

CITY OF BOLIVAR, MISSOURI
BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2017

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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, 2017, 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, 2017, 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 May 10, 2018, 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
May 10, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT’S DISCUSSION AND ANALYSIS
CITY OF BOLIVAR, MISSOURI
December 31, 2017

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, 2017. 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 decreased by \$1,176,025 or (7%) for the year as a result of current year activities. The net position of the City’s business activities increased by \$664,169 or 7% for the year.
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2017, by \$26.6 million (net position). Of this amount \$1,425,648 was unrestricted and may be used to meet future obligations of the City.
- Total long-term liabilities of the City decreased by \$800,670.

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, 2017

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, 2017

Government-Wide Financial Analysis

NET POSITION

The following table presents the condensed Statement of Net Position for the City as of December 31, 2017 and 2016:

	Governmental Activities	Business-Type Activities	Total December 31, 2017	Total December 31, 2016
Assets				
Current and other assets	\$ 3,861,325	\$ 894,278	\$ 4,755,603	\$ 5,881,184
Net pension asset	361,461	-	361,461	118,070
Capital assets	19,856,805	14,303,104	34,159,909	33,688,583
	<u>24,079,591</u>	<u>15,197,382</u>	<u>39,276,973</u>	<u>39,687,837</u>
Deferred Outflow of Resources				
Deferred pension outflows	368,714	104,379	473,093	868,431
Liabilities				
Other liabilities	732,316	1,211,700	1,944,016	1,419,030
Long-term liabilities outstanding	6,897,429	4,099,432	10,996,861	11,797,531
	<u>7,629,745</u>	<u>5,311,132</u>	<u>12,940,877</u>	<u>13,216,561</u>
Deferred Inflow of Resources				
Deferred pension inflows	206,108	34,610	240,718	259,380
Net Position				
Net investment in capital assets	12,670,440	10,044,716	22,715,156	21,547,611
Restricted				
Non-expendable	386,017	-	386,017	385,624
Expendable	2,041,650	-	2,041,650	2,728,410
Unrestricted	1,514,345	(88,697)	1,425,648	2,418,682
	<u>\$ 16,612,452</u>	<u>\$ 9,956,019</u>	<u>\$ 26,568,471</u>	<u>\$ 27,080,327</u>

Total net position of the City decreased by \$511,856 for the year due to current year activities. Total liabilities for the City have decreased by \$275,684. Restricted net position of the City totaled \$2,427,667 as of December 31, 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOLIVAR, MISSOURI
December 31, 2017

CHANGES IN NET POSITION

	Governmental Activities	Business-Type Activities	Total Year Ended December 31, 2017	Total Year Ended December 31, 2016
REVENUES AND TRANSFERS				
Program Revenues				
Charges for services	\$ 827,773	\$ 3,308,393	\$ 4,136,166	\$ 4,055,667
Operating grants and contributions	139,836	-	139,836	548,976
Capital grants and contributions	25,382	-	25,382	409,629
General Revenues				
Sales tax	5,020,619	-	5,020,619	4,970,084
Motor vehicle tax	416,585	-	416,585	408,390
Other taxes	32,260	-	32,260	33,779
Franchise fees	212,452	-	212,452	207,013
Interest	22,084	2,030	24,114	15,286
Other revenue	220,736	305,683	526,419	141,306
Transfers in (out)	(674,965)	674,965	-	-
Special Item				
(Loss) on sale of property	(11,923)	-	(11,923)	-
TOTAL REVENUES	6,230,839	4,291,071	10,521,910	10,790,130
EXPENSES				
Administrative	43,449	-	43,449	354,051
Public safety	2,159,073	-	2,159,073	2,099,683
Municipal Court	162,819	-	162,819	151,915
Community development	289,387	-	289,387	192,478
Animal pound	139,649	-	139,649	141,159
Recreation and parks	599,744	-	599,744	563,320
Rails to trails	15,567	-	15,567	15,567
Aquatic center	297,074	-	297,074	272,098
Golf course	233,354	-	233,354	213,640
Fire	1,225,079	-	1,225,079	1,002,432
Cemetery	95,095	-	95,095	95,732
Transportation	1,329,414	-	1,329,414	1,171,008
Airport	469,143	-	469,143	371,101
Debt service	348,017	-	348,017	603,592
Water and sewer	-	3,626,902	3,626,902	3,388,092
TOTAL EXPENSES	7,406,864	3,626,902	11,033,766	10,635,868
INCREASE (DECREASE) IN NET POSITION	\$ (1,176,025)	\$ 664,169	\$ (511,856)	\$ 154,262

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOLIVAR, MISSOURI
December 31, 2017

Governmental Activities

Governmental activities decreased the net position of the City by \$1,176,025. Tax revenues for the City were \$5,681,916, which represents 82% of the funding of these activities. Program revenues for the functions totaled \$992,991 or 14% of the funding. Capital improvement sales tax transfers out to business-type activities totaled \$674,965. 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**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Administrative	\$ 43,449	\$ (54,866)
Public safety	2,159,073	1,957,006
Municipal court	162,819	162,819
Community development	289,387	256,336
Animal pound	139,649	131,891
Recreation and parks	599,744	592,964
Rails to trails	15,567	15,567
Aquatic center	297,074	189,228
Golf course	233,354	133,709
Fire	1,225,079	1,187,470
Cemetery	95,095	52,309
Transportation	1,329,414	1,329,414
Airport	469,143	112,009
Debt service	348,017	348,017
	<u>\$ 7,406,864</u>	<u>\$ 6,413,873</u>

Business-Type Activities

Business-type activities increased the City's net position by \$664,169. This is up from the decrease received last year from the City's business-type activities. The decrease incurred in the prior year was \$108,355.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of December 31, 2017, were \$3.4 million. The General Fund decreased by \$554,733. The Street Fund decreased by \$113,591. The ½ Cent Capital Improvement Fund decreased by \$528,304. The Recreation Facility Fund increased by \$2,438. The Fire Fund decreased by \$30,557.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOLIVAR, MISSOURI
December 31, 2017

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 \$2,722,904 was not changed during the year.
- The original expenditures budget of \$2,739,667 was increased to \$3,150,288 during the year.
- Budgeted revenues were \$23,211 below actual, and budgeted expenditures were \$78,212 above actual.

Capital Assets and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$19,856,805 (net of accumulated depreciation) as of December 31, 2017. This represents a \$135,857 decrease from the prior year. Capital assets for business-type activities were \$14,303,104 as of December 31, 2017. This represents an increase of \$607,183 from the prior year.

Debt

Total debt of the governmental activities as of December 31, 2017, was \$7,202,964, which is down \$131,404 from the prior year.

Total debt of the business-type activities as of December 31, 2017, was \$4,619,660, which is down \$574,064 from the prior year.

Economic Factors and Next Year's Budget

2017 found the City continuing to increase in its capacity for addressing the needs of the community at a conservative pace. Although the economy seems to be recovering, City growth is increasing on a very minuscule incline. The City of Bolivar Elected Officials and the staff have continued to expand services, and the City maintains a healthy financial status than it has seen 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.

For the second year in a row, the City is anticipating a relatively flat change in revenues for 2018, and will continue, through conservative management of City resources, and containment of costs wherever possible, to anticipate strong financial health in 2018. The City saw a slight decline in the General Revenue Fund to a balance of 20% of the operational costs of the City. 2018 goals will focus on review of operational processes to reduce waste and inefficiencies as well researching opportunities for future economic growth for the community.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOLIVAR, MISSOURI
December 31, 2017**

Contacting the City's Financial Management

For additional information or questions, please contact:

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Tracy Slagle, City Administrator
Natalie Scrivner, City Clerk

CITY OF BOLIVAR, MISSOURI
STATEMENT OF NET POSITION
December 31, 2017

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Industrial Development Authority
ASSETS				
Current				
Cash and cash equivalents	\$ 2,053,881	\$ 89,246	\$ 2,143,127	\$ 52,452
Investments	418,166	6,837	425,003	70,000
Taxes receivable	789,240	-	789,240	-
Court fines receivable, net	50,380	-	50,380	-
Intergovernmental receivable	8,469	-	8,469	-
Utilities receivable, net	-	275,888	275,888	-
Internal balances	305,683	(305,683)	-	-
Other accounts receivable	37,528	305,683	343,211	-
Prepaid expenses	79,662	25,042	104,704	-
Noncurrent				
Restricted cash and cash equivalents	26,442	354,765	381,207	-
Restricted investments	91,874	142,500	234,374	-
Net pension asset	361,461	-	361,461	-
Capital assets:				
Non-depreciable	976,336	662,728	1,639,064	535,965
Depreciable, net	18,880,469	13,640,376	32,520,845	-
TOTAL ASSETS	24,079,591	15,197,382	39,276,973	658,417
DEFERRED OUTFLOW OF RESOURCES				
Deferred pension outflows	368,714	104,379	473,093	-

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
STATEMENT OF NET POSITION (continued)
December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
LIABILITIES				
Current				
Accounts payable	208,886	394,630	603,516	-
Accrued expenses	87,892	52,393	140,285	-
Customer deposits payable	900	142,500	143,400	-
Court bonds payable	14,784	-	14,784	-
Unearned revenue	65,273	-	65,273	-
Accrued interest payable	49,046	35,196	84,242	-
Current portion of long-term debt	305,535	586,981	892,516	-
	<u>732,316</u>	<u>1,211,700</u>	<u>1,944,016</u>	-
Noncurrent				
Capital leases payable	1,357,576	4,024,672	5,382,248	-
Certificates of participation payable, net	5,523,254	-	5,523,254	-
Net pension liability	-	66,753	66,753	-
Compensated absences	16,599	8,007	24,606	-
	<u>6,897,429</u>	<u>4,099,432</u>	<u>10,996,861</u>	-
TOTAL LIABILITIES	7,629,745	5,311,132	12,940,877	-
DEFERRED INFLOW OF RESOURCES				
Deferred pension inflows	<u>206,108</u>	<u>34,610</u>	<u>240,718</u>	-
NET POSITION				
Net investment in capital assets	12,670,440	10,044,716	22,715,156	535,965
Restricted				
Non-expendable	386,017	-	386,017	-
Expendable	2,041,650	-	2,041,650	-
Unrestricted	<u>1,514,345</u>	<u>(88,697)</u>	<u>1,425,648</u>	<u>122,452</u>
TOTAL NET POSITION	<u>\$ 16,612,452</u>	<u>\$ 9,956,019</u>	<u>\$ 26,568,471</u>	<u>\$ 658,417</u>

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

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	\$ (43,449)	\$ 54,866	\$ 43,449	\$ -	\$ 54,866	\$ -	\$ 54,866	\$ -
Public safety	(2,159,073)	118,550	58,135	25,382	(1,957,006)	-	(1,957,006)	-
Municipal court	(162,819)	-	-	-	(162,819)	-	(162,819)	-
Community development	(289,387)	33,051	-	-	(256,336)	-	(256,336)	-
Animal pound	(139,649)	5,960	1,798	-	(131,891)	-	(131,891)	-
Recreation and parks	(599,744)	6,780	-	-	(592,964)	-	(592,964)	-
Rails to trails	(15,567)	-	-	-	(15,567)	-	(15,567)	-
Aquatic center	(297,074)	107,846	-	-	(189,228)	-	(189,228)	-
Golf course	(233,354)	99,645	-	-	(133,709)	-	(133,709)	-
Fire	(1,225,079)	1,991	35,618	-	(1,187,470)	-	(1,187,470)	-
Cemetery	(95,095)	41,950	836	-	(52,309)	-	(52,309)	-
Transportation	(1,329,414)	-	-	-	(1,329,414)	-	(1,329,414)	-
Airport	(469,143)	357,134	-	-	(112,009)	-	(112,009)	-
Debt service	(348,017)	-	-	-	(348,017)	-	(348,017)	-
TOTAL GOVERNMENTAL ACTIVITIES	(7,406,864)	827,773	139,836	25,382	(6,413,873)	-	(6,413,873)	-
Business-Type Activities								
Water and Sewer	(3,626,902)	3,308,393	-	-	-	(318,509)	(318,509)	-
TOTAL BUSINESS-TYPE ACTIVITIES	(3,626,902)	3,308,393	-	-	-	(318,509)	(318,509)	-
TOTAL PRIMARY GOVERNMENT	\$ (11,033,766)	\$ 4,136,166	\$ 139,836	\$ 25,382	(6,413,873)	(318,509)	(6,732,382)	-
Component Unit								
Industrial Development Authority	\$ (20,375)	\$ -	\$ -	\$ -	-	-	-	(20,375)
General Revenues:								
					5,020,619	-	5,020,619	-
					416,585	-	416,585	-
					32,260	-	32,260	-
					212,452	-	212,452	-
					22,084	2,030	24,114	169
					220,736	305,683	526,419	150
					(674,965)	674,965	-	-
					5,249,771	982,678	6,232,449	319
Special Item:								
					(11,923)	-	(11,923)	28,858
					(1,176,025)	664,169	(511,856)	8,802
					17,788,477	9,291,850	27,080,327	649,615
					\$ 16,612,452	\$ 9,956,019	\$ 26,568,471	\$ 658,417

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2017

	Special Revenue Funds						Total Governmental Funds
	General Fund	Street Fund	1/2 Cent Capital Improvement Fund	Recreation Facility Fund	Fire Fund	Nonmajor Governmental Funds	
ASSETS							
Cash and cash equivalents - unrestricted	\$ 510,635	\$ 1,078,120	\$ -	\$ 200	\$ -	\$ 464,926	\$ 2,053,881
Investments - unrestricted	31,780	112,304	-	-	-	274,082	418,166
Taxes receivable	320,311	134,316	160,155	77,194	77,193	20,071	789,240
Court fines receivable, net	50,380	-	-	-	-	-	50,380
Intergovernmental receivable	-	-	-	-	8,469	-	8,469
Other accounts receivable	5,575	-	-	6,428	-	25,525	37,528
Prepaid expenses	38,940	11,414	-	9,624	14,926	4,758	79,662
Due from other funds	-	297,869	305,683	-	-	-	603,552
Restricted cash and cash equivalents	25,419	-	-	123	-	900	26,442
Restricted investments	-	-	-	-	-	91,874	91,874
TOTAL ASSETS	\$ 983,040	\$ 1,634,023	\$ 465,838	\$ 93,569	\$ 100,588	\$ 882,136	\$ 4,159,194
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)							
Liabilities							
Accounts payable	\$ 16,700	\$ 127,963	\$ -	\$ 2,714	\$ 43,872	\$ 17,637	\$ 208,886
Accrued expenses	54,349	12,247	-	2,141	19,135	20	87,892
Due to other funds	-	-	-	210,048	-	87,821	297,869
Customer deposits payable	-	-	-	-	-	900	900
Court bonds payable	14,784	-	-	-	-	-	14,784
Unearned revenue	-	-	-	65,273	-	-	65,273
TOTAL LIABILITIES	85,833	140,210	-	280,176	63,007	106,378	675,604
Deferred Inflows of Resources							
Deferred court fines	33,995	-	-	-	-	-	33,995
TOTAL DEFERRED INFLOWS OF RESOURCES	33,995	-	-	-	-	-	33,995

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS (continued)
December 31, 2017

	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	38,940	11,414	-	9,624	14,926	4,758	79,662
Cemetery perpetual care	-	-	-	-	-	31,874	31,874
Permanent	-	-	-	-	-	354,143	354,143
Restricted for:							
Debt service	-	-	-	123	-	-	123
Public safety - drug forfeiture funds	5,432	-	-	-	-	-	5,432
Shop with a cop	3,357	-	-	-	-	-	3,357
Dog pound	1,846	-	-	-	-	-	1,846
Transportation	-	1,482,399	-	-	-	-	1,482,399
Capital improvements	-	-	465,838	-	-	-	465,838
Fire	-	-	-	-	22,655	-	22,655
Cemetery	-	-	-	-	-	60,000	60,000
Assigned to:							
Airport	-	-	-	-	-	386,997	386,997
Unassigned	813,637	-	-	(196,354)	-	(62,014)	555,269
TOTAL FUND BALANCES (DEFICIT)	863,212	1,493,813	465,838	(186,607)	37,581	775,758	3,449,595
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	\$ 983,040	\$ 1,634,023	\$ 465,838	\$ 93,569	\$ 100,588	\$ 882,136	\$ 4,159,194

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET POSITION
December 31, 2017

Fund balance - total governmental funds	\$ 3,449,595
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	30,252,913
Less accumulated depreciation	<u>(10,396,108)</u>
	19,856,805
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	361,461
Deferred outflows due to pensions	368,714
Deferred inflows due to pensions	<u>(206,108)</u>
	524,067
Adjustment of deferred court fines	33,995
Interest on long-term debt is not accrued in governmental funds, but rather recognized as an expenditure when due	(49,046)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(7,202,964)</u>
Net Position of Governmental Activities	<u><u>\$ 16,612,452</u></u>

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	Special Revenue Funds						Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Fund	1/2 Cent Capital Improvement Fund	Recreation Facility Fund	Fire Fund			
REVENUES								
Taxes	\$ 2,291,129	\$ 1,265,422	\$ 1,022,986	\$ 487,731	\$ 487,810	\$ 126,838	\$ 5,681,916	
Licenses and permits	64,969	-	-	-	-	-	64,969	
Charges for services	-	-	-	198,979	-	388,634	587,613	
Intergovernmental revenues	102,594	-	-	-	35,618	-	138,212	
Fines and forfeitures	110,778	-	-	-	-	-	110,778	
Interest	20,856	167	-	15	-	1,046	22,084	
Other	155,789	27,942	-	48,677	15,431	79,430	327,269	
TOTAL REVENUES	2,746,115	1,293,531	1,022,986	735,402	538,859	595,948	6,932,841	
EXPENDITURES								
Current								
Administrative	43,449	-	-	-	-	-	43,449	
Public safety	2,442,418	-	-	-	-	-	2,442,418	
Municipal court	162,095	-	-	-	-	-	162,095	
Community development	285,483	-	-	-	-	-	285,483	
Animal pound	138,631	-	-	-	-	-	138,631	
Recreation and parks	-	-	-	452,944	-	-	452,944	
Aquatic center	-	-	-	297,095	-	-	297,095	
Golf course	-	-	-	224,112	-	-	224,112	
Fire	-	-	-	-	1,126,460	367	1,126,827	
Cemetery	-	-	-	-	-	91,911	91,911	
Transportation	-	1,396,626	-	-	-	-	1,396,626	
Airport	-	-	-	-	-	339,795	339,795	
Debt Service	-	-	-	-	-	-	-	
Principal, interest and fees	-	10,496	-	412,466	157,699	40,213	620,874	
TOTAL EXPENDITURES	3,072,076	1,407,122	-	1,386,617	1,284,159	472,286	7,622,260	
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(325,961)	(113,591)	1,022,986	(651,215)	(745,300)	123,662	(689,419)	
OTHER FINANCING SOURCES (USES)								
Lease proceeds	232,541	-	-	-	-	-	232,541	
Operating transfer in (out)	(461,313)	-	(1,551,290)	653,653	714,743	(30,758)	(674,965)	
TOTAL OTHER FINANCING SOURCES (USES)	(228,772)	-	(1,551,290)	653,653	714,743	(30,758)	(442,424)	
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	(554,733)	(113,591)	(528,304)	2,438	(30,557)	92,904	(1,131,843)	
FUND BALANCE (DEFICIT), January 1	1,417,945	1,607,404	994,142	(189,045)	68,138	682,854	4,581,438	
FUND BALANCE (DEFICIT), December 31	\$ 863,212	\$ 1,493,813	\$ 465,838	\$ (186,607)	\$ 37,581	\$ 775,758	\$ 3,449,595	

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, 2017

Net change in fund balances - total governmental funds \$ (1,131,843)

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 depreciation
 exceeded capital outlay for the year.

Capital outlay	764,958
Depreciation	(868,987)
Disposal of capital assets, net	(31,828)
	<u>(135,857)</u>

Some revenues reported in the governmental funds represent current financial
 resources and were recognized in the Statement of Activities when earned. 4,791

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

Lease proceeds	(232,541)
Discount on certificates of participation	(11,602)
Accrued interest payable	496
Repayment of principal on leases	365,395
	<u>121,748</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	(45,016)
Change in compensated absences	10,152
	<u>(34,864)</u>

Change in Net Position of Governmental Activities \$ (1,176,025)

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
STATEMENT OF NET POSITION – ENTERPRISE FUND
December 31, 2017

	<u>Water and Sewer Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 89,246
Investments	6,837
Utilities receivable, net	275,888
Other accounts receivable	305,683
Prepaid expenses	<u>25,042</u>
TOTAL CURRENT ASSETS	702,696
Restricted Assets	
Cash and cash equivalents	354,765
Investments	<u>142,500</u>
TOTAL RESTRICTED ASSETS	497,265
Property, Plant and Equipment	
Land	132,231
Construction in progress	530,497
Equipment and furniture	2,419,156
Water and sewer system	22,011,333
Buildings and improvements	589,993
Less accumulated depreciation	<u>(11,380,106)</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>14,303,104</u>
TOTAL ASSETS	15,503,065
DEFERRED OUTFLOW OF RESOURCES	
Deferred pension outflows	104,379

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
STATEMENT OF NET POSITION – ENTERPRISE FUND (continued)
December 31, 2017

	<u>Water and Sewer Fund</u>
LIABILITIES	
Current Liabilities	
Accounts payable	394,630
Accrued expenses	52,393
Customer deposits	142,500
Accrued interest payable	35,196
Due to other funds	305,683
Current portion of long-term debt	<u>586,981</u>
TOTAL CURRENT LIABILITIES	1,517,383
Long-Term Liabilities	
Capital leases payable	4,024,672
Net pension liability	66,753
Compensated absences payable	<u>8,007</u>
TOTAL LONG-TERM LIABILITIES	<u>4,099,432</u>
TOTAL LIABILITIES	5,616,815
DEFERRED INFLOW OF RESOURCES	
Deferred pension inflows	<u>34,610</u>
NET POSITION	
Net investment in capital assets	10,044,716
Unrestricted	<u>(88,697)</u>
TOTAL NET POSITION	<u><u>\$ 9,956,019</u></u>

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – ENTERPRISE FUND
Year Ended December 31, 2017

	<u>Water and Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 3,228,345
Other charges	<u>80,048</u>
TOTAL OPERATING REVENUES	3,308,393
OPERATING EXPENSES	
Salaries and wages	1,045,383
Employee benefits	233,649
Materials and supplies	364,693
Utilities	677,530
Insurance	77,968
Repairs and maintenance	331,810
Travel and conferences	3,291
Depreciation	709,497
Miscellaneous	<u>57,698</u>
TOTAL OPERATING EXPENSES	<u>3,501,519</u>
OPERATING (LOSS)	(193,126)
NONOPERATING REVENUES (EXPENSES)	
Interest income	2,030
Reimbursements	305,683
Interest expense	<u>(125,383)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>182,330</u>
(LOSS) BEFORE OPERATING TRANSFERS	(10,796)
OPERATING TRANSFERS IN	<u>674,965</u>
NET INCOME	664,169
NET POSITION, January 1	<u>9,291,850</u>
NET POSITION, December 31	<u><u>\$ 9,956,019</u></u>

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
STATEMENT OF CASH FLOWS – ENTERPRISE FUND
Year Ended December 31, 2017

	<u>Water and Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 3,333,502
Cash paid to employees	(1,265,844)
Cash paid to suppliers	<u>(1,467,649)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	600,009
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	674,965
Loans from other funds	<u>305,683</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	980,648
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(1,038,512)
Payment of principal on capital leases	(573,160)
Payment of interest expense	<u>(128,479)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,740,151)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	2,030
Purchase of investments	<u>(223)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,807
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(157,687)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>601,698</u>
CASH AND CASH EQUIVALENTS, End of year	444,011
LESS RESTRICTED CASH AND CASH EQUIVALENTS	<u>(354,765)</u>
UNRESTRICTED CASH AND CASH EQUIVALENTS	<u><u>\$ 89,246</u></u>

See accompanying notes.

CITY OF BOLIVAR, MISSOURI
STATEMENT OF CASH FLOWS – ENTERPRISE FUND (continued)
Year Ended December 31, 2017

	<u>Water and Sewer Fund</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating (loss)	\$ (193,126)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	709,497
(Increase) decrease in:	
Utilities receivable	8,864
Prepaid expenses	(12,131)
Deferred pension outflows	85,345
Increase (decrease) in:	
Accounts payable	57,472
Accrued expenses	588
Compensated absences	(904)
Customer deposits payable	16,245
Net pension liability	(74,765)
Deferred pension inflows	2,924
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 600,009</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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. All other revenue and expenses are considered nonoperating.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. These include 1) charges for city court fines, licenses and permits, planning and zoning services, parks and recreation services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

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, 2017, all bank balances on deposit are entirely insured or collateralized.

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017

NOTE C – INVESTMENTS

Primary Government

The City’s investments as of December 31, 2017, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Certificates of Deposit	4/5/2018 - 9/1/2018	\$ 659,377

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, 2017, 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.

Industrial Development Authority

The Industrial Development Authority’s investments as of December 31, 2017, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Certificates of Deposit	6/11/2018 - 11/21/2019	\$ 70,000

Certificates of Deposit

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. As of December 31, 2017, all certificates of deposit are entirely insured or collateralized with securities.

Interest Rate Risk

The Industrial Development Authority does not have a policy on interest rate risk.

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017

NOTE D – RESTRICTED ASSETS

Governmental Activities

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

	<u>Restricted Cash and Investments</u>	<u>Restricted Fund Balance/ Net Position</u>
GENERAL FUND		
Court bonds	\$ 14,784	\$ -
Drug forfeiture	5,432	5,432
Shop with a cop	3,357	3,357
Dog pound fund	1,846	1,846
	<u>\$ 25,419</u>	<u>\$ 10,635</u>
STREET FUND		
Transportation taxes	\$ -	\$ 1,482,399
1/2 CENT CAPITAL IMPROVEMENT FUND		
Capital improvement taxes	\$ -	\$ 465,838
RECREATION FACILITY FUND		
2016 Certificates of Participation Certificate fund	\$ 123	\$ 123
FIRE FUND		
Fire taxes	\$ -	\$ 22,655
NON-MAJOR GOVERNMENTAL FUNDS		
Cemetery perpetual care	\$ 31,874	\$ 31,874
Cemetery donations	60,000	60,000
Airport deposits	900	-
Corbett donation	-	283,492
Bolivar Charitable Trust	-	28,565
Plaza of the Americas	-	42,086
	<u>\$ 92,774</u>	<u>\$ 446,017</u>

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017

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	\$ 353,265	\$ -
Utility Deposits	142,500	-
Performance Bonds	1,500	-
	<u>\$ 497,265</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>\$ 277,208</u>	<u>\$ 1,320</u>	<u>\$ 275,888</u>
COURT FINES RECEIVABLE			
General Fund	<u>\$ 64,590</u>	<u>\$ 14,210</u>	<u>\$ 50,380</u>

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

The business-type activities long-term liabilities at December 31, 2017, consists of four capital lease obligations and compensated absences.

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017

NOTE F – LONG-TERM LIABILITIES – 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 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 Ending December 31,	IDA Water Tower Lease Purchase
2018	\$ 47,277
2019	23,639
TOTAL MINIMUM LEASE PAYMENTS	70,916
LESS AMOUNT REPRESENTING INTEREST	(1,028)
PRINCIPAL BALANCE, DECEMBER 31, 2017	\$ 69,888

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 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, 2017

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

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

Year Ending December 31,	Principal	Interest	Total
2018	\$ 27,178	\$ 4,311	\$ 31,489
2019	157,037	1,286	158,323
	<u>\$ 184,215</u>	<u>\$ 5,597</u>	<u>\$ 189,812</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 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 Ending December 31,	Principal	Interest	Total
2018	\$ 268,026	\$ 12,378	\$ 280,404
2019	274,199	6,205	280,404
2020	64,925	743	65,668
	<u>\$ 607,150</u>	<u>\$ 19,326</u>	<u>\$ 626,476</u>

Capital Lease Agreement – Sewer Lines and Lift Station

On October 30, 2015, the City entered into a lease purchase 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%.

The City’s lease 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, 2017

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

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

Year Ending December 31,	Principal	Interest	Total
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>\$ 3,750,400</u>	<u>\$ 701,947</u>	<u>\$ 4,452,347</u>

A summary of the changes in long-term liabilities – business-type activities for the year ended December 31, 2017, is as follows:

	Balance December 31, 2016	Additions	Retirements	Balance December 31, 2017	Amounts Due Within One Year
Capital Leases Payable	\$ 5,184,813	\$ -	\$ 573,160	\$ 4,611,653	\$ 586,981
Compensated Absences Payable	8,911	-	904	8,007	-
	<u>\$ 5,193,724</u>	<u>\$ -</u>	<u>\$ 574,064</u>	<u>\$ 4,619,660</u>	<u>\$ 586,981</u>

NOTE G – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES

Long-term liabilities for governmental activities at December 31, 2017, consists of five capital lease obligations, Series 2010B Certificate of Participation, Series 2016 Refunding Certificate of Participation, and compensated absences.

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%.

Capital Lease Agreement – Dispatch Equipment

On January 24, 2017, the City entered into a lease purchase agreement to finance the purchase of dispatch equipment. The agreement requires annual payments of \$33,220. The interest rate is 0%.

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017

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

The City's lease 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 Ending December 31,	Public Works Building Lease	Fire Truck Lease	Public Safety Building Lease	Fire Truck Lease	Dispatch Equipment Lease	Total
2018	\$ 10,500	\$ 60,396	\$ 39,900	\$ 77,352	\$ 33,220	\$ 221,368
2019	52,770	60,396	356,692	77,352	33,220	580,430
2020	-	60,396	-	77,352	33,220	170,968
2021	-	60,396	-	77,352	33,220	170,968
2022	-	60,396	-	77,352	33,220	170,968
2023	-	60,396	-	77,352	-	137,748
2024	-	50,330	-	77,352	-	127,682
2025	-	-	-	64,460	-	64,460
TOTAL MINIMUM LEASE PAYMENTS	63,270	412,706	396,592	605,924	166,100	1,644,592
LESS AMOUNT REPRESENTING INTEREST	(1,865)	(34,416)	(9,900)	(51,000)	-	(97,181)
PRINCIPAL BALANCE, DECEMBER 31, 2017	<u>\$ 61,405</u>	<u>\$ 378,290</u>	<u>\$ 386,692</u>	<u>\$ 554,924</u>	<u>\$ 166,100</u>	<u>\$ 1,547,411</u>

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, 2017, are due as follows:

CITY OF BOLIVAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

Year Ending December 31,	Principal	Interest	Interest Subsidy	Total
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>\$ 6,989,900</u>	<u>\$ (2,446,469)</u>	<u>\$ 9,318,431</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, 2017

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

Year Ending December 31,	Principal	Interest	Total
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>\$ 1,130,800</u>	<u>\$ 143,879</u>	<u>\$ 1,274,679</u>

A summary of the changes in the long-term liabilities-governmental activities for the year ended December 31, 2017, is as follows:

	Balance December 31, 2016	Additions	Retirements	Balance December 31, 2017	Amounts Due Within One Year
Capital Leases Payable	\$ 1,574,065	\$ 232,541	\$ 259,195	\$ 1,547,411	\$ 189,835
Refunding Certificates of Participation	1,237,000	-	106,200	1,130,800	115,700
Certificates of Participation	4,775,000	-	-	4,775,000	-
Less: Discount on Certificates of Participation	<u>(278,448)</u>	<u>-</u>	<u>(11,602)</u>	<u>(266,846)</u>	<u>-</u>
	4,496,552	-	(11,602)	4,508,154	-
Compensated Absences Payable	<u>26,751</u>	<u>-</u>	<u>10,152</u>	<u>16,599</u>	<u>-</u>
	<u>\$ 7,334,368</u>	<u>\$ 232,541</u>	<u>\$ 363,945</u>	<u>\$ 7,202,964</u>	<u>\$ 305,535</u>

CITY OF BOLIVAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

Primary Government

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017
GOVERNMENTAL ACTIVITIES				
Non-depreciable Capital Assets:				
Land	\$ 976,336	\$ -	\$ -	\$ 976,336
Total Non-depreciable Capital Assets	976,336	<u>\$ -</u>	<u>\$ -</u>	976,336
Depreciable Capital Assets:				
Buildings and land improvements	10,940,796	\$ 26,000	\$ -	10,966,796
Equipment and furniture	6,872,201	484,010	64,325	7,291,886
Infrastructure	10,762,947	254,948	-	11,017,895
Total Depreciable Capital Assets	28,575,944	<u>\$ 764,958</u>	<u>\$ 64,325</u>	29,276,577
Less Accumulated Depreciation	(9,559,618)	<u>\$ (868,987)</u>	<u>\$ (32,497)</u>	(10,396,108)
Total Depreciable Capital Assets, net	<u>19,016,326</u>			<u>18,880,469</u>
Total Governmental Activities Capital Assets, net	<u>\$ 19,992,662</u>			<u>\$ 19,856,805</u>

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

Fire	\$ 154,557
Public safety	109,938
Recreation and parks	158,233
Rails to trails	16,665
Golf course	8,312
Transportation	279,822
Airport	138,502
Cemetery	2,958
	<u>\$ 868,987</u>

CITY OF BOLIVAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE H – CAPITAL ASSETS (continued)

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017
BUSINESS-TYPE ACTIVITIES				
Non-depreciable Capital Assets:				
Land	\$ 132,231	\$ -	\$ -	\$ 132,231
Construction in progress	83,907	463,416	16,826	530,497
Total Non-depreciable Capital Assets	216,138	<u>\$ 463,416</u>	<u>\$ 16,826</u>	662,728
Depreciable Capital Assets:				
Equipment and furniture	2,380,095	\$ 39,061	\$ -	2,419,156
Water and sewer system	21,180,304	831,029	-	22,011,333
Buildings and improvements	589,993	-	-	589,993
Total Depreciable Capital Assets	24,150,392	<u>\$ 870,090</u>	<u>\$ -</u>	25,020,482
Less Accumulated Depreciation	(10,670,609)	<u>\$ (709,497)</u>	<u>\$ -</u>	(11,380,106)
Total Depreciable Capital Assets, net	<u>13,479,783</u>			<u>13,640,376</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 13,695,921</u>			<u>\$ 14,303,104</u>

Industrial Development Authority

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017
Non-depreciable Capital Assets:				
Land	\$ 554,725	\$ -	\$ 18,760	\$ 535,965
Total Non-Depreciable Capital Assets	<u>\$ 554,725</u>	<u>\$ -</u>	<u>\$ 18,760</u>	<u>\$ 535,965</u>

NOTE I – 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.

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>2017 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 June 30, 2017, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>	<u>Fire</u>
Inactive employees or beneficiaries currently receiving benefits	33	9	2
Inactive employees entitled to but not yet receiving benefits	10	23	5
Active employees	56	18	13
	<u>99</u>	<u>50</u>	<u>20</u>

NOTE I – 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 8.50% (General), 0.60% (Police), and 8.30% (Fire) of annual covered payroll.

Net Pension Liability/Asset. The employer’s net pension liability/asset was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability/asset was determined by an actuarial valuation as of February 28, 2017.

Actuarial Assumptions. The total pension liability in the February 28, 2017, 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 28, 2017, 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, 2017

NOTE I – 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%	2.93%
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	\$ 4,407,082	\$ 3,978,240	\$ 428,842
Changes for the year:			
Service cost	163,031	-	163,031
Interest	318,208	-	318,208
Difference between expected and actual experiences	(36,146)	-	(36,146)
Contributions - employer	-	157,992	(157,992)
Contributions - employee	-	76,149	(76,149)
Net investment income	-	460,592	(460,592)
Benefits paid, including refunds	(199,676)	(199,676)	-
Administrative expenses	-	(7,586)	7,586
Other changes	-	(9,660)	9,660
Net Changes	245,417	477,811	(232,394)
Balances at end of year	4,652,499	4,456,051	196,448

CITY OF BOLIVAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE I – 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	1,748,556	2,132,628	(384,072)
Changes for the year:			
Service cost	67,751	-	67,751
Interest	127,297	-	127,297
Difference between expected and actual experiences	(19,242)	-	(19,242)
Contributions - employer	-	6,399	(6,399)
Contributions - employee	-	33,895	(33,895)
Net investment income	-	255,764	(255,764)
Benefits paid, including refunds	(52,955)	(52,955)	-
Administrative expenses	-	(3,119)	3,119
Other changes	-	(18,022)	18,022
Net Changes	122,851	221,962	(99,111)
Balances at end of year	1,871,407	2,354,590	(483,183)
<i>Fire Division</i>			
Balances at beginning of year	214,892	236,214	(21,322)
Changes for the year:			
Service cost	48,721	-	48,721
Interest	17,127	-	17,127
Difference between expected and actual experiences	34,256	-	34,256
Contributions - employer	-	38,617	(38,617)
Contributions - employee	-	19,663	(19,663)
Net investment income	-	29,514	(29,514)
Benefits paid, including refunds	(5,264)	(5,264)	-
Administrative expenses	-	(1,433)	1,433
Other changes	-	394	(394)
Net Changes	94,840	81,491	13,349
Balances at end of year	309,732	317,705	(7,973)
Total Plan Balances at End of Year	<u>\$ 6,833,638</u>	<u>\$ 7,128,346</u>	<u>\$ (294,708)</u>

CITY OF BOLIVAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE I – EMPLOYEE PENSION PLAN (continued)

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

	Net Pension Liability/(Asset)
Governmental Activities	\$ (361,461)
Business-Type Activities	66,753
	<u>\$ (294,708)</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	\$ 5,322,583	\$ 4,652,499	\$ 4,107,063
Fiduciary Net Position	<u>4,456,051</u>	<u>4,456,051</u>	<u>4,456,051</u>
Net Pension Liability/(Asset)	866,532	196,448	(348,988)
<i>Police Division</i>			
Total Pension Liability	2,230,777	1,871,407	1,588,548
Fiduciary Net Position	<u>2,354,590</u>	<u>2,354,590</u>	<u>2,354,590</u>
Net Pension (Asset)	(123,813)	(483,183)	(766,042)
<i>Fire Division</i>			
Total Pension Liability	382,551	309,732	253,558
Fiduciary Net Position	<u>317,705</u>	<u>317,705</u>	<u>317,705</u>
Net Pension Liability/(Asset)	<u>64,846</u>	<u>(7,973)</u>	<u>(64,147)</u>
Total Net Pension Liability/(Asset)	<u>\$ 807,565</u>	<u>\$ (294,708)</u>	<u>\$ (1,179,177)</u>

CITY OF BOLIVAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE I – 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, 2017, the employer recognized pension expense of \$198,421 in the general division, \$31,653 in the police division, and \$34,303 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/(Inflows) of Resources
<i>General Division</i>			
Differences in experiences	\$ -	\$ (101,855)	\$ (101,855)
Differences in assumptions	102,571	-	102,571
Excess investment returns	124,909	-	124,909
Contributions subsequent to the measurement date*	79,696	-	79,696
	<u>307,176</u>	<u>(101,855)</u>	<u>205,321</u>
<i>Police Division</i>			
Differences in experiences	-	(114,926)	(114,926)
Differences in assumptions	29,062	-	29,062
Excess investment returns	57,747	-	57,747
Contributions subsequent to the measurement date*	3,065	-	3,065
	<u>89,874</u>	<u>(114,926)</u>	<u>(25,052)</u>
<i>Fire Division</i>			
Differences in experiences	48,398	(23,937)	24,461
Differences in assumptions	6,038	-	6,038
Excess investment returns	2,193	-	2,193
Contributions subsequent to the measurement date*	19,414	-	19,414
	<u>76,043</u>	<u>(23,937)</u>	<u>52,106</u>
Total	<u>\$ 473,093</u>	<u>\$ (240,718)</u>	<u>\$ 232,375</u>

CITY OF BOLIVAR, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017

NOTE I – 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	\$ 368,714	\$ (206,108)	\$ 162,606
Business-Type Activities	104,379	(34,610)	69,769
	<u>\$ 473,093</u>	<u>\$ (240,718)</u>	<u>\$ 232,375</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, 2018.

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/(Inflow) of Resources	Police Net Deferred Outflow/(Inflow) of Resources	Fire Net Deferred Outflow of Resources	Total Net Deferred Outflow/(Inflow) of Resources
2018	\$ 65,121	\$ 2,771	\$ 6,056	\$ 73,948
2019	65,119	3,371	6,058	74,548
2020	26,783	(10,041)	4,143	20,885
2021	(25,742)	(24,218)	1,876	(48,084)
2022	(5,656)	-	3,985	(1,671)
Thereafter	-	-	10,574	10,574
	<u>\$ 125,625</u>	<u>\$ (28,117)</u>	<u>\$ 32,692</u>	<u>\$ 130,200</u>

Payable to the Pension Plan

At December 31, 2017, 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, 2017

NOTE J – 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 K – 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, 2017, 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 L – INTERFUND TRANSFERS

Transfers between funds of the City for the year ended December 31, 2017, were as follows:

	Transfers In (Out)
General Fund	\$ (461,313)
1/2 Cent Capital Improvement Fund	(1,551,290)
Recreation Facility Fund	653,653
Fire Fund	714,743
Non-major Funds	(30,758)
Water and Sewer Fund	674,965
	<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, 2017

NOTE M – INTERNAL BALANCES

Internal balances as of December 31, 2017, consisted of the following:

	Water and Sewer Fund	1/2 Cent Capital Improvements Fund	Greenwood Cemetery Fund	Recreation Facility Fund	Street Fund
Internal balances	\$ (305,683)	\$ 305,683	\$ (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, 2017, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

NOTE N – COMMITMENTS

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

Future payments are due as follows:

Year Ending December 31,	Amount
2018	\$ 84,504
2019	84,504
2020	73,938
TOTAL MINIMUM PAYMENTS	\$ 242,946

As of the year ended December 31, 2017, the City was committed to various contractors for sanitary sewer construction and rehabilitation as follows:

Company	Project	Amount Remaining
Hamilton & Dad, Inc.	Sanitary sewer extension	\$ 59,738
Rosetta Construction, LLC	Sanitary sewer additions	\$ 628,839
SAK Construction, LLC	Sanitary sewer rehabilitation	\$ 145,889

CITY OF BOLIVAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE O – DEFICIT FUND BALANCE

As of December 31, 2017, the City had a deficit fund balance of \$186,607 in the Recreation Facility Fund.

NOTE P – UNEARNED REVENUE

Revenue received but not considered earned is when the appropriate expenses have been incurred. At December 31, 2017, 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 Q – 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, 2017, deferred court fines in the General Fund in the amount of \$33,995 are related to fines to be collected over several years.

NOTE R – SUBSEQUENT EVENT

On February 28, 2018, the City entered into a lease purchase agreement with ZB, N.A. to provide financing to acquire, construct, expand and improve the combined waterworks and sewerage system in the amount of \$1,231,162.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BOLIVAR, MISSOURI
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
Year Ended December 31, 2017

Missouri Local Government Employees Retirement System (LAGERS)

	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
TOTAL PENSION LIABILITY			
Service cost	\$ 279,503	\$ 252,054	\$ 228,133
Interest on the Total Pension Liability	462,632	432,438	415,228
Difference between expected and actual experience	(21,132)	(214,596)	(108,402)
Changes of assumptions	-	216,327	-
Benefit payments, including refunds	<u>(257,895)</u>	<u>(307,702)</u>	<u>(310,906)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	463,108	378,521	224,053
TOTAL PENSION LIABILITY, BEGINNING	<u>6,370,530</u>	<u>5,992,009</u>	<u>5,767,956</u>
TOTAL PENSION LIABILITY, ENDING	6,833,638	6,370,530	5,992,009
PLAN FIDUCIARY NET POSITION			
Contributions - employer	203,008	177,671	168,419
Contributions - employee	129,707	116,774	100,253
Net investment income	745,870	1,997	122,865
Benefit payments, including refunds	(257,895)	(307,702)	(310,906)
Pension plan administrative expense	(12,138)	(11,695)	(12,117)
Other	<u>(27,288)</u>	<u>(84,785)</u>	<u>8,056</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	781,264	(107,740)	76,570
PLAN FIDUCIARY NET POSITION, BEGINNING	<u>6,347,082</u>	<u>6,454,822</u>	<u>6,378,252</u>
PLAN FIDUCIARY NET POSITION, ENDING	<u>7,128,346</u>	<u>6,347,082</u>	<u>6,454,822</u>
EMPLOYER NET PENSION LIABILITY (ASSET)	<u>\$ (294,708)</u>	<u>\$ 23,448</u>	<u>\$ (462,813)</u>
Plan fiduciary net position as a percentage of the Total Pension Liability	104.31%	99.63%	107.72%
Covered employee payroll	\$ 3,016,021	\$ 2,742,161	\$ 2,524,321

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, 2017

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

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Employee Payroll</u>	<u>Contribution as a Percentage of Covered Employee Payroll</u>
2008	\$ 49,735	\$ 49,735	\$ -	\$ 1,915,522	2.60%
2009	55,890	55,890	-	2,131,171	2.62%
2010	166,114	89,942	(76,172)	2,311,546	3.89%
2011	168,320	113,102	(55,218)	2,312,618	4.89%
2012	134,009	101,902	(32,107)	1,853,042	5.50%
2013	140,171	133,883	(6,288)	2,059,056	6.50%
2014	189,711	163,119	(26,592)	2,437,488	6.69%
2015	174,702	174,702	-	2,628,954	6.65%
2016	186,658	186,658	-	3,090,762	6.04%
2017	205,857	205,857	-	3,258,850	6.32%

See accompanying notes to the required schedule.

CITY OF BOLIVAR, MISSOURI
NOTES TO SCHEDULE OF CONTRIBUTIONS
Year Ended December 31, 2017

Valuation Date: February 28, 2017

Notes: The roll-forward of total pension liability from February 28, 2017, to June 30, 2017, reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method – Entry Age Normal and Modified Terminal Funding

Amortization Method – A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, the amount is amortized over the greater of the greater of (i) the remaining initial amortization period or (ii) 15 years.

Remaining Amortization Period – Multiple bases from 12 to 15 years for general division
15 years for the police and fire divisions

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 – None.

CITY OF BOLIVAR, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Sales tax	\$ 2,113,484	\$ 2,113,484	\$ 2,046,417	\$ (67,067)
Utility franchise tax	210,677	210,677	212,452	1,775
Surtax	42,406	42,406	32,260	(10,146)
	<u>2,366,567</u>	<u>2,366,567</u>	<u>2,291,129</u>	<u>(75,438)</u>
Licenses and Permits				
Merchant licenses	22,410	22,410	19,533	(2,877)
Building permits	6,243	6,243	7,600	1,357
Solicitor permits	7,532	7,532	6,425	(1,107)
Inspection fees	28,107	28,107	19,296	(8,811)
Zoning fees	2,031	2,031	5,990	3,959
Code enforcement fees	188	188	165	(23)
Animal license and fees	5,918	5,918	5,960	42
	<u>72,429</u>	<u>72,429</u>	<u>64,969</u>	<u>(7,460)</u>
Intergovernmental Revenues				
CDBG grant	-	-	43,449	43,449
Law enforcement grants	16,236	16,236	59,145	42,909
	<u>16,236</u>	<u>16,236</u>	<u>102,594</u>	<u>86,358</u>
Fines and Forfeitures				
City court fines	149,999	149,999	109,751	(40,248)
Miscellaneous fines and forfeitures	2,006	2,006	1,027	(979)
	<u>152,005</u>	<u>152,005</u>	<u>110,778</u>	<u>(41,227)</u>
Miscellaneous				
Interest	12,609	12,609	20,856	8,247
Other	103,058	103,058	155,789	52,731
	<u>115,667</u>	<u>115,667</u>	<u>176,645</u>	<u>60,978</u>
TOTAL REVENUES	2,722,904	2,722,904	2,746,115	23,211

CITY OF BOLIVAR, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)
 Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
EXPENDITURES				
Current				
Administrative	-	-	43,449	(43,449)
Public safety	2,102,924	2,513,545	2,442,418	71,127
Municipal court	217,498	217,498	162,095	55,403
Community development	282,570	282,570	285,483	(2,913)
Animal pound	136,675	136,675	138,631	(1,956)
TOTAL EXPENDITURES	<u>2,739,667</u>	<u>3,150,288</u>	<u>3,072,076</u>	<u>78,212</u>
(DEFICIT) OF REVENUES OVER EXPENDITURES	(16,763)	(427,384)	(325,961)	101,423
OTHER FINANCING SOURCES (USES)				
Lease proceeds	-	232,541	232,541	-
Operating transfers in	147,009	272,065	269,965	(2,100)
Operating transfers (out)	(151,000)	(731,278)	(731,278)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,991)</u>	<u>(226,672)</u>	<u>(228,772)</u>	<u>(2,100)</u>
(DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	(20,754)	(654,056)	(554,733)	99,323
FUND BALANCE, January 1	<u>1,417,945</u>	<u>1,417,945</u>	<u>1,417,945</u>	<u>-</u>
FUND BALANCE, December 31	<u>\$ 1,397,191</u>	<u>\$ 763,889</u>	<u>\$ 863,212</u>	<u>\$ 99,323</u>

CITY OF BOLIVAR, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – STREET FUND
 Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Sales tax	\$ 877,887	\$ 877,887	\$ 848,837	\$ (29,050)
Motor vehicle tax	376,610	376,610	416,585	39,975
	<u>1,254,497</u>	<u>1,254,497</u>	<u>1,265,422</u>	<u>10,925</u>
Miscellaneous				
Interest	279	279	167	(112)
Other	2,072	2,072	27,942	25,870
	<u>2,351</u>	<u>2,351</u>	<u>28,109</u>	<u>25,758</u>
TOTAL REVENUES	<u>1,256,848</u>	<u>1,256,848</u>	<u>1,293,531</u>	<u>36,683</u>
EXPENDITURES				
Current				
Transportation	1,085,460	1,397,764	1,396,626	1,138
Debt service				
Principal, interest and fees	12,570	12,570	10,496	2,074
TOTAL EXPENDITURES	<u>1,098,030</u>	<u>1,410,334</u>	<u>1,407,122</u>	<u>3,212</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	158,818	(153,486)	(113,591)	39,895
FUND BALANCE, January 1	<u>1,607,404</u>	<u>1,607,404</u>	<u>1,607,404</u>	<u>-</u>
FUND BALANCE, December 31	<u>\$ 1,766,222</u>	<u>\$ 1,453,918</u>	<u>\$ 1,493,813</u>	<u>\$ 39,895</u>

CITY OF BOLIVAR, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – ½ CENT CAPITAL IMPROVEMENT FUND
 Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Sales tax	\$ 990,000	\$ 990,000	\$ 1,022,986	\$ 32,986
TOTAL REVENUES	990,000	990,000	1,022,986	32,986
OTHER FINANCING (USES)				
Operating transfers (out)	(912,007)	(1,551,290)	(1,551,290)	-
EXCESS (DEFICIT) OF REVENUES OVER OTHER (USES)	77,993	(561,290)	(528,304)	32,986
FUND BALANCE, January 1	994,142	994,142	994,142	-
FUND BALANCE, December 31	<u>\$ 1,072,135</u>	<u>\$ 432,852</u>	<u>\$ 465,838</u>	<u>\$ 32,986</u>

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CITY OF BOLIVAR, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – RECREATION FACILITY FUND
 Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Sales tax	\$ 504,525	\$ 504,525	\$ 487,731	\$ (16,794)
Charges for services	201,471	201,471	198,979	(2,492)
Interest	135,000	135,000	15	(134,985)
Other	56,532	56,532	48,677	(7,855)
TOTAL REVENUES	<u>897,528</u>	<u>897,528</u>	<u>735,402</u>	<u>(162,126)</u>
EXPENDITURES				
Current				
Recreation and parks	447,341	447,341	452,944	(5,603)
Aquatic center	270,823	270,823	297,095	(26,272)
Golf course	201,563	201,563	224,112	(22,549)
Debt service				
Principal, interest and fees	570,000	570,000	412,466	157,534
TOTAL EXPENDITURES	<u>1,489,727</u>	<u>1,489,727</u>	<u>1,386,617</u>	<u>103,110</u>
(DEFICIT) OF REVENUES OVER EXPENDITURES	(592,199)	(592,199)	(651,215)	(59,016)
OTHER FINANCING SOURCES				
Operating transfers in	598,428	654,679	653,653	(1,026)
TOTAL OTHER FINANCING SOURCES	<u>598,428</u>	<u>654,679</u>	<u>653,653</u>	<u>(1,026)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	6,229	62,480	2,438	(60,042)
FUND (DEFICIT), January 1	-	-	(189,045)	(189,045)
FUND (DEFICIT), December 31	<u>\$ 6,229</u>	<u>\$ 62,480</u>	<u>\$ (186,607)</u>	<u>\$ (249,087)</u>

CITY OF BOLIVAR, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – FIRE FUND
 Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Sales tax	\$ 504,525	\$ 504,525	\$ 487,810	\$ (16,715)
Intergovernmental revenue	35,000	35,000	35,618	618
Other	4,900	4,900	15,431	10,531
TOTAL REVENUES	544,425	544,425	538,859	(5,566)
EXPENDITURES				
Current				
Fire	919,702	1,137,783	1,126,460	11,323
Debt service				
Principal, interest and fees	158,340	158,340	157,699	641
TOTAL EXPENDITURES	1,078,042	1,296,123	1,284,159	11,964
(DEFICIT) OF REVENUES OVER EXPENDITURES	(533,617)	(751,698)	(745,300)	6,398
OTHER FINANCING SOURCES				
Operating transfers in	534,500	714,991	714,743	(248)
TOTAL OTHER FINANCING SOURCES	534,500	714,991	714,743	(248)
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	883	(36,707)	(30,557)	6,150
FUND BALANCE, January 1	68,138	68,138	68,138	-
FUND BALANCE, December 31	\$ 69,021	\$ 31,431	\$ 37,581	\$ 6,150

CITY OF BOLIVAR, MISSOURI
NOTE TO BUDGETARY COMPARISON SCHEDULES
Year Ended December 31, 2017

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, 2017

	Special Revenue Funds		Permanent Funds			Total
	Airport Fund	Greenwood Cemetery Fund	Corbett Donation Fund	Bolivar Charitable Trust Fund	Plaza of the Americas Fund	
ASSETS						
Cash and cash equivalents - unrestricted	\$ 357,962	\$ 4,613	\$ 33,492	\$ 28,565	\$ 40,294	\$ 464,926
Investments - unrestricted	-	22,290	250,000	-	1,792	274,082
Taxes receivable	20,071	-	-	-	-	20,071
Other accounts receivable	25,118	407	-	-	-	25,525
Prepaid expenses	4,758	-	-	-	-	4,758
Restricted cash and cash equivalents	900	-	-	-	-	900
Restricted investments	-	91,874	-	-	-	91,874
TOTAL ASSETS	\$ 408,809	\$ 119,184	\$ 283,492	\$ 28,565	\$ 42,086	\$ 882,136
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 16,154	\$ 1,483	\$ -	\$ -	\$ -	\$ 17,637
Customer deposits payable	900	-	-	-	-	900
Accrued expenses	-	20	-	-	-	20
Due to other funds	-	87,821	-	-	-	87,821
TOTAL LIABILITIES	17,054	89,324	-	-	-	106,378
Fund Balances						
Nonspendable:						
Prepaid items	4,758	-	-	-	-	4,758
Cemetery perpetual care	-	31,874	-	-	-	31,874
Permanent	-	-	283,492	28,565	42,086	354,143
Restricted for:						
Cemetery	-	60,000	-	-	-	60,000
Assigned to:						
Airport	386,997	-	-	-	-	386,997
Unassigned	-	(62,014)	-	-	-	(62,014)
TOTAL FUND BALANCES	391,755	29,860	283,492	28,565	42,086	775,758
TOTAL LIABILITIES AND FUND BALANCES	\$ 408,809	\$ 119,184	\$ 283,492	\$ 28,565	\$ 42,086	\$ 882,136

CITY OF BOLIVAR, MISSOURI
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2017

	Special Revenue Funds		Permanent Funds			Total
	Airport Fund	Greenwood Cemetery Fund	Corbett Donation Fund	Bolivar Charitable Trust Fund	Plaza of the Americas Fund	
REVENUES						
Taxes	\$ 126,838	\$ -	\$ -	\$ -	\$ -	\$ 126,838
Charges for services	357,134	31,500	-	-	-	388,634
Interest	-	286	626	-	134	1,046
Other	4,526	44,146	-	30,758	-	79,430
TOTAL REVENUES	488,498	75,932	626	30,758	134	595,948
EXPENDITURES						
Current						
Airport	339,795	-	-	-	-	339,795
Cemetery	-	91,911	-	-	-	91,911
Fire	-	-	367	-	-	367
Debt service						
Principal, interest and fees	40,213	-	-	-	-	40,213
TOTAL EXPENDITURES	380,008	91,911	367	-	-	472,286
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	108,490	(15,979)	259	30,758	134	123,662
OTHER FINANCING (USES)						
Operating transfers (out)	-	-	-	(30,758)	-	(30,758)
TOTAL OTHER FINANCING (USES)	-	-	-	(30,758)	-	(30,758)
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES AND OTHER (USES)	108,490	(15,979)	259	-	134	92,904
FUND BALANCE, January 1	283,265	45,839	283,233	28,565	41,952	682,854
FUND BALANCE, December 31	\$ 391,755	\$ 29,860	\$ 283,492	\$ 28,565	\$ 42,086	\$ 775,758

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, 2017, 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 May 10, 2018.

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.

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 2017-001.

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
May 10, 2018

CITY OF BOLIVAR, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2017

2017-001 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.