,600	31,958	342,558
2028	318,700	23,737	342,437
2029	327,200	15,300	342,500
2030	335,800	6,638	342,438
	<u>\$ 3,989,500</u>	<u>\$ 805,309</u>	<u>\$ 4,794,809</u>

A summary of the changes in long-term debt – business-type activities for the year ended December 31, 2016, is as follows:

	Balance December 31, 2015	Additions	Retirements	Balance December 31, 2016	Amounts Due Within One Year
Capital Leases Payable	\$ 5,833,032	\$ -	\$ 648,219	\$ 5,184,813	\$ 573,125
Compensated Absences Payable	10,981	-	2,070	8,911	-
	<u>\$ 5,844,013</u>	<u>\$ -</u>	<u>\$ 650,289</u>	<u>\$ 5,193,724</u>	<u>\$ 573,125</u>

NOTE G – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

Long-term debt for governmental activities at December 31, 2016, consists of five capital lease obligations, Series 2010B Certificate of Participation, Series 2016 Refunding Certificate of Participation, and compensated absences.

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 – 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%.

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% with a final principal payment of \$355,962 in January 2019.

Capital Lease Agreement – Fire Truck

On September 29, 2015, the City entered into a lease purchase agreement to finance the purchase of a fire truck in the amount of \$691,898. The agreement requires monthly payments of \$6,446 including interest at 2.25%.



CITY OF BOLIVAR, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2016

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

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	Fire Truck Lease	Public Safety Building Lease	Fire Truck Lease	Total
2017	\$ 40,257	\$ 10,500	\$ 60,396	\$ 39,900	\$ 77,352	\$ 228,405
2018	-	10,500	60,396	39,900	77,352	188,148
2019	-	52,670	60,396	356,692	77,352	547,110
2020	-	-	60,396	-	77,352	137,748
2021	-	-	60,396	-	77,352	137,748
2022	-	-	60,396	-	77,352	137,748
2023	-	-	60,396	-	77,352	137,748
2024	-	-	50,330	-	77,352	127,682
2025	-	-	-	-	64,460	64,460
TOTAL MINIMUM LEASE PAYMENTS	40,257	73,670	473,102	436,492	683,276	1,706,797
LESS AMOUNT REPRESENTING INTEREST	(392)	(3,430)	(44,791)	(19,817)	(64,302)	(132,732)
PRINCIPAL BALANCE, DECEMBER 31, 2016	\$ 39,865	\$ 70,240	\$ 428,311	\$ 416,675	\$ 618,974	\$ 1,574,065

Series 2010B Certificates of Participation

On December 23, 2010, the City issued \$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 7.50% 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, 2016, are due as follows:

CITY OF BOLIVAR, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2016

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

Year Ended December 31,	Principal	Interest	Interest Subsidy	Total
2017	\$ -	\$ 404,025	\$ (141,409)	\$ 262,616
2018	-	404,025	(141,409)	262,616
2019	-	404,025	(141,409)	262,616
2020	-	404,025	(141,409)	262,616
2021	-	404,025	(141,409)	262,616
2022	-	404,025	(141,409)	262,616
2023	-	404,025	(141,409)	262,616
2024	-	404,025	(141,409)	262,616
2025	-	404,025	(141,409)	262,616
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>\$ 4,775,000</u>	<u>\$ 7,393,925</u>	<u>\$ (2,587,878)</u>	<u>\$ 9,581,047</u>

Series 2016 Refunding Certificates of Participation

On September 20, 2016, the City issued \$1,344,500 in Series 2016 Refunding Certificates of Participation for the purpose of providing funds to refinance the Series 2010A Certificates of Participation. The certificates bear interest of 2.8%. Interest and principal payments are due semi-annually on May 1 and November 1 of each year. Annual debt service requirements to amortize the principal on the Certificates of Participation outstanding at December 31, 2016, are as follows:

CITY OF BOLIVAR, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

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

Year Ended December 31,	Principal	Interest	Total
2017	\$ 106,200	\$ 33,893	\$ 140,093
2018	115,700	30,853	146,553
2019	120,200	27,581	147,781
2020	128,900	24,156	153,056
2021	137,200	20,488	157,688
2022	145,200	16,590	161,790
2023	152,700	12,471	165,171
2024	159,800	8,147	167,947
2025	171,100	3,593	174,693
	<u>\$ 1,237,000</u>	<u>\$ 177,772</u>	<u>\$ 1,414,772</u>

A summary of the changes in the long-term debt-governmental activities for the year ended December 31, 2016, is as follows:

	Balance December 31, 2015	Additions	Retirements	Balance December 31, 2016	Amounts Due Within One Year
Capital Leases Payable	\$ 1,775,386	\$ -	\$ 201,321	\$ 1,574,065	\$ 192,754
Refunding Certificates of Participation	-	1,344,500	107,500	1,237,000	106,200
Certificates of Participation	6,050,000	-	1,275,000	4,775,000	-
Less: Discount on Certificates of Participation	<u>(290,050)</u>	<u>-</u>	<u>(11,602)</u>	<u>(278,448)</u>	<u>-</u>
	5,759,950	-	1,263,398	4,496,552	-
Compensated Absences Payable	<u>26,393</u>	<u>358</u>	<u>-</u>	<u>26,751</u>	<u>-</u>
	<u>\$ 7,561,729</u>	<u>\$ 1,344,858</u>	<u>\$ 1,572,219</u>	<u>\$ 7,334,368</u>	<u>\$ 298,954</u>

CITY OF BOLIVAR, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

**Primary Government**

	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
<b>GOVERNMENTAL ACTIVITIES</b>				
Non-depreciable Capital Assets:				
Land	\$ 776,394	\$ 199,942	\$ -	\$ 976,336
Construction in progress	45,660	-	45,660	-
Total Non-depreciable Capital Assets	822,054	<u>\$ 199,942</u>	<u>\$ 45,660</u>	976,336
Depreciable Capital Assets:				
Buildings and land improvements	10,853,159	\$ 87,637	\$ -	10,940,796
Equipment and furniture	6,344,599	527,602	-	6,872,201
Infrastructure	10,445,038	317,909	-	10,762,947
Total Depreciable Capital Assets	27,642,796	<u>\$ 933,148</u>	<u>\$ -</u>	28,575,944
Less Accumulated Depreciation	(8,743,673)	<u>\$ (815,945)</u>	<u>\$ -</u>	(9,559,618)
Total Depreciable Capital Assets, net	<u>18,899,123</u>			<u>19,016,326</u>
Total Governmental Activities Capital Assets, net	<u>\$ 19,721,177</u>			<u>\$ 19,992,662</u>

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

Fire	\$ 150,862
Public safety	81,560
Recreation and parks	156,579
Rails to trails	16,621
Golf course	12,766
Transportation	254,884
Airport	139,723
Cemetery	2,950
	<u>\$ 815,945</u>

CITY OF BOLIVAR, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

NOTE H – CAPITAL ASSETS (continued)

	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
<b>BUSINESS-TYPE ACTIVITIES</b>				
Non-depreciable Capital Assets:				
Land	\$ 132,231	\$ -	\$ -	\$ 132,231
Construction in progress	88,230	83,907	88,230	83,907
Total Non-depreciable Capital Assets	220,461	<u>\$ 83,907</u>	<u>\$ 88,230</u>	216,138
Depreciable Capital Assets:				
Equipment and furniture	2,294,852	\$ 85,243	\$ -	2,380,095
Water and sewer system	20,353,108	827,196	-	21,180,304
Buildings and improvements	582,993	7,000	-	589,993
Total Depreciable Capital Assets	23,230,953	<u>\$ 919,439</u>	<u>\$ -</u>	24,150,392
Less Accumulated Depreciation	(9,985,903)	<u>\$ (684,706)</u>	<u>\$ -</u>	(10,670,609)
Total Depreciable Capital Assets, net	<u>13,245,050</u>			<u>13,479,783</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 13,465,511</u>			<u>\$ 13,695,921</u>

**Industrial Development Authority**

	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
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, 2016

NOTE I – ASSESSED VALUATION AND LEGAL DEBT MARGIN

The assessed valuation of the tangible property is as follows:

	<u>2016</u>
Assessed Valuation	
Real estate	\$ 80,143,180
Personal property	<u>16,155,518</u>
TOTAL	<u>\$ 96,298,698</u>

The legal debt margin at December 31, 2016, was computed as follows:

	<u>General Obligation Bonds</u>		
	<u>Ordinary (1)</u>	<u>Additional (2)</u>	<u>Total</u>
Constitutional Debt Limit	\$ 9,629,870	\$ 9,629,870	\$ 19,259,740
General Obligation Bonds Payable	<u>-</u>	<u>-</u>	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 9,538,937</u>	<u>\$ 9,538,937</u>	<u>\$ 19,077,874</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

General Information about the Pension Plan

*Plan Description.* The City’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS 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 is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

*Benefits Provided.* LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	<u>2016 Valuation</u>
Benefit Multiplier	1.50% for life
Final Average Salary	3 Years
Member Contributions	4%

Benefit terms provide for annual post retirement adjustments to each member’s retirement allowance subsequent to the member’s retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

*Employees Covered by Benefit Terms.* At July 7, 2016, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits	34	10	2	46
Inactive employees entitled to but not yet receiving benefits	9	18	4	31
Active employees	54	18	11	83
	<u>97</u>	<u>46</u>	<u>17</u>	<u>160</u>

NOTE J – EMPLOYEE PENSION PLAN (continued)

*Contributions.* The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year. With an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% to the pension plan. Employer contribution rates are 8.10% (General), 0.90% (Police), and 7.40% (Fire) of annual covered payroll.

*Net Pension Liability/Asset.* The employer's net pension liability/asset was measured as of July 7, 2016, and the total pension liability used to calculate the net pension liability/asset was determined by an actuarial valuation as of February 29, 2016.

*Actuarial Assumptions.* The total pension liability in the February 29, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increase	3.25% to 6.55% including wage inflation for general and police 3.25% to 7.15% including wage inflation for fire
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 29, 2016, valuation were based on the results of an actuarial experience study for the period March 1, 2010, through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:



CITY OF BOLIVAR, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2016

NOTE J – EMPLOYEE PENSION PLAN (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	43.00%	5.29%
Fixed Income	26.00%	2.23%
Real Assets	21.00%	3.31%
Strategic Assets	10.00%	5.73%

*Discount Rate.* The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Liability/(Asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> (a)	<u>Plan Fiduciary Net Position</u> (b)	<u>Net Pension Liability/(Asset)</u> (a) - (b)
<i>General Division</i>			
Balances at beginning of year	\$ 4,094,172	\$ 4,021,600	\$ 72,572
Changes for the year:			
Service Cost	141,654	-	141,654
Interest	292,916	-	292,916
Difference between expected and actual experiences	(29,164)	-	(29,164)
Assumptions	158,977	-	158,977
Contributions - employer	-	142,943	(142,943)
Contributions - employee	-	67,339	(67,339)
Net investment income	-	(5,180)	5,180
Benefits paid, including refunds	(251,473)	(251,473)	-
Administrative expenses	-	(7,655)	7,655
Other changes	-	10,666	(10,666)
Net Changes	312,910	(43,360)	356,270
Balances at end of year	4,407,082	3,978,240	428,842

CITY OF BOLIVAR, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

NOTE J – EMPLOYEE PENSION PLAN (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
<i>Police Division</i>			
Balances at beginning of year	1,713,460	2,232,102	(518,642)
Changes for the year:			
Service Cost	65,771	-	65,771
Interest	124,841	-	124,841
Difference between expected and actual experiences	(157,275)	-	(157,275)
Assumptions	50,248	-	50,248
Contributions - employer	-	11,019	(11,019)
Contributions - employee	-	32,842	(32,842)
Net investment income	-	2,822	(2,822)
Benefits paid, including refunds	(48,489)	(48,489)	-
Administrative expenses	-	(2,777)	2,777
Other changes	-	(94,891)	94,891
Net Changes	35,096	(99,474)	134,570
Balances at end of year	1,748,556	2,132,628	(384,072)
<i>Fire Division</i>			
Balances at beginning of year	184,377	201,120	(16,743)
Changes for the year:			
Service Cost	44,629	-	44,629
Interest	14,681	-	14,681
Difference between expected and actual experiences	(28,157)	-	(28,157)
Assumptions	7,102	-	7,102
Contributions - employer	-	23,709	(23,709)
Contributions - employee	-	16,593	(16,593)
Net investment income	-	4,355	(4,355)
Benefits paid, including refunds	(7,740)	(7,740)	-
Administrative expenses	-	(1,263)	1,263
Other changes	-	(560)	560
Net Changes	30,515	35,094	(4,579)
Balances at end of year	214,892	236,214	(21,322)
Total Plan Balances at End of Year	\$ 6,370,530	\$ 6,347,082	\$ 23,448

CITY OF BOLIVAR, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

NOTE J – EMPLOYEE PENSION PLAN (continued)

The net pension Liability/(Asset) has been allocated as follows:

	<u>Net Pension Liability/(Asset)</u>
Governmental Activities	\$ (118,070)
Business-Type Activities	<u>141,518</u>
	<u>\$ 23,448</u>

*Sensitivity of the Net Pension Liability/Asset to Changes in the Discount Rate.* The following present the net pension asset/liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer’s net pension asset/liability would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
<i>General Division</i>			
Total Pension Liability	\$ 5,043,652	\$ 4,407,082	\$ 3,889,494
Fiduciary Net Position	<u>3,978,240</u>	<u>3,978,240</u>	<u>3,978,240</u>
Net Pension Liability/(Asset)	1,065,412	428,842	(88,746)
<i>Police Division</i>			
Total Pension Liability	2,080,386	1,748,556	1,487,578
Fiduciary Net Position	<u>2,132,628</u>	<u>2,132,628</u>	<u>2,132,628</u>
Net Pension (Asset)	(52,242)	(384,072)	(645,050)
<i>Fire Division</i>			
Total Pension Liability	262,011	214,892	178,698
Fiduciary Net Position	<u>236,214</u>	<u>236,214</u>	<u>236,214</u>
Net Pension Liability/(Asset)	<u>25,797</u>	<u>(21,322)</u>	<u>(57,516)</u>
Total Net Pension Liability/(Asset)	<u>\$ 1,038,967</u>	<u>\$ 23,448</u>	<u>\$ (791,312)</u>

CITY OF BOLIVAR, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

NOTE J – EMPLOYEE PENSION PLAN (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2016, the employer recognized pension expense of \$179,544 in the general division, \$124,369 in the police division, and \$33,660 in the fire division. The employer reported deferred outflows and inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>General Division</i>			
Differences in experiences	\$ -	\$ (96,019)	\$ (96,019)
Differences in assumptions	130,774	-	130,774
Excess investment returns	363,693	-	363,693
Contributions subsequent to the measurement date*	80,454	-	80,454
	<u>574,921</u>	<u>(96,019)</u>	<u>478,902</u>
<i>Police Division</i>			
Differences in experiences	-	(137,314)	(137,314)
Differences in assumptions	39,655	-	39,655
Excess investment returns	193,907	-	193,907
Contributions subsequent to the measurement date*	5,960	-	5,960
	<u>239,522</u>	<u>(137,314)</u>	<u>102,208</u>
<i>Fire Division</i>			
Differences in experiences	19,705	(26,047)	(6,342)
Differences in assumptions	6,570	-	6,570
Excess investment returns	14,801	-	14,801
Contributions subsequent to the measurement date*	12,912	-	12,912
	<u>53,988</u>	<u>(26,047)</u>	<u>27,941</u>
Total	<u>\$ 868,431</u>	<u>\$ (259,380)</u>	<u>\$ 609,051</u>

CITY OF BOLIVAR, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2016

NOTE J – EMPLOYEE PENSION PLAN (continued)

Deferred outflows and inflows have been allocated as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Governmental Activities	\$ 678,707	\$ (227,694)	\$ 451,013
Business-Type Activities	189,724	(31,686)	158,038
	<u>\$ 868,431</u>	<u>\$ (259,380)</u>	<u>\$ 609,051</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition/reduction to the net pension asset/liability for the year ending December 31, 2017.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	General Net Deferred Outflow of Resources	Police Net Deferred Outflow of Resources	Fire Net Deferred Outflow of Resources	Total Net Deferred Outflow of Resources
2017	\$ 185,984	\$ 33,075	\$ 17,708	\$ 236,767
2018	105,530	27,115	4,796	137,441
2019	105,528	27,715	4,798	138,041
2020	67,192	14,303	2,883	84,378
2021	14,668	-	618	15,286
Thereafter	-	-	(2,862)	(2,862)
	<u>\$ 478,902</u>	<u>\$ 102,208</u>	<u>\$ 27,941</u>	<u>\$ 609,051</u>

Payable to the Pension Plan

At December 31, 2016, the City had no outstanding amounts of contributions to the pension plan required, therefore no payable was reported.

CITY OF BOLIVAR, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2016

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, 2016, 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, 2016, were as follows:

	Transfers In (Out)
General Fund	\$ 194,889
Street Fund	253,363
1/2 Cent Capital Improvement Fund	(1,221,498)
Recreation Facility Fund	597,672
Fire Fund	448,656
Non-major Funds	(286,229)
Water and Sewer Fund	13,147
	<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, 2016

NOTE N- INTERNAL BALANCES

Internal balances as of December 31, 2016, consisted of the following:

	Greenwood Cemetery Fund	Recreation Facility Fund	Street Fund
Internal balances	\$ (87,821)	\$ (210,048)	\$ 297,869

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, 2016, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

NOTE O – COMMITMENTS

At December 31, 2016, the City was committed to Smith & Edwards Construction, Inc. in the amount of \$552,300 for an oxidation ditch.

In November 2015, the City entered into a five year service and technology agreement with JMark Business Solutions, Inc. The agreements require monthly payments of \$7,042 through October 2020.

Future payments are due as follows:

Year Ended December 31,	Amount
2017	\$ 84,501
2018	84,501
2019	84,501
2020	73,938
TOTAL MINIMUM PAYMENTS	\$ 327,441

CITY OF BOLIVAR, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

NOTE P – DEFICIT FUND BALANCE

As of December 31, 2016, the City had a deficit fund balance of \$189,045 in the Recreation Facility Fund.

NOTE Q – UNEARNED REVENUE

Revenue received but not considered earned is deferred until the appropriate expenses have been incurred. At December 31, 2016, unearned revenue in the Recreation Facility Fund in the amount of \$65,273 is related to an interest subsidy received in advance to offset interest expense on the 2010B Certificates of Participation and will be recognized as revenue when the interest payment is due.

NOTE R – 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. As of December 31, 2016, deferred court fines in the General Fund in the amount of \$29,204 are related to fines to be collected over several years.

NOTE S – CURRENT YEAR DEBT REFUNDING

On September 20, 2016, the City issued \$1,344,500 in Series 2016 Refunding Certificates of Participation with an interest rate of 2.80%. The City issued and used the net proceeds to pay off on November 1, 2016, \$1,302,544 of outstanding principal and interest on the Series 2010A Certificates of Participation with interest of 1.25% to 5.00%.

As a result of the refunding, the City reduced its debt service requirements by \$78,988, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$58,775.



**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF BOLIVAR, MISSOURI  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
Year Ended December 31, 2016

**Missouri Local Government Employees Retirement System (LAGERS)**

	<u>2016</u>	<u>2015</u>
<b>TOTAL PENSION LIABILITY</b>		
Service Cost	\$ 252,054	\$ 228,133
Interest on the Total Pension Liability	432,438	415,228
Difference between expected and actual experience	(214,596)	(108,402)
Changes of Assumptions	216,327	-
Benefit payments including refunds	<u>(307,702)</u>	<u>(310,906)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	378,521	224,053
TOTAL PENSION LIABILITY, BEGINNING	<u>5,992,009</u>	<u>5,767,956</u>
TOTAL PENSION LIABILITY, ENDING	6,370,530	5,992,009
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - employer	177,671	168,419
Contributions - employee	116,774	100,253
Pension Plan Net Investment Income	1,997	122,865
Benefit payments, including refunds	(307,702)	(310,906)
Pension Plan Administrative Expense	(11,695)	(12,117)
Other	<u>(84,785)</u>	<u>8,056</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(107,740)	76,570
PLAN FIDUCIARY NET POSITION, BEGINNING	<u>6,454,822</u>	<u>6,378,252</u>
PLAN FIDUCIARY NET POSITION, ENDING	<u>6,347,082</u>	<u>6,454,822</u>
EMPLOYER NET PENSION LIABILITY (ASSET)	<u>\$ 23,448</u>	<u>\$ (462,813)</u>
Plan fiduciary net position as a percentage of the total pension liability	99.63%	107.72%
Covered employee payroll	\$ 2,742,161	\$ 2,524,321
Employer's net pension liability/(asset) as a percentage of covered employee payroll	0.86%	(18.33)%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF BOLIVAR, MISSOURI  
SCHEDULE OF CONTRIBUTIONS  
Year Ended December 31, 2016

**Missouri Local Government Employees Retirement System (LAGERS)**  
**Schedule of Contributions**  
**Last 10 Fiscal Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 186,658	\$ 174,702	\$ 189,711	\$ 140,171	\$ 134,009	\$ 168,320	\$ 166,114	\$ 55,891	\$ 49,735	\$ 64,398
Contributions in relation to the actuarially determined contribution	186,658	174,702	163,119	133,883	101,902	113,102	89,942	55,890	49,735	64,397
Contribution (deficiency) excess	\$ -	\$ -	\$ (26,592)	\$ (6,288)	\$ (32,107)	\$ (55,218)	\$ (76,172)	\$ (1)	\$ -	\$ (1)
Covered-employee payroll	\$ 3,090,762	\$ 2,628,954	\$ 2,437,488	\$ 2,059,056	\$ 1,853,042	\$ 2,312,618	\$ 2,311,546	\$ 2,131,171	\$ 1,915,522	\$ 1,870,148
Contributions as a percentage of covered-employee payroll	6.04%	6.65%	6.69%	6.50%	5.50%	4.89%	3.89%	2.62%	2.60%	3.44%

See accompanying notes to the required schedule.

CITY OF BOLIVAR, MISSOURI  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
Year Ended December 31, 2016

**Valuation Date:** February 29, 2016

**Notes:** The roll-forward of total pension liability from February 29, 2016, to July 7, 2016, reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

**Methods and Assumptions Used to Determine Contribution Rates**

*Actuarial Cost Method* – Entry Age Normal and Modified Terminal Funding

*Amortization Method* – Level Percentage of Payroll, Closed

*Remaining Amortization Period* – Multiple bases from 13 to 15 years for general and police divisions  
Multiple bases from 14 to 16 years for the fire division

*Asset Valuation Method* – 5-Year smoothed market; 20% corridor

*Inflation* – 3.25% wage inflation; 2.50% price inflation

*Salary Increases* – 3.25% to 6.55% including wage inflation for the general and police divisions  
3.25% to 7.15% including wage inflation for the fire division

*Investment Rate of Return* – 7.25%, net of investment expenses

*Retirement Age* – Experience-based table of rates that are specific to the type of eligibility condition

*Mortality* – The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

*Other Information* – New assumptions adopted based on the 5-year experience study for the period March 1, 2010, through February 28, 2015.

CITY OF BOLIVAR, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
 Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes				
Sales tax	\$ 1,950,935	\$ 1,950,935	\$ 2,024,029	\$ 73,094
Utility franchise tax	222,594	222,594	207,013	(15,581)
Surtax	31,972	31,972	33,779	1,807
	<u>2,205,501</u>	<u>2,205,501</u>	<u>2,264,821</u>	<u>59,320</u>
Licenses and Permits				
Merchant licenses	22,805	22,805	19,402	(3,403)
Building permits	1,602	1,602	5,768	4,166
Solicitor permits	7,609	7,609	6,000	(1,609)
Trash permits	17	17	-	(17)
Inspection fees	37,923	37,923	26,191	(11,732)
Zoning fees	1,322	1,322	2,075	753
Code enforcement fees	-	-	360	360
Animal license and fees	6,140	6,140	7,379	1,239
	<u>77,418</u>	<u>77,418</u>	<u>67,175</u>	<u>(10,243)</u>
Intergovernmental Revenues				
CDBG grant	-	354,051	354,051	-
Law enforcement grants	33,749	33,749	40,230	6,481
	<u>33,749</u>	<u>387,800</u>	<u>394,281</u>	<u>6,481</u>
Fines and Forfeitures				
City court fines	366,471	366,471	152,083	(214,388)
Miscellaneous fines and forfeitures	7,656	7,656	1,688	(5,968)
	<u>374,127</u>	<u>374,127</u>	<u>153,771</u>	<u>(220,356)</u>
Miscellaneous				
Interest	8,726	8,726	13,132	4,406
Other	92,752	92,752	66,397	(26,355)
	<u>101,478</u>	<u>101,478</u>	<u>79,529</u>	<u>(21,949)</u>
<b>TOTAL REVENUES</b>	<u>2,792,273</u>	<u>3,146,324</u>	<u>2,959,577</u>	<u>(186,747)</u>

CITY OF BOLIVAR, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)  
 Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
EXPENDITURES				
Current				
Administrative	94,720	448,771	354,051	94,720
Public safety	2,108,032	2,108,032	2,179,662	(71,630)
Municipal court	260,096	260,096	155,276	104,820
Community development	209,913	209,913	195,941	13,972
Animal pound	123,542	123,542	143,821	(20,279)
TOTAL EXPENDITURES	<u>2,796,303</u>	<u>3,150,354</u>	<u>3,028,751</u>	<u>121,603</u>
(DEFICIT) OF REVENUES OVER EXPENDITURES	(4,030)	(4,030)	(69,174)	(65,144)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	264,678	340,445	478,297	137,852
Operating transfers (out)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(283,408)</u>	<u>(133,408)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>114,678</u>	<u>190,445</u>	<u>194,889</u>	<u>4,444</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	110,648	186,415	125,715	(60,700)
FUND BALANCE, January 1	<u>1,292,230</u>	<u>1,292,230</u>	<u>1,292,230</u>	<u>-</u>
FUND BALANCE, December 31	<u>\$ 1,402,878</u>	<u>\$ 1,478,645</u>	<u>\$ 1,417,945</u>	<u>\$ (60,700)</u>

CITY OF BOLIVAR, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – STREET FUND  
 Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes				
Sales tax	\$ 830,358	\$ 830,358	\$ 841,368	\$ 11,010
Motor vehicle tax	415,219	415,219	408,389	(6,830)
	<u>1,245,577</u>	<u>1,245,577</u>	<u>1,249,757</u>	<u>4,180</u>
Intergovernmental revenues	172,930	172,930	400,000	227,070
Miscellaneous				
Interest	279	279	167	(112)
Other	90,331	90,331	4,248	(86,083)
	<u>90,610</u>	<u>90,610</u>	<u>4,415</u>	<u>(86,195)</u>
TOTAL REVENUES	<u>1,509,117</u>	<u>1,509,117</u>	<u>1,654,172</u>	<u>145,055</u>
<b>EXPENDITURES</b>				
Current				
Transportation	1,245,013	1,641,703	1,547,349	94,354
Debt service				
Principal, interest and fees	11,391	11,391	10,496	895
TOTAL EXPENDITURES	<u>1,256,404</u>	<u>1,653,094</u>	<u>1,557,845</u>	<u>95,249</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	252,713	(143,977)	96,327	240,304
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in	242,500	495,863	253,363	(242,500)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	495,213	351,886	349,690	(2,196)
FUND BALANCE, January 1	<u>1,257,714</u>	<u>1,257,714</u>	<u>1,257,714</u>	<u>-</u>
FUND BALANCE, December 31	<u><u>\$ 1,752,927</u></u>	<u><u>\$ 1,609,600</u></u>	<u><u>\$ 1,607,404</u></u>	<u><u>\$ (2,196)</u></u>

CITY OF BOLIVAR, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – ½ CENT CAPITAL IMPROVEMENT FUND  
 Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Sales tax	\$ 990,000	\$ 990,000	\$ 1,011,980	\$ 21,980
TOTAL REVENUES	990,000	990,000	1,011,980	21,980
OTHER FINANCING (USES)				
Operating transfers (out)	(1,024,300)	(1,353,430)	(1,221,498)	131,932
(DEFICIT) OF REVENUES OVER OTHER (USES)	(34,300)	(363,430)	(209,518)	153,912
FUND BALANCE, January 1	1,203,660	1,203,660	1,203,660	-
FUND BALANCE, December 31	<u>\$ 1,169,360</u>	<u>\$ 840,230</u>	<u>\$ 994,142</u>	<u>\$ 153,912</u>



CITY OF BOLIVAR, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – RECREATION FACILITY FUND  
 Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Sales tax	\$ 461,087	\$ 461,087	\$ 483,434	\$ 22,347
Charges for services	152,157	152,157	190,352	38,195
Other	191,532	191,532	46,113	(145,419)
<b>TOTAL REVENUES</b>	<b>804,776</b>	<b>804,776</b>	<b>719,899</b>	<b>(84,877)</b>
<b>EXPENDITURES</b>				
Current				
Recreation and parks	414,844	414,844	456,260	(41,416)
Aquatic center	184,918	184,918	278,228	(93,310)
Golf course	204,184	204,184	205,786	(1,602)
Debt service				
Principal, interest and fees	585,000	626,956	453,483	173,473
<b>TOTAL EXPENDITURES</b>	<b>1,388,946</b>	<b>1,430,902</b>	<b>1,393,757</b>	<b>37,145</b>
<b>(DEFICIT) OF REVENUES OVER EXPENDITURES</b>				
	(584,170)	(626,126)	(673,858)	(47,732)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	558,428	558,428	597,672	39,244
Payment to refunded COP bond escrow	-	(1,302,544)	(1,302,544)	-
COP refunding proceeds	-	1,344,500	1,344,500	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>558,428</b>	<b>600,384</b>	<b>639,628</b>	<b>39,244</b>
<b>(DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)</b>				
	(25,742)	(25,742)	(34,230)	(8,488)
<b>FUND (DEFICIT), January 1</b>				
	-	-	(154,815)	(154,815)
<b>FUND (DEFICIT), December 31</b>				
	<u>\$ (25,742)</u>	<u>\$ (25,742)</u>	<u>\$ (189,045)</u>	<u>\$ (163,303)</u>

CITY OF BOLIVAR, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – FIRE FUND  
 Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Sales tax	\$ 461,327	\$ 461,327	\$ 483,552	\$ 22,225
Intergovernmental revenue	190,000	190,000	149,170	(40,830)
Charges for services	60,000	60,000	-	(60,000)
Other	5,414	5,414	22,495	17,081
TOTAL REVENUES	<u>716,741</u>	<u>716,741</u>	<u>655,217</u>	<u>(61,524)</u>
<b>EXPENDITURES</b>				
Current				
Fire	907,768	1,079,977	1,063,797	16,180
Debt service				
Principal, interest and fees	146,300	146,300	157,699	(11,399)
TOTAL EXPENDITURES	<u>1,054,068</u>	<u>1,226,277</u>	<u>1,221,496</u>	<u>4,781</u>
<b>(DEFICIT) OF REVENUES OVER EXPENDITURES</b>				
	(337,327)	(509,536)	(566,279)	(56,743)
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in	354,858	354,858	448,656	93,798
TOTAL OTHER FINANCING SOURCES	<u>354,858</u>	<u>354,858</u>	<u>448,656</u>	<u>93,798</u>
<b>EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>				
	17,531	(154,678)	(117,623)	37,055
FUND BALANCE, January 1	185,761	185,761	185,761	-
FUND BALANCE, December 31	<u>\$ 203,292</u>	<u>\$ 31,083</u>	<u>\$ 68,138</u>	<u>\$ 37,055</u>

CITY OF BOLIVAR, MISSOURI  
NOTE TO BUDGETARY COMPARISON SCHEDULES  
Year Ended December 31, 2016

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, 2016

	Special Revenue Funds			Permanent Funds			Total
	Airport Fund	Greenwood Cemetery Fund	Special Road District Fund	Corbett Donation Fund	Bolivar Charitable Trust Fund	Plaza of the Americas Fund	
<b>ASSETS</b>							
Cash and cash equivalents - unrestricted	\$ 199,208	\$ 20,069	\$ -	\$ 33,233	\$ 28,565	\$ 40,165	\$ 321,240
Investments - unrestricted	-	22,004	-	250,000	-	1,787	273,791
Taxes receivable	19,967	-	-	-	-	-	19,967
Other accounts receivable	77,319	407	-	-	-	-	77,726
Prepaid expenses	4,304	-	-	-	-	-	4,304
Restricted cash and cash equivalents	875	-	-	-	-	-	875
Restricted investments	-	91,874	-	-	-	-	91,874
<b>TOTAL ASSETS</b>	<b>\$ 301,673</b>	<b>\$ 134,354</b>	<b>\$ -</b>	<b>\$ 283,233</b>	<b>\$ 28,565</b>	<b>\$ 41,952</b>	<b>\$ 789,777</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 17,533	\$ 199	\$ -	\$ -	\$ -	\$ -	\$ 17,732
Customer deposits payable	875	-	-	-	-	-	875
Accrued expenses	-	495	-	-	-	-	495
Due to other funds	-	87,821	-	-	-	-	87,821
<b>TOTAL LIABILITIES</b>	<b>18,408</b>	<b>88,515</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,923</b>
<b>Fund Balances</b>							
<b>Nonspendable:</b>							
Prepaid items	4,304	-	-	-	-	-	4,304
Cemetery perpetual care	-	31,874	-	-	-	-	31,874
Permanent	-	-	-	283,233	28,565	41,952	353,750
<b>Restricted for:</b>							
Cemetery	-	60,000	-	-	-	-	60,000
<b>Assigned to:</b>							
Airport	278,961	-	-	-	-	-	278,961
Unassigned	-	(46,035)	-	-	-	-	(46,035)
<b>TOTAL FUND BALANCES</b>	<b>283,265</b>	<b>45,839</b>	<b>-</b>	<b>283,233</b>	<b>28,565</b>	<b>41,952</b>	<b>682,854</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 301,673</b>	<b>\$ 134,354</b>	<b>\$ -</b>	<b>\$ 283,233</b>	<b>\$ 28,565</b>	<b>\$ 41,952</b>	<b>\$ 789,777</b>

CITY OF BOLIVAR, MISSOURI  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS  
 Year Ended December 31, 2016

	Special Revenue Funds			Permanent Funds			Total
	Airport Fund	Greenwood Cemetery Fund	Special Road District Fund	Corbett Donation Fund	Bolivar Charitable Trust Fund	Plaza of the Americas Fund	
REVENUES							
Taxes	\$ 125,722	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,722
Charges for services	298,947	27,390	-	-	-	-	326,337
Interest	-	285	-	626	-	66	977
Other	4,560	43,194	-	-	32,866	-	80,620
TOTAL REVENUES	429,229	70,869	-	626	32,866	66	533,656
EXPENDITURES							
Current							
Airport	300,708	-	-	-	-	-	300,708
Cemetery	-	94,879	-	-	-	-	94,879
Debt service							
Principal, interest and fees	53,677	-	-	-	-	-	53,677
TOTAL EXPENDITURES	354,385	94,879	-	-	-	-	449,264
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	74,844	(24,010)	-	626	32,866	66	84,392
OTHER FINANCING (USES)							
Operating transfers (out)	-	-	(253,363)	-	(32,866)	-	(286,229)
TOTAL OTHER FINANCING (USES)	-	-	(253,363)	-	(32,866)	-	(286,229)
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES AND OTHER (USES)	74,844	(24,010)	(253,363)	626	-	66	(201,837)
FUND BALANCE, January 1	208,421	69,849	253,363	282,607	28,565	41,886	884,691
FUND BALANCE, December 31	\$ 283,265	\$ 45,839	\$ -	\$ 283,233	\$ 28,565	\$ 41,952	\$ 682,854

## **OTHER REPORTING REQUIREMENTS**



**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, 2016, 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 July 7, 2017.

**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.

*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.

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

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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a material weakness. It is identified as item 2016-001.

### **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 finding 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  
July 7, 2017

CITY OF BOLIVAR, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended December 31, 2016

2016-001 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.