

City of Bolivar, Missouri

BASIC FINANCIAL STATEMENTS Year Ended December 31, 2020



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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, 2020, 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.

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, 2020, 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

The City of Bolivar, Missouri has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2021, on our consideration of the City of Bolivar, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bolivar, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
June 8, 2021

City of Bolivar

Statement of Net Position

December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
Assets				
Current				
Cash and cash equivalents	\$ 2,781,207	\$ 3,109,771	\$ 5,890,978	\$ 133,534
Investments	419,721	-	419,721	72,374
Taxes receivable	919,042	-	919,042	-
Court fines receivable, net	20,969	-	20,969	-
Intergovernmental receivable	18,719	-	18,719	-
Utilities receivable, net	-	461,287	461,287	-
Other accounts receivable	22,492	3,510	26,002	-
Prepaid expenses	7,621	-	7,621	-
Noncurrent				
Restricted cash and cash equivalents	122,247	167,242	289,489	-
Restricted investments	91,874	-	91,874	-
Net pension asset	353,467	-	353,467	-
yet				
Non-depreciable	1,063,336	132,231	1,195,567	480,952
Depreciable, net	19,608,005	13,803,175	33,411,180	-
Total Assets	25,428,700	17,677,216	43,105,916	686,860
Deferred Outflow of Resources				
Deferred pension outflows	420,111	125,716	545,827	-

See accompanying notes to the financial statements.

City of Bolivar

Statement of Net Position

December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
Liabilities				
Current				
Accounts payable	241,869	86,861	328,730	-
Accrued expenses	114,118	63,590	177,708	-
Customer deposits payable	2,495	161,199	163,694	-
Court bonds payable	11,669	-	11,669	-
Police evidence payable	36,436	-	36,436	-
Unearned revenue	65,273	-	65,273	-
Accrued interest payable	47,344	39,452	86,796	-
Current portion of long-term debt	380,345	356,103	736,448	-
	899,549	707,205	1,606,754	-
Noncurrent				
Capital leases payable	852,328	3,747,061	4,599,389	-
Certificates of participation payable, net	5,171,760	-	5,171,760	-
Net pension liability	-	90,961	90,961	-
Compensated absences	55,481	17,946	73,427	-
	6,079,569	3,855,968	9,935,537	-
Total Liabilities	6,979,118	4,563,173	11,542,291	-
Deferred Inflow of Resources				
Deferred pension inflows	167,938	5,107	173,045	-
Net Position				
Net investment in capital assets	14,266,908	9,836,785	24,103,693	480,952
Restricted				
Non-expendable	387,643	-	387,643	-
Expendable	2,506,490	-	2,506,490	-
Unrestricted	1,540,714	3,397,867	4,938,581	205,908
Total Net Position	<u>\$ 18,701,755</u>	<u>\$ 13,234,652</u>	<u>\$ 31,936,407</u>	<u>\$ 686,860</u>

See accompanying notes to the financial statements.

City of Bolivar

Statement of Activities

Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position			Component Unit Industrial Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
Administrative	\$ (241,778)	\$ -	\$ 53,174	\$ 23,870	\$ (164,734)	\$ -	\$ (164,734)	\$ -
Public safety	(1,879,026)	59,474	60,578	-	(1,758,974)	-	(1,758,974)	-
Municipal court	(100,199)	-	-	-	(100,199)	-	(100,199)	-
Community development	(397,231)	64,057	31,165	-	(302,009)	-	(302,009)	-
Animal pound	(118,490)	2,335	35	-	(116,120)	-	(116,120)	-
Recreation and parks	(690,169)	3,460	-	87,000	(599,709)	-	(599,709)	-
Rails to trails	(28,083)	-	-	-	(28,083)	-	(28,083)	-
Aquatic center	(124,607)	1,622	-	-	(122,985)	-	(122,985)	-
Golf course	(216,904)	103,596	-	-	(113,308)	-	(113,308)	-
Fire	(1,201,263)	-	35,749	12,853	(1,152,661)	-	(1,152,661)	-
Cemetery	(46,968)	50,850	871	-	4,753	-	4,753	-
Transportation	(1,407,086)	8,160	-	391,645	(1,007,281)	-	(1,007,281)	-
Airport	(549,435)	354,344	-	36,377	(158,714)	-	(158,714)	-
Debt service	(363,667)	-	-	-	(363,667)	-	(363,667)	-
Total Governmental Activities	(7,364,906)	647,898	181,572	551,745	(5,983,691)	-	(5,983,691)	-
Business-Type Activities								
Water and Sewer	(3,333,067)	5,242,299	-	-	-	1,909,232	1,909,232	-
Total Business-Type Activities	(3,333,067)	5,242,299	-	-	-	1,909,232	1,909,232	-
Total Primary Government	\$ (10,697,973)	\$ 5,890,197	\$ 181,572	\$ 551,745	(5,983,691)	1,909,232	(4,074,459)	-
Component Unit								
Industrial Development Authority	\$ (13,564)	\$ -	\$ -	\$ -	-	-	-	(13,564)
General Revenues								
Sales taxes					5,855,590	-	5,855,590	-
Motor vehicle taxes					405,284	-	405,284	-
Other taxes					37,647	-	37,647	-
Franchise fees					205,092	-	205,092	-
Interest					11,952	299	12,251	1,271
Other revenue					265,311	-	265,311	-
Transfers					(14,577)	14,577	-	-
Total General Revenues and Transfers					6,766,299	14,876	6,781,175	1,271
Special Item								
Insurance proceeds					65,656	-	65,656	-
<i>Changes in Net Position</i>					848,264	1,924,108	2,772,372	(12,293)
Net Position, Beginning of year					17,853,491	11,310,544	29,164,035	699,153
Net Position, End of year					\$ 18,701,755	\$ 13,234,652	\$ 31,936,407	\$ 686,860

See accompanying notes to the financial statements.

City of Bolivar

Balance Sheet – Governmental Funds

December 31, 2020

	Special Revenue Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Fund	1/2 Cent Capital Improvement Fund	Recreation Facility Fund	Fire Fund		
Assets							
Cash and cash equivalents - unrestricted	\$ 386,584	\$ 1,449,203	\$ 296,395	\$ 200	\$ -	\$ 648,825	\$ 2,781,207
Investments - unrestricted	32,036	112,740	-	-	-	274,945	419,721
Taxes receivable	470,498	154,076	94,347	88,549	88,549	23,023	919,042
Court fines receivable, net	20,969	-	-	-	-	-	20,969
Intergovernmental receivable	950	-	-	-	9,545	8,224	18,719
Other accounts receivable	3,754	-	-	-	-	18,738	22,492
Prepaid expenses	6,056	-	-	-	1,565	-	7,621
Due from other funds	-	297,869	-	-	-	-	297,869
Restricted cash and cash equivalents	119,736	-	-	16	-	2,495	122,247
Restricted investments	-	-	-	-	-	91,874	91,874
Total Assets	<u>\$ 1,040,583</u>	<u>\$ 2,013,888</u>	<u>\$ 390,742</u>	<u>\$ 88,765</u>	<u>\$ 99,659</u>	<u>\$ 1,068,124</u>	<u>\$ 4,701,761</u>
Liabilities and Fund Balances (Deficit)							
Liabilities							
Accounts payable	\$ 137,413	\$ 24,107	\$ -	\$ 54,055	\$ 16,709	\$ 9,585	\$ 241,869
Accrued expenses	73,881	12,356	-	6,748	21,120	13	114,118
Due to other funds	-	-	-	210,048	-	87,821	297,869
Customer deposits payable	-	-	-	-	-	2,495	2,495
Court bonds payable	11,669	-	-	-	-	-	11,669
Police evidence payable	36,436	-	-	-	-	-	36,436
Unearned revenue	-	-	-	65,273	-	-	65,273
Total Liabilities	<u>259,399</u>	<u>36,463</u>	<u>-</u>	<u>336,124</u>	<u>37,829</u>	<u>99,914</u>	<u>769,729</u>

See accompanying notes to the financial statements.

City of Bolivar

Balance Sheet – Governmental Funds

Year Ended December 31, 2020

	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	6,056	-	-	-	1,565	-	7,621
Cemetery perpetual care	-	-	-	-	-	31,874	31,874
Permanent	-	-	-	-	-	355,769	355,769
Restricted for							
Debt service	-	-	-	16	-	-	16
Public safety - drug forfeiture	26	-	-	-	-	-	26
Shop with a cop	15,413	-	-	-	-	-	15,413
Dog pound	2,603	-	-	-	-	-	2,603
Transportation	-	1,977,425	-	-	-	-	1,977,425
Capital improvements	-	-	390,742	-	-	-	390,742
Fire	-	-	-	-	60,265	-	60,265
Cemetery	-	-	-	-	-	60,000	60,000
Assigned to							
Airport	-	-	-	-	-	522,555	522,555
Unassigned	757,086	-	-	(247,375)	-	(1,988)	507,723
Total Fund Balances (Deficit)	781,184	1,977,425	390,742	(247,359)	61,830	968,210	3,932,032
Total Liabilities and Fund Balances (Deficit)	\$ 1,040,583	\$ 2,013,888	\$ 390,742	\$ 88,765	\$ 99,659	\$ 1,068,124	\$ 4,701,761

See accompanying notes to the financial statements.

City of Bolivar

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

December 31, 2020

Fund balance - total governmental funds	\$ 3,932,032
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	33,568,653
Less accumulated depreciation	<u>(12,897,312)</u>
	20,671,341
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	353,467
Deferred outflows due to pensions	420,111
Deferred inflows due to pensions	<u>(167,938)</u>
	605,640
Interest on long-term debt is not accrued in governmental funds, but rather recognized as an expenditure when due	(47,344)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(6,459,914)</u>
Net Position of Governmental Activities	<u><u>\$ 18,701,755</u></u>

See accompanying notes to the financial statements.

City of Bolivar

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended December 31, 2020

	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	\$ 2,919,168	\$ 1,394,917	\$ 904,179	\$ 568,719	\$ 568,754	\$ 147,877	\$ 6,503,614
Licenses and permits	66,966	-	-	-	-	-	66,966
Charges for services	-	-	-	108,678	-	405,194	513,872
Intergovernmental revenues	148,680	390,775	-	-	48,602	36,377	624,434
Fines and forfeitures	59,474	-	-	-	-	-	59,474
Interest	10,926	67	-	-	-	958	11,951
Other	153,376	28,398	-	132,350	983	66,673	381,780
Total Revenues	3,358,590	1,814,157	904,179	809,747	618,339	657,079	8,162,091
Expenditures							
Current							
Administration	231,993	-	-	-	-	-	231,993
Public safety	1,848,258	-	-	-	-	-	1,848,258
Municipal court	100,718	-	-	-	-	-	100,718
Community development	400,062	-	-	-	-	-	400,062
Animal pound	119,270	-	-	-	-	-	119,270
Recreation and parks	-	-	-	617,479	-	-	617,479
Aquatic center	-	-	-	124,607	-	-	124,607
Golf course	-	-	-	216,403	-	-	216,403
Rails to Trails	-	-	-	11,706	-	-	11,706
Fire	-	-	-	-	1,038,630	-	1,038,630
Cemetery	-	-	-	-	-	43,783	43,783
Transportation	-	1,500,879	-	-	-	-	1,500,879
Airport	-	-	-	-	-	373,906	373,906
Capital improvements	-	-	718,005	-	-	-	718,005
Debt Service							
Principal, interest and fees	-	55,951	-	424,594	159,301	-	639,846
Total Expenditures	2,700,301	1,556,830	718,005	1,394,789	1,197,931	417,689	7,985,545
<i>Excess (Deficit) of Revenues Over Expenditures</i>	658,289	257,327	186,174	(585,042)	(579,592)	239,390	176,546
Other Financing Sources (Uses)							
Operating transfer in (out)	(456,578)	-	(649,956)	542,926	578,185	(29,154)	(14,577)
Insurance proceeds	-	-	-	-	-	65,656	65,656
Total Other Financing Sources (Uses)	(456,578)	-	(649,956)	542,926	578,185	36,502	51,079
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	201,711	257,327	(463,782)	(42,116)	(1,407)	275,892	227,625
Fund Balance (Deficit), January 1	579,473	1,720,098	854,524	(205,243)	63,237	692,318	3,704,407
Fund Balance (Deficit), December 31	\$ 781,184	\$ 1,977,425	\$ 390,742	\$ (247,359)	\$ 61,830	\$ 968,210	\$ 3,932,032

See accompanying notes to the financial statements.

City of Bolivar

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended December 31, 2020

Net change in fund balances - total governmental funds	\$	227,625
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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.

Capital outlay	1,223,773
Depreciation	(973,027)
	<u>250,746</u>

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

Discount on certificates of participation	(11,602)
Accrued interest payable	602
Repayment of principal on debt	366,382
	<u>355,382</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	24,840
Change in compensated absences	(10,329)
	<u>14,511</u>
Change in Net Position of Governmental Activities	<u><u>\$ 848,264</u></u>

See accompanying notes to the financial statements.

City of Bolivar

Statement of Net Position – Enterprise Fund

December 31, 2020

	<u>Water and Sewer Fund</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 3,109,771
Utilities receivable, net	461,287
Other accounts receivable	3,510
Total Current Assets	<u>3,574,568</u>
Restricted Assets	
Cash and cash equivalents	167,242
Total Restricted Assets	<u>167,242</u>
Property, Plant and Equipment	
Land	132,231
Equipment and furniture	2,371,446
Water and sewer system	24,153,494
Buildings and improvements	589,993
Less accumulated depreciation	(13,311,758)
Total Property, Plant, and Equipment	<u>13,935,406</u>
Total Assets	<u>17,677,216</u>
Deferred Outflow of Resources	
Deferred pension outflows	125,716

See accompanying notes to the financial statements.

City of Bolivar

Statement of Net Position – Enterprise Fund

December 31, 2020

	<u>Water and Sewer Fund</u>
Liabilities	
Current Liabilities	
Accounts payable	86,861
Accrued expenses	63,590
Customer deposits	161,199
Accrued interest payable	39,452
Current portion of long-term debt	356,103
Total Current Liabilities	<u>707,205</u>
Long-Term Liabilities	
Capital leases payable	3,747,061
Net pension liability	90,961
Compensated absences payable	17,946
Total Long-Term Liabilities	<u>3,855,968</u>
Total Liabilities	<u>4,563,173</u>
Deferred Inflow of Resources	
Deferred pension inflows	<u>5,107</u>
Net Position	
Net investment in capital assets	9,836,785
Unrestricted	3,397,867
Total Net Position	<u><u>\$ 13,234,652</u></u>

See accompanying notes to the financial statements.

City of Bolivar

Statement of Revenues, Expenses, and Changes in Net Position – Enterprise Fund

Year Ended December 31, 2020

	Water and Sewer Fund
Operating Revenues	
Charges for services	\$ 5,068,132
Other charges	174,167
Total Operating Revenues	<u>5,242,299</u>
Operating Expenses	
Salaries and wages	985,663
Employee benefits	227,241
Materials and supplies	146,627
Trash collection	405,675
Telephone and utilities	295,128
Insurance	104,217
Repairs and maintenance	261,086
Travel and conferences	10,169
Depreciation	674,362
Miscellaneous	103,236
Total Operating Expenses	<u>3,213,404</u>
<i>Operating Income</i>	2,028,895
Nonoperating Revenues (Expenses)	
Interest income	299
Interest expense	(119,663)
Total Nonoperating Revenues (Expenses)	<u>(119,364)</u>
<i>Income Before Operating Transfers</i>	1,909,531
Operating Transfers In	<u>14,577</u>
<i>Net Income</i>	1,924,108
Net Position, January 1	<u>11,310,544</u>
Net Position, December 31	<u><u>\$ 13,234,652</u></u>

See accompanying notes to the financial statements.

City of Bolivar

Statement of Cash Flows – Enterprise Fund

Year Ended December 31, 2020

	Water and Sewer Fund
Cash Flows from Operating Activities	
Cash received from customers	\$ 5,243,570
Cash paid to employees	(1,215,969)
Cash paid to suppliers	(1,324,639)
Net Cash Provided by Operating Activities	<u>2,702,962</u>
Cash Flows from Noncapital Financing Activities	
Transfers from other funds	14,577
Repayment of loans (to) from other funds	(150,000)
Net Cash (Used) by Noncapital Financing Activities	<u>(135,423)</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(44,920)
Payment of principal on capital leases	(411,280)
Payment of interest expense	(124,378)
Net Cash (Used) by Capital and Related Financing Activities	<u>(580,578)</u>
Cash Flows from Investing Activities	
Interest received	299
Net Cash Provided by Investing Activities	<u>299</u>
<i>Net Increase in Cash and Cash Equivalents</i>	1,987,260
Cash and Cash Equivalents, Beginning of year	1,289,753
Cash and Cash Equivalents, End of year	<u>3,277,013</u>
Less Restricted Cash and Cash Equivalents	(167,242)
Unrestricted Cash and Cash Equivalents	<u><u>\$ 3,109,771</u></u>

See accompanying notes to the financial statements.

City of Bolivar

Statement of Cash Flows – Enterprise Fund

Year Ended December 31, 2020

	<u>Water and Sewer Fund</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 2,028,895
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	674,362
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Utilities receivable	(29,337)
Other accounts receivable	20,698
Net pension asset	24,604
Net pension liability	90,961
Deferred pension outflows	(78,126)
Accounts payable	1,499
Accrued expenses	9,007
Compensated absences	(752)
Customer deposits payable	9,910
Deferred pension inflows	(48,759)
Net Cash Provided by Operating Activities	<u><u>\$ 2,702,962</u></u>

See accompanying notes to the financial statements.

City of Bolivar

Notes to the Financial Statements

December 31, 2020

1. 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 Industrial Development Authority (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.

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.

City of Bolivar

Notes to the Financial Statements

December 31, 2020

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.

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.

City of Bolivar

Notes to the Financial Statements

December 31, 2020

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.

Unearned Revenue

This is future revenue received in advance for the interest subsidy on the 2010B Certificates of Participation to offset interest expense in the Recreation Facility Fund and insurance proceeds received in advance of repairs in the Airport Fund. These revenues will be recognized as income when the interest payment is due on the certificates in the Recreation Facility Fund and when the repairs are performed in the Airport Fund.

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.

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.

City of Bolivar

Notes to the Financial Statements

December 31, 2020

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.

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.

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.

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.

City of Bolivar

Notes to the Financial Statements

December 31, 2020

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 one item that qualifies for reporting in this category, deferred pension inflows relating to the retirement plan on the Statement of Net Position. This amount is recognized as an inflow of resources in the period that the amount 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.

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, 692) 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.

City of Bolivar

Notes to the Financial Statements

December 31, 2020

2. Risks & Uncertainties

During 2020, a strain of Coronavirus (COVID-19) was identified as a global pandemic and began affecting the health of large portions of the global population. The detrimental impact of this virus is not yet fully determinable, but will likely continue to be significant for both the City and the overall economy. COVID-19 has been identified as a significant risk and uncertainty that could impact future operations and result in changes in estimates and assumptions in the financial statements.

3. Cash & 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, 2020, all bank balances on deposit are entirely insured or collateralized.

4. Investments

Primary Government

The City's investments as of December 31, 2020, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Certificates of Deposit	4/1/2021- 12/1/2021	<u>\$ 511,595</u>

Certificates of Deposit

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. State statutes require that the City's deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2020, 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, 2020, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Certificates of Deposit	2/5/2021- 10/23/2022	<u>\$ 72,374</u>

Certificates of Deposit

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. As of December 31, 2020, 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

Notes to the Financial Statements

December 31, 2020

5. Accounts Receivable

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

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net Accounts Receivable</u>
Utilities Receivable			
Water and Sewer Fund	<u>\$ 473,823</u>	<u>\$ (12,536)</u>	<u>\$ 461,287</u>
Court Fines Receivable			
General Fund	<u>\$ 28,159</u>	<u>\$ (7,190)</u>	<u>\$ 20,969</u>

6. 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	\$ 11,669	\$ -
Drug forfeiture	26	26
Shop with a cop	15,413	15,413
Dog pound fund	2,603	2,603
Sales tax to developer	53,589	-
Police evidence	36,436	-
	<u>\$ 119,736</u>	<u>\$ 18,042</u>
Street Fund		
Transportation taxes	<u>\$ -</u>	<u>\$ 1,977,425</u>
1/2 Cent Capital Improvement Fund		
Capital improvement taxes	<u>\$ -</u>	<u>\$ 390,742</u>
Recreation Facility Fund		
2016 Certificates of Participation Certificate fund	<u>\$ 16</u>	<u>\$ 16</u>
Fire Fund		
Fire taxes	<u>\$ -</u>	<u>\$ 60,265</u>

City of Bolivar

Notes to the Financial Statements

December 31, 2020

	Restricted Cash and Investments	Restricted Fund Balance/ Net Position
Airport Fund		
Airport deposits	\$ 2,495	\$ -
Non-Major Governmental Funds		
Cemetery perpetual care	\$ 31,874	\$ 31,874
Cemetery donations	60,000	60,000
Corbett donation	-	284,535
Bolivar Charitable Trust	-	28,565
Plaza of the Americas	-	42,669
	<u>\$ 91,874</u>	<u>\$ 447,643</u>

Business-Type Activities

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

	Restricted Cash and Cash Equivalents	Restricted Net Position
Water and Sewer Fund		
Sewer System Lease Proceeds	\$ 4,543	\$ -
Utility Deposits	161,199	-
Performance Bonds	1,500	-
	<u>\$ 167,242</u>	<u>\$ -</u>

7. Long-Term Liabilities – Business-Type Activities

The business-type activities long-term liabilities at December 31, 2020, consists of three capital lease obligations and compensated absences.

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%. In the event of default, by written notice, the lessor may declare all rental payments and other amounts payable to be due.

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 noncancelable capital lease in accordance with GASB Section L20, "Leases."

City of Bolivar

Notes to the Financial Statements

December 31, 2020

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

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
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>\$ 2,994,300</u>	<u>\$ 430,515</u>	<u>\$ 3,424,815</u>

Capital Lease Agreement – Water and Sewer Lines

On February 28, 2018, the City entered into a lease purchase agreement with Zion Bank, N.A., in the amount of \$1,231,162 to finance the replacement of water and sewer lines. The agreement requires semi-annual principal and interest payments with interest at 3.38%. In the event of default, by written notice, the lessor may declare all rental payments and other amounts payable to be due.

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 noncancelable 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,	Direct Borrowing		
	Principal	Interest	Total
2021	\$ 69,871	\$ 35,470	\$ 105,341
2022	72,252	33,089	105,341
2023	74,715	30,626	105,341
2024	77,262	28,079	105,341
2025	79,895	25,446	105,341
2026	82,619	22,722	105,341
2027	85,435	19,906	105,341
2028	88,347	16,994	105,341
2029	91,358	13,983	105,341
2030	94,472	10,869	105,341
2031	97,692	7,649	105,341
2032	101,022	4,319	105,341
2033	51,794	875	52,669
	<u>\$ 1,066,734</u>	<u>\$ 250,027</u>	<u>\$ 1,316,761</u>

City of Bolivar

Notes to the Financial Statements

December 31, 2020

Capital Lease Agreement – Excavator

In January 2019, the City entered into a lease purchase agreement to finance the purchase of an excavator in the amount of \$126,455. \$84,303 was recorded in the business-type activities and \$42,152 was recorded in governmental activities. The agreement requires annual payments with interest at 3.21%. In the event of default, the lessor may declare all rental payments and other amounts payable to be due or take possession of the equipment.

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 noncancelable 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,	Direct Borrowing		
	Principal	Interest	Total
2021	\$ 20,732	\$ 1,353	\$ 22,085
2022	21,398	687	22,085
	<u>\$ 42,130</u>	<u>\$ 2,040</u>	<u>\$ 44,170</u>

A summary of the changes in long-term liabilities – business-type activities for the year ended December 31, 2020, is as follows:

	Balance December 31, 2019	Additions	Retirements	Balance December 31, 2020	Amounts Due Within One Year
Capital Leases Payable					
Direct Borrowings					
Wastewater Treatment Plant	\$ 64,925	\$ -	\$ 64,925	\$ -	\$ -
Sewer Lines and Lift Station	3,253,000	-	258,700	2,994,300	265,500
Water and Sewer Lines	1,134,301	-	67,567	1,066,734	69,871
Excavator	62,218	-	20,088	42,130	20,732
	<u>4,514,444</u>	<u>-</u>	<u>411,280</u>	<u>4,103,164</u>	<u>356,103</u>
Compensated Absences Payable	18,698	-	752	17,946	-
	<u>\$ 4,533,142</u>	<u>\$ -</u>	<u>\$ 412,032</u>	<u>\$ 4,121,110</u>	<u>\$ 356,103</u>

8. Long-Term Liabilities – Governmental Activities

Long-term liabilities for governmental activities at December 31, 2020, consists of six capital lease obligations, Series 2010B Certificate of Participation, Series 2016 Refunding Certificate of Participation, and compensated absences.

City of Bolivar

Notes to the Financial Statements

December 31, 2020

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%. In the event of default, the lessor may declare all rental payments and other amounts payable to be due together with interest on such amount of 1.5% per month or the maximum permitted by law from the date on which the lessor has declared the lease to be in default or by written notice, request lessee to return the equipment.

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. On February 8, 2019, the City refinanced the agreement in the amount of \$365,467. The agreement requires monthly payments of \$3,592 including interest at 3.37%. In the event of default, the lessor may declare all rental payments and other amounts payable to be due or take possession of the property.

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%. In the event of default, the lessor may declare all rental payments and other amounts payable to be due together with interest on such amount of 1.5% per month or the maximum permitted by law from the date on which the lessor has declared the lease to be in default or by written notice, request lessee to return the equipment.

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%. In the event of default, the lessor shall have the right to repossess the property, regardless of the City's lease payments made prior to default.

Capital Lease Agreement – Street Sweeper

On September 15, 2019, the City entered into a lease purchase agreement to finance the purchase of a street sweeper in the amount of \$209,978. The agreement requires annual payments with interest at 3.24%. In the event of default, the lessor may declare all rental payments and other amounts payable to be due or take possession of the equipment.

Capital Lease Agreement – Excavator

In January 2019, the City entered into a lease purchase agreement to finance the purchase of an excavator in the amount of \$126,455. \$84,303 was recorded in the business-type activities and \$42,152 was recorded in governmental activities. The agreement requires annual payments with interest at 3.21%. In the event of default, the lessor may declare all rental payments and other amounts payable to be due or take possession of the equipment.

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."

City of Bolivar

Notes to the Financial Statements

December 31, 2020

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

Year Ending December 31,	Direct Borrowing						Total
	2014 Fire Truck Lease	Public Safety Building Lease	2015 Fire Truck Lease	Dispatch Equipment Lease	Street Sweeper Lease	Excavator Lease	
2021	\$ 60,402	\$ 43,101	\$ 77,352	\$ 33,220	\$ 44,908	\$ 11,042	\$ 270,025
2022	60,402	43,101	77,352	33,220	44,908	11,042	270,025
2023	60,402	43,101	77,352	-	44,908	-	225,763
2024	50,335	43,101	77,352	-	-	-	170,788
2025	-	43,101	64,460	-	-	-	107,561
2026	-	43,101	-	-	-	-	43,101
2027	-	43,101	-	-	-	-	43,101
2028	-	43,101	-	-	-	-	43,101
2029	-	7,183	-	-	-	-	7,183
Total Minimum Lease Payments	231,541	351,991	373,868	66,440	134,724	22,084	1,180,648
Less Amount Representing Interest	(11,224)	(44,658)	(19,984)	-	(8,290)	(1,019)	(85,175)
Principal Balance, December 31, 2020	<u>\$ 220,317</u>	<u>\$ 307,333</u>	<u>\$ 353,884</u>	<u>\$ 66,440</u>	<u>\$ 126,434</u>	<u>\$ 21,065</u>	<u>\$ 1,095,473</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. In the event of default, the lessor shall give notice to the lessee to vacate the leased property immediately and may, terminate this lease or the lessee's possessory rights, re-enter the leased property and eject all parties in possession thereof and rent the leased property, or at its option, sell the property or take any action at law or in equity deemed necessary to enforce its rights with respect to the property.

The Certificates of Participation outstanding at December 31, 2020, are as follows:

Year Ending December 31,	Principal	Interest	Total
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>\$ 766,000</u>	<u>\$ 61,289</u>	<u>\$ 827,289</u>

City of Bolivar

Notes to the Financial Statements

December 31, 2020

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. In the event of default, the lessor shall give notice to the lessee to vacate the leased property immediately and may, terminate this lease or the lessee's possessory rights, re-enter the leased property and eject all parties in possession thereof and rent the leased property, or at its option, sell the property or take any action at law or in equity deemed necessary to enforce its rights with respect to the property.

The Certificates of Participation outstanding at December 31, 2020, are due as follows:

Year Ending December 31,	Direct Borrowing			Total
	Principal	Interest	Interest Subsidy	
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>\$ 5,777,825</u>	<u>\$ (2,022,242)</u>	<u>\$ 8,530,583</u>

City of Bolivar

Notes to the Financial Statements

December 31, 2020

A summary of the changes in the long-term liabilities-governmental activities for the year ended December 31, 2020, is as follows:

	Balance December 31, 2019	Additions	Retirements	Balance December 31, 2020	Amounts Due Within One Year
Capital Leases Payable					
Direct Borrowing					
2014 Fire Truck	\$ 274,327	\$ -	\$ 54,010	\$ 220,317	\$ 55,408
Refinanced Public Safety Building	339,487	-	32,154	307,333	33,254
2015 Fire Truck	422,413	-	68,529	353,884	70,090
Dispatch Equipment	99,660	-	33,220	66,440	33,220
Street Sweeper	165,959	-	39,525	126,434	40,807
Excavator	31,109	-	10,044	21,065	10,366
	<u>1,332,955</u>	<u>-</u>	<u>237,482</u>	<u>1,095,473</u>	<u>243,145</u>
Certificates of Participation					
Series 2016 Refunding Certificates of Participation	894,900	-	128,900	766,000	137,200
Direct Borrowing					
Series 2010B Certificates of Participation	4,775,000	-	-	4,775,000	-
Less: Discount on Certificates of Participation	(243,642)	-	(11,602)	(232,040)	-
	<u>5,426,258</u>	<u>-</u>	<u>117,298</u>	<u>5,308,960</u>	<u>137,200</u>
Compensated Absences Payable	45,152	10,329	-	55,481	-
	<u>\$ 6,804,365</u>	<u>\$ 10,329</u>	<u>\$ 354,780</u>	<u>\$ 6,459,914</u>	<u>\$ 380,345</u>

City of Bolivar

Notes to the Financial Statements

December 31, 2020

9. Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

Primary Government

	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
Governmental Activities				
Non-depreciable Capital Assets				
Land	\$ 976,336	\$ 87,000	\$ -	\$ 1,063,336
Total Non-depreciable Capital Assets	<u>976,336</u>	<u>\$ 87,000</u>	<u>\$ -</u>	<u>1,063,336</u>
Depreciable Capital Assets				
Buildings and land improvements	11,060,894	\$ 576,480	\$ -	11,637,374
Equipment and furniture	7,633,083	178,335	42,190	7,769,228
Infrastructure	12,716,757	381,958	-	13,098,715
Total Depreciable Capital Assets	<u>31,410,734</u>	<u>\$ 1,136,773</u>	<u>\$ 42,190</u>	<u>32,505,317</u>
Less Accumulated Depreciation	<u>(11,966,475)</u>	<u>\$ (973,027)</u>	<u>\$ 42,190</u>	<u>(12,897,312)</u>
Total Depreciable Capital Assets, net	<u>19,444,259</u>			<u>19,608,005</u>
Total Governmental Activities Capital Assets, net	<u>\$ 20,420,595</u>			<u>\$ 20,671,341</u>

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

Fire	\$ 154,211
Public safety	119,270
Recreation and parks	162,849
Rails to trails	16,377
Golf course	842
Transportation	331,164
Airport	185,129
Cemetery	3,185
	<u>\$ 973,027</u>

City of Bolivar

Notes to the Financial Statements

December 31, 2020

	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
Business-Type Activities				
Non-depreciable Capital Assets				
Land	\$ 132,231	\$ -	\$ -	\$ 132,231
Total Non-depreciable Capital Assets	<u>132,231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>132,231</u>
Depreciable Capital Assets				
Equipment and furniture	2,326,526	\$ 44,920	\$ -	2,371,446
Water and sewer system	24,153,494	-	-	24,153,494
Buildings and improvements	589,993	-	-	589,993
Total Depreciable Capital Assets	<u>27,070,013</u>	<u>\$ 44,920</u>	<u>\$ -</u>	<u>27,114,933</u>
Less Accumulated Depreciation	<u>(12,637,396)</u>	<u>\$ (674,362)</u>	<u>\$ -</u>	<u>(13,311,758)</u>
Total Depreciable Capital Assets, net	<u>14,432,617</u>			<u>13,803,175</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 14,564,848</u>			<u>\$ 13,935,406</u>

Industrial Development Authority

	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
Non-depreciable Capital Assets				
Land	\$ 480,952	\$ -	\$ -	\$ 480,952
Total Non-Depreciable Capital Assets	<u>\$ 480,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 480,952</u>

10. 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

City of Bolivar

Notes to the Financial Statements

December 31, 2020

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>2020 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, 2020, which is LAGERS fiscal year end and the latest information available, 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	40	10	2
Inactive employees entitled to but not yet receiving benefits	14	25	11
Active employees	59	17	12
	<u>113</u>	<u>52</u>	<u>25</u>

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 9.5% (General), 1.9% (Police), and 7.5% (Fire) of annual covered payroll.

Net Pension Liability/Asset. The employer's net pension liability/asset was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability/asset was determined by an actuarial valuation as of February 29, 2020.

Actuarial Assumptions. The total pension liability in the February 29, 2020, 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 return	7.25% net of investment expenses

City of Bolivar

Notes to the Financial Statements

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

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

The actuarial assumptions used in the February 29, 2020, 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash/Leverage	-25.00%	-0.29%

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.

City of Bolivar

Notes to the Financial Statements

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Changes in the Net Pension Liability/(Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
General Division			
Balances at beginning of year	\$ 5,174,730	\$ 5,252,173	\$ (77,443)
Changes for the year			
Service cost	185,836	-	185,836
Interest	373,086	-	373,086
Difference between expected and actual experiences	127,836	-	127,836
Contributions - employer	-	180,591	(180,591)
Contributions - employee	-	84,840	(84,840)
Net investment income	-	66,780	(66,780)
Benefits paid, including refunds	(244,298)	(244,298)	-
Administrative expenses	-	(14,118)	14,118
Other changes	-	23,216	(23,216)
<i>Net Changes</i>	442,460	97,011	345,449
Balances at end of year	5,617,190	5,349,184	268,006
Police Division			
Balances at beginning of year	2,142,017	2,734,962	(592,945)
Changes for the year			
Service cost	82,924	-	82,924
Interest	156,073	-	156,073
Difference between expected and actual experiences	(55,763)	-	(55,763)
Contributions - employer	-	15,885	(15,885)
Contributions - employee	-	32,575	(32,575)
Net investment income	-	35,564	(35,564)
Benefits paid, including refunds	(61,105)	(61,105)	-
Administrative expenses	-	(4,707)	4,707
Other changes	-	(2,641)	2,641
<i>Net Changes</i>	122,129	15,571	106,558
Balances at end of year	2,264,146	2,750,533	(486,387)

City of Bolivar

Notes to the Financial Statements

December 31, 2020

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Fire Division			
Balances at beginning of year	410,876	470,843	(59,967)
Changes for the year			
Service cost	54,430	-	54,430
Interest	31,472	-	31,472
Difference between expected and actual experiences	(16,545)	-	(16,545)
Contributions - employer	-	35,232	(35,232)
Contributions - employee	-	22,075	(22,075)
Net investment income	-	6,916	(6,916)
Benefits paid, including refunds	(7,154)	(7,154)	-
Administrative expenses	-	(2,288)	2,288
Other changes	-	(8,420)	8,420
<i>Net Changes</i>	62,203	46,361	15,842
Balances at end of year	473,079	517,204	(44,125)
Total Plan Balances at End of Year	<u>\$ 8,354,415</u>	<u>\$ 8,616,921</u>	<u>\$ (262,506)</u>

The net pension liability/(asset) has been allocated as follows:

	Net Pension Liability/(Asset)
Governmental Activities	\$ (353,467)
Business-Type Activities	90,961
	<u>\$ (262,506)</u>

City of Bolivar

Notes to the Financial Statements

December 31, 2020

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following present the net pension liability/asset of the employer, calculated using the discount rate of 7.25%, as well as what the employer's net pension liability/asset 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%
General Division			
Total Pension Liability	\$ 6,425,748	\$ 5,617,190	\$ 4,958,193
Fiduciary Net Position	5,349,184	5,349,184	5,349,184
Net Pension Liability/(Asset)	<u>1,076,564</u>	<u>268,006</u>	<u>(390,991)</u>
Police Division			
Total Pension Liability	2,699,944	2,264,146	1,921,337
Fiduciary Net Position	2,750,533	2,750,533	2,750,533
Net Pension (Asset)	<u>(50,589)</u>	<u>(486,387)</u>	<u>(829,196)</u>
Fire Division			
Total Pension Liability	589,874	473,079	383,950
Fiduciary Net Position	517,204	517,204	517,204
Net Pension Liability/(Asset)	<u>72,670</u>	<u>(44,125)</u>	<u>(133,254)</u>
Total Net Pension Liability/(Asset)	<u>\$ 1,098,645</u>	<u>\$ (262,506)</u>	<u>\$ (1,353,441)</u>

City of Bolivar

Notes to the Financial Statements

December 31, 2020

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

For the year ended December 31, 2020, the employer recognized pension expense of \$160,903 in the general division, pension expense of \$2,793 in the police division, and pension expense of \$41,741 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
General Division			
Difference between expected and actual experience	\$ 116,508	\$ (15,048)	\$ 101,460
Changes in assumptions	17,962	-	17,962
Net difference between projected and actual earnings on pension plan investments	139,927	-	139,927
Contributions subsequent to the measurement date*	96,011	-	96,011
	<u>370,408</u>	<u>(15,048)</u>	<u>355,360</u>
Police Division			
Difference between expected and actual experience	20,352	(103,462)	(83,110)
Changes in assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	75,260	-	75,260
Contributions subsequent to the measurement date*	8,616	-	8,616
	<u>104,228</u>	<u>(103,462)</u>	<u>766</u>
Fire Division			
Difference between expected and actual experience	31,709	(54,535)	(22,826)
Changes in assumptions	4,442	-	4,442
Net difference between projected and actual earnings on pension plan investments	16,576	-	16,576
Contributions subsequent to the measurement date*	18,464	-	18,464
	<u>71,191</u>	<u>(54,535)</u>	<u>16,656</u>
	<u>\$ 545,827</u>	<u>\$ (173,045)</u>	<u>\$ 372,782</u>

Deferred outflows and inflows have been allocated as follows:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows of Resources
Governmental Activities	\$ 420,111	\$ (167,938)	\$ 252,173
Business-Type Activities	125,716	(5,107)	120,609
	<u>\$ 545,827</u>	<u>\$ (173,045)</u>	<u>\$ 372,782</u>

City of Bolivar

Notes to the Financial Statements

December 31, 2020

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ending December 31, 2021.

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

Year Ending December 31,	Net Deferred Outflow (Inflow) of Resources			
	General	Police	Fire	Total
2021	\$ 25,253	\$ (27,581)	\$ 480	\$ (1,848)
2022	45,339	(7,878)	2,589	40,050
2023	95,799	7,156	5,694	108,649
2024	88,622	20,453	5,029	114,104
2025	4,336	-	(755)	3,581
Thereafter	-	-	(14,845)	(14,845)
	<u>\$ 259,349</u>	<u>\$ (7,850)</u>	<u>\$ (1,808)</u>	<u>\$ 249,691</u>

Payable to the Pension Plan

At December 31, 2020, the City had no outstanding amounts of contributions to the pension plan required, therefore no payable was reported.

11. 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.

12. Claims & 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, 2020, 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.

13. Deficit Fund Balance

As of December 31, 2020, the City had a deficit fund balance of \$247,359 in the Recreation Facility Fund.

City of Bolivar

Notes to the Financial Statements

December 31, 2020

14. Interfund Transfers

Transfers between funds of the City for the year ended December 31, 2020, were as follows:

	Transfers In (Out)
General Fund	\$ (456,578)
1/2 Cent Capital Improvement Fund	(649,956)
Recreation Facility Fund	542,926
Fire Fund	578,185
Non-major Funds	(29,154)
Water and Sewer Fund	14,577
	<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.

15. Internal Balances

Internal balances as of December 31, 2020, consisted of the following:

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

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of December 31, 2020, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

16. Unearned Revenue

Revenue received but not considered earned is when the appropriate expenses have been incurred. At December 31, 2020, 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. This amount will be recognized as revenue when the interest payment is due.

City of Bolivar

Notes to the Financial Statements

December 31, 2020

17. Commitments

In May 2019, the City entered into a five year copier lease agreement with Corporate Business Solutions. The agreement requires monthly payments of \$1,690 through May 2024.

Future payments are due as follows:

<u>Year Ending December 31,</u>	<u>Copier Lease</u>
2021	\$ 20,275
2022	20,275
2023	20,275
2024	8,448
Total Minimum Payments	<u><u>\$ 69,273</u></u>

On December 31, 2020, the City was committed to Shockey Consulting in the amount of \$64,260, for services related to the Bolivar Comprehensive plan update.

On June 2, 2020, the voters of the City approved the sale of the City's existing combined waterworks and sewerage system to Liberty Utilities (Missouri Water, LLC) and also for the City to enter into a franchise agreement with Liberty Utilities for a period not to exceed 20 years. The sale has not taken place as of the audit report date.

Required Supplementary Information

City of Bolivar

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Year Ended December 31, 2020

Missouri Local Government Employees Retirement System (LAGERS)						
	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Total Pension Liability						
Service cost	\$ 323,190	\$ 320,915	\$ 308,710	\$ 279,503	\$ 252,054	\$ 228,133
Interest on the Total Pension Liability	560,631	533,447	496,388	462,632	432,438	415,228
Difference between expected and actual experience	55,528	(100,119)	62,626	(21,132)	(214,596)	(108,402)
Changes of assumptions	-	-	-	-	216,327	-
Benefit payments, including refunds	(312,557)	(445,927)	(282,055)	(257,895)	(307,702)	(310,906)
<i>Net Change in Total Pension Liability</i>	626,792	308,316	585,669	463,108	378,521	224,053
Total Pension Liability, Beginning	7,727,623	7,419,307	6,833,638	6,370,530	5,992,009	5,767,956
Total Pension Liability, Ending	<u>8,354,415</u>	<u>7,727,623</u>	<u>7,419,307</u>	<u>6,833,638</u>	<u>6,370,530</u>	<u>5,992,009</u>
Plan Fiduciary Net Position						
Contributions - employer	231,708	206,924	207,658	203,008	177,671	168,419
Contributions - employee	139,490	126,792	131,408	129,707	116,774	100,253
Net investment income	109,260	535,633	874,123	745,870	1,997	122,865
Benefit payments, including refunds	(312,557)	(445,927)	(282,055)	(257,895)	(307,702)	(310,906)
Pension plan administrative expense	(21,113)	(18,356)	(11,866)	(12,138)	(11,695)	(12,117)
Other	12,155	(4,499)	9,797	(27,288)	(84,785)	8,056
<i>Net Change in Plan Fiduciary Net Position</i>	158,943	400,567	929,065	781,264	(107,740)	76,570
Plan Fiduciary Net Position, Beginning	8,457,978	8,057,411	7,128,346	6,347,082	6,454,822	6,378,252
Plan Fiduciary Net Position, Ending	<u>8,616,921</u>	<u>8,457,978</u>	<u>8,057,411</u>	<u>7,128,346</u>	<u>6,347,082</u>	<u>6,454,822</u>
Employer Net Pension Liability (Asset)	<u>\$ (262,506)</u>	<u>\$ (730,355)</u>	<u>\$ (638,104)</u>	<u>\$ (294,708)</u>	<u>\$ 23,448</u>	<u>\$ (462,813)</u>
Plan fiduciary net position as a percentage of the total pension liability	103.14%	109.45%	108.60%	104.31%	99.63%	107.72%
Covered employee payroll	\$ 3,254,869	\$ 3,091,214	\$ 3,239,437	\$ 3,016,021	\$ 2,742,161	\$ 2,524,321
Employer's net pension liability/(asset) as a percentage of covered employee payroll	(8.07)%	(23.63)%	(19.70)%	(9.77)%	(.86)%	(18.33)%

This schedule is intended to show information for ten years.

Additional years will be displayed as they become available.

City of Bolivar

Schedule of Contributions

Year Ended December 31, 2020

Missouri Local Government Employees Retirement System (LAGERS)

Year Ending December 31,	Actuarially Determined Contribution	Contribution in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
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%
2018	203,595	203,595	-	3,163,788	6.44%
2019	222,925	222,056	(869)	3,295,183	6.74%
2020	241,306	241,306	-	3,316,599	7.28%

See accompanying notes to the Schedule of Contributions.

City of Bolivar

Notes to the Schedule of Contributions

Year Ended December 31, 2020

Valuation Date: February 29, 2020

Notes: The roll-forward of total pension liability from February 29, 2020, to June 30, 2020, 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 9 to 15 years for the general division and 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

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Sales tax	\$ 2,677,500	\$ 2,676,429	\$ 2,676,429	\$ -
Utility franchise tax	221,500	205,092	205,092	-
Surtax	32,000	37,647	37,647	-
	<u>2,931,000</u>	<u>2,919,168</u>	<u>2,919,168</u>	<u>-</u>
Licenses and Permits				
Merchant licenses	20,000	21,070	21,070	-
Building permits	7,500	11,036	11,036	-
Liquor licenses	7,000	8,925	8,925	-
Inspection fees	20,000	20,682	20,682	-
Zoning fees	3,000	2,344	2,344	-
Animal license and fees	2,925	2,909	2,909	-
	<u>60,425</u>	<u>66,966</u>	<u>66,966</u>	<u>-</u>
Intergovernmental Revenues				
Grants	31,700	148,680	148,680	-
	<u>31,700</u>	<u>148,680</u>	<u>148,680</u>	<u>-</u>
Fines and Forfeitures				
City court fines	122,250	58,492	58,492	-
Miscellaneous fines and forfeitures	1,500	982	982	-
	<u>123,750</u>	<u>59,474</u>	<u>59,474</u>	<u>-</u>
Miscellaneous				
Interest	25,150	10,926	10,926	-
Other	125,150	153,376	153,376	-
	<u>150,300</u>	<u>164,302</u>	<u>164,302</u>	<u>-</u>
Total Revenues	<u>3,297,175</u>	<u>3,358,590</u>	<u>3,358,590</u>	<u>-</u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Bolivar

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
Expenditures				
Current				
Administrative	879,074	231,993	231,993	-
Public safety	1,830,358	1,848,258	1,848,258	-
Municipal court	92,966	100,718	100,718	-
Community development	405,937	400,062	400,062	-
Animal pound	136,930	119,270	119,270	-
Total Expenditures	<u>3,345,265</u>	<u>2,700,301</u>	<u>2,700,301</u>	<u>-</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(48,090)	658,289	658,289	-
Other Financing Sources (Uses)				
Operating transfers in	131,850	73,895	73,895	-
Operating transfers (out)	-	(530,473)	(530,473)	-
Total Other Financing Sources (Uses)	<u>131,850</u>	<u>(456,578)</u>	<u>(456,578)</u>	<u>-</u>
<i>Excess of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	83,760	201,711	201,711	-
Fund Balance, January 1	579,473	579,473	579,473	-
Fund Balance, December 31	<u>\$ 663,233</u>	<u>\$ 781,184</u>	<u>\$ 781,184</u>	<u>\$ -</u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Bolivar

Budgetary Comparison Schedule – Street Fund

Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Sales tax	\$ 895,000	\$ 989,633	\$ 989,633	\$ -
Motor vehicle tax	413,000	405,284	405,284	-
	<u>1,308,000</u>	<u>1,394,917</u>	<u>1,394,917</u>	<u>-</u>
Intergovernmental Revenues				
Grants	-	390,775	390,775	-
Miscellaneous				
Interest	150	67	67	-
Other	-	28,398	28,398	-
	<u>150</u>	<u>28,465</u>	<u>28,465</u>	<u>-</u>
Total Revenues	<u>1,308,150</u>	<u>1,814,157</u>	<u>1,814,157</u>	<u>-</u>
Expenditures				
Current				
Transportation	1,220,351	1,500,879	1,500,879	-
Debt service				
Principal, interest, and fees	79,000	55,951	55,951	-
Total Expenditures	<u>1,299,351</u>	<u>1,556,830</u>	<u>1,556,830</u>	<u>-</u>
<i>Excess of Revenues Over Expenditures</i>	8,799	257,327	257,327	-
Fund Balance, January 1	1,720,098	1,720,098	1,720,098	-
Fund Balance, December 31	<u>\$ 1,728,897</u>	<u>\$ 1,977,425</u>	<u>\$ 1,977,425</u>	<u>\$ -</u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Bolivar

Budgetary Comparison Schedule - ½ Cent Capital Improvement Fund

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Sales tax	\$ 537,500	\$ 904,179	\$ 904,179	\$ -
Total Revenues	537,500	904,179	904,179	-
Expenditures				
Current				
Capital improvements	-	718,005	718,005	-
Total Expenditures	-	718,005	718,005	-
<i>Excess of Revenues Over Expenditures</i>	537,500	186,174	186,174	-
Other Financing Sources (Uses)				
Operating transfer in	190,000	-	-	-
Operating transfers (out)	(725,902)	(649,956)	(649,956)	-
Total Other Financing Sources (Uses)	(535,902)	(649,956)	(649,956)	-
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	1,598	(463,782)	(463,782)	-
Fund Balance, January 1	854,524	854,524	854,524	-
Fund Balance, December 31	<u>\$ 856,122</u>	<u>\$ 390,742</u>	<u>\$ 390,742</u>	<u>\$ -</u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Bolivar

Budgetary Comparison Schedule – Recreation Facility Fund

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Sales tax	\$ 510,000	\$ 568,719	\$ 568,719	\$ -
Charges for services	183,900	108,678	108,678	-
Other	30,350	132,350	132,350	-
Total Revenues	<u>724,250</u>	<u>809,747</u>	<u>809,747</u>	<u>-</u>
Expenditures				
Current				
Recreation and parks	446,912	617,479	617,479	-
Aquatic center	245,750	124,607	124,607	-
Golf course	269,508	216,403	216,403	-
Rails to trails	-	11,706	11,706	-
Debt service				
Principal, interest, and fees	430,000	424,594	424,594	-
Total Expenditures	<u>1,392,170</u>	<u>1,394,789</u>	<u>1,394,789</u>	<u>-</u>
<i>(Deficit) of Revenues Over Expenditures</i>	(667,920)	(585,042)	(585,042)	-
Other Financing Sources				
Operating transfers in	<u>670,616</u>	<u>542,926</u>	<u>542,926</u>	<u>-</u>
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures</i>	2,696	(42,116)	(42,116)	-
Fund (Deficit), January 1	(205,243)	(205,243)	(205,243)	-
Fund (Deficit), December 31	<u>\$ (202,547)</u>	<u>\$ (247,359)</u>	<u>\$ (247,359)</u>	<u>\$ -</u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Bolivar

Budgetary Comparison Schedule – Fire Fund

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Sales tax	\$ 510,000	\$ 568,754	\$ 568,754	\$ -
Intergovernmental revenue	25,000	48,602	48,602	-
Other	6,000	983	983	-
Total Revenues	<u>541,000</u>	<u>618,339</u>	<u>618,339</u>	<u>-</u>
Expenditures				
Current				
Fire	1,054,319	1,038,630	1,038,630	-
Debt service				
Principal, interest, and fees	160,052	159,301	159,301	-
Total Expenditures	<u>1,214,371</u>	<u>1,197,931</u>	<u>1,197,931</u>	<u>-</u>
<i>(Deficit) of Revenues Over Expenditures</i>	(673,371)	(579,592)	(579,592)	-
Other Financing Sources				
Operating transfers in	<u>677,414</u>	<u>578,185</u>	<u>578,185</u>	<u>-</u>
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures</i>	4,043	(1,407)	(1,407)	-
Fund Balance, January 1	63,237	63,237	63,237	-
Fund Balance, December 31	<u><u>\$ 67,280</u></u>	<u><u>\$ 61,830</u></u>	<u><u>\$ 61,830</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Bolivar

Notes to the Budgetary Comparison Schedules

Year Ended December 31, 2020

Budgets and Budgetary Accounting

The City uses 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

Combining Balance Sheet – Non-Major Governmental Funds

December 31, 2020

	<u>Special Revenue Funds</u>		<u>Permanent Funds</u>			
	<u>Greenwood Cemetery Fund</u>	<u>Airport Fund</u>	<u>Corbett Donation Fund</u>	<u>Bolivar Charitable Trust Fund</u>	<u>Plaza of the Americas Fund</u>	<u>Total</u>
Assets						
Cash and cash equivalents - unrestricted	\$ 62,943	\$ 481,918	\$ 34,535	\$ 28,565	\$ 40,864	\$ 648,825
Taxes Receivable	-	23,023	-	-	-	23,023
Intergovernmental receivable	-	8,224	-	-	-	8,224
Other accounts receivable	-	18,738	-	-	-	18,738
Investments - unrestricted	23,140	-	250,000	-	1,805	274,945
Restricted cash and cash equivalents	-	2,495	-	-	-	2,495
Restricted investments	91,874	-	-	-	-	91,874
Total Assets	<u>\$ 177,957</u>	<u>\$ 534,398</u>	<u>\$ 284,535</u>	<u>\$ 28,565</u>	<u>\$ 42,669</u>	<u>\$ 1,068,124</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 237	\$ 9,348	\$ -	\$ -	\$ -	\$ 9,585
Customer deposits payable	-	2,495	-	-	-	2,495
Accrued expenses	13	-	-	-	-	13
Due to other funds	87,821	-	-	-	-	87,821
Total Liabilities	<u>88,071</u>	<u>11,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,914</u>
Fund Balances						
Nonspendable						
Cemetery perpetual care	31,874	-	-	-	-	31,874
Permanent	-	-	284,535	28,565	42,669	355,769
Restricted for						
Cemetery	60,000	-	-	-	-	60,000
Airport	-	522,555	-	-	-	522,555
Unassigned	(1,988)	-	-	-	-	(1,988)
Total Fund Balances	<u>89,886</u>	<u>522,555</u>	<u>284,535</u>	<u>28,565</u>	<u>42,669</u>	<u>968,210</u>
Total Liabilities and Fund Balances	<u>\$ 177,957</u>	<u>\$ 534,398</u>	<u>\$ 284,535</u>	<u>\$ 28,565</u>	<u>\$ 42,669</u>	<u>\$ 1,068,124</u>

City of Bolivar

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds

Year Ended December 31, 2020

	<u>Special Revenue Funds</u>		<u>Permanent Funds</u>			
	<u>Greenwood Cemetery Fund</u>	<u>Airport Fund</u>	<u>Corbett Donation Fund</u>	<u>Bolivar Charitable Trust Fund</u>	<u>Plaza of the Americas Fund</u>	<u>Total</u>
Revenues						
Taxes	\$ -	\$ 147,877	\$ -	\$ -	\$ -	\$ 147,877
Intergovernmental revenues	-	36,377	-	-	-	36,377
Charges for services	50,850	354,344	-	-	-	405,194
Interest	282	-	614	-	62	958
Other	37,519	-	-	29,154	-	66,673
Total Revenues	<u>88,651</u>	<u>538,598</u>	<u>614</u>	<u>29,154</u>	<u>62</u>	<u>657,079</u>
Expenditures						
Current						
Cemetery	43,783	-	-	-	-	43,783
Airport	-	373,906	-	-	-	373,906
Total Expenditures	<u>43,783</u>	<u>373,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>417,689</u>
<i>Excess of Revenues Over Expenditures</i>	44,868	164,692	614	29,154	62	239,390
Other Financing Sources (Uses)						
Operating transfers (out)	-	-	-	(29,154)	-	(29,154)
Insurance proceeds	-	65,656	-	-	-	65,656
Total Other Financing Sources (Uses)	<u>-</u>	<u>65,656</u>	<u>-</u>	<u>(29,154)</u>	<u>-</u>	<u>36,502</u>
<i>Excess of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	44,868	230,348	614	-	62	275,892
Fund Balance, January 1	45,018	292,207	283,921	28,565	42,607	692,318
Fund Balance, December 31	<u>\$ 89,886</u>	<u>\$ 522,555</u>	<u>\$ 284,535</u>	<u>\$ 28,565</u>	<u>\$ 42,669</u>	<u>\$ 968,210</u>

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 Alderman
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, 2020, and the related notes to the financial statements, which collectively comprise the City of Bolivar, Missouri's basic financial statements, and have issued our report thereon, dated June 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit, 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying Schedule of Findings and Responses as item 2020-001, that we consider to be a material weakness.

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 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*.

Response to Findings

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response 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.

A handwritten signature in black ink that reads "KPM CPAs, PC". The signature is written in a cursive, flowing style.

KPM CPAs, PC
Springfield, Missouri
June 8, 2021

City of Bolivar

Schedule of Findings and Responses

Year Ended December 31, 2020

Material Weakness

2020-001 Segregation of Duties

Condition: Because of a limited number of available personnel in the municipal court, 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 in the municipal court; 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 in the municipal court prohibits segregation of incompatible duties.