

City of Bolivar, Missouri

Basic Financial Statements  
Year Ended December 31, 2021

**KPM**  
CPAS & ADVISORS

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

## **Report on the Audit of the Financial Statements**

### ***Opinions***

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2021, 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.

### ***Basis for Opinions***

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

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison, and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. Management has omitted 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are 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 May 31, 2022, on our consideration of the City of Bolivar, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bolivar, Missouri's internal control over financial reporting and compliance.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
May 31, 2022

# City of Bolivar

## Statement of Net Position

December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
<b>Assets</b>				
Current				
Cash and cash equivalents	\$ 3,103,681	\$ 5,335,474	\$ 8,439,155	\$ 160,602
Investments	419,869	-	419,869	72,374
Taxes receivable	1,113,960	-	1,113,960	-
Court fines receivable, net	20,969	-	20,969	-
Intergovernmental receivable	11,082	-	11,082	-
Utilities receivable, net	-	440,905	440,905	-
Other accounts receivable	61,144	-	61,144	-
Prepaid expenses	152	-	152	-
Noncurrent				
Restricted cash and cash equivalents	1,280,048	186,802	1,466,850	-
Restricted investments	91,874	-	91,874	-
Net pension asset	1,887,925	284,971	2,172,896	-
Capital assets				
Non-depreciable	1,143,651	132,231	1,275,882	470,389
Depreciable, net	19,449,132	13,272,771	32,721,903	-
<b>Total Assets</b>	28,583,487	19,653,154	48,236,641	703,365
<b>Deferred Outflow of Resources</b>				
Deferred pension outflows	232,978	60,889	293,867	-

See accompanying notes to the financial statements.

# City of Bolivar

## Statement of Net Position

December 31, 2021

Liabilities	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
	Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
<b>Liabilities</b>				
Current				
Accounts payable	142,682	45,654	188,336	-
Accrued expenses	135,852	55,844	191,696	-
Customer deposits payable	2,495	180,759	183,254	-
Court bonds payable	13,199	-	13,199	-
Police evidence payable	36,436	-	36,436	-
Unearned revenue	1,181,853	-	1,181,853	-
Accrued interest payable	46,704	35,755	82,459	-
Current portion of long-term debt	437,803	366,150	803,953	-
	1,997,024	684,162	2,681,186	-
Noncurrent				
Capital leases payable	658,633	3,380,911	4,039,544	-
Certificates of participation payable, net	5,038,162	-	5,038,162	-
Compensated absences	72,413	19,517	91,930	-
	5,769,208	3,400,428	9,169,636	-
<b>Total Liabilities</b>	7,766,232	4,084,590	11,850,822	-
<b>Deferred Inflow of Resources</b>				
Deferred pension inflows	1,173,121	242,325	1,415,446	-
	1,173,121	242,325	1,415,446	-
<b>Net Position</b>				
Net investment in capital assets	14,458,185	9,662,484	24,120,669	470,389
Restricted				
Non-expendable	387,903	-	387,903	-
Expendable	3,395,052	-	3,395,052	-
Unrestricted	1,635,972	5,724,644	7,360,616	232,976
<b>Total Net Position</b>	\$ 19,877,112	\$ 15,387,128	\$ 35,264,240	\$ 703,365

See accompanying notes to the financial statements.



# City of Bolivar

## Statement of Activities

Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
Primary Government								
Governmental Activities								
Administrative	\$ (245,514)	\$ -	\$ 88,550	\$ -	\$ (156,964)	\$ -	\$ (156,964)	\$ -
Public safety	(1,956,432)	62,057	66,242	-	(1,828,133)	-	(1,828,133)	-
Municipal court	(84,391)	-	-	-	(84,391)	-	(84,391)	-
Community development	(449,937)	97,698	-	-	(352,239)	-	(352,239)	-
Animal pound	(109,310)	2,465	680	-	(106,165)	-	(106,165)	-
Recreation and parks	(771,254)	5,524	-	-	(765,730)	-	(765,730)	-
Recreation center	(628,716)	385,670	-	-	(243,046)	-	(243,046)	-
Aquatic center	(331,476)	117,189	-	-	(214,287)	-	(214,287)	-
Golf course	(193,920)	120,129	-	-	(73,791)	-	(73,791)	-
Fire	(1,234,454)	-	37,525	-	(1,196,929)	-	(1,196,929)	-
Cemetery	(54,091)	40,950	693	-	(12,448)	-	(12,448)	-
Transportation	(1,345,696)	6,610	-	457,001	(882,085)	-	(882,085)	-
Airport	(570,880)	389,206	-	13,102	(168,572)	-	(168,572)	-
Debt service	(326,171)	-	-	-	(326,171)	-	(326,171)	-
<b>Total Governmental Activities</b>	<b>(8,302,242)</b>	<b>1,227,498</b>	<b>193,690</b>	<b>470,103</b>	<b>(6,410,951)</b>	<b>-</b>	<b>(6,410,951)</b>	<b>-</b>
Business-Type Activities								
Water and Sewer	(2,823,151)	4,962,257	-	-	-	2,139,106	2,139,106	-
<b>Total Business-Type Activities</b>	<b>(2,823,151)</b>	<b>4,962,257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,139,106</b>	<b>2,139,106</b>	<b>-</b>
<b>Total Primary Government</b>	<b><u>\$ (11,125,393)</u></b>	<b><u>\$ 6,189,755</u></b>	<b><u>\$ 193,690</u></b>	<b><u>\$ 470,103</u></b>	<b>(6,410,951)</b>	<b>2,139,106</b>	<b>(4,271,845)</b>	<b>-</b>
Component Unit								
Industrial Development Authority	<u>\$ (16,473)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	-	-	(16,473)
General Revenues								
Sales taxes					6,600,449	-	6,600,449	-
Motor vehicle taxes					442,734	-	442,734	-
Other taxes					40,501	-	40,501	-
Franchise fees					204,448	-	204,448	-
Interest					6,497	-	6,497	191
Other revenue					229,515	-	229,515	-
Gain on sale of assets					17,400	-	17,400	32,787
Transfers					(13,370)	13,370	-	-
<b>Total General Revenues and Transfers</b>					<b>7,528,174</b>	<b>13,370</b>	<b>7,541,544</b>	<b>32,978</b>
Special Item								
Insurance proceeds					58,134	-	58,134	-
<b>Changes in Net Position</b>					<b>1,175,357</b>	<b>2,152,476</b>	<b>3,327,833</b>	<b>16,505</b>
Net Position, Beginning of year					18,701,755	13,234,652	31,936,407	686,860
<b>Net Position, End of year</b>					<b><u>\$ 19,877,112</u></b>	<b><u>\$ 15,387,128</u></b>	<b><u>\$ 35,264,240</u></b>	<b><u>\$ 703,365</u></b>

See accompanying notes to the financial statements.

## City of Bolivar

### Balance Sheet – Governmental Funds

December 31, 2021

	Special Revenue Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Fund	1/2 Cent Capital Improvement Fund	Recreation Facility Fund	Fire Fund		
<b>Assets</b>							
Cash and cash equivalents - unrestricted	\$ 460,083	\$ 1,727,923	\$ 141,081	\$ 1,000	\$ -	\$ 773,594	\$ 3,103,681
Investments - unrestricted	32,052	112,762	-	-	-	275,055	419,869
Taxes receivable	563,669	190,106	113,272	109,250	109,256	28,407	1,113,960
Court fines receivable, net	20,969	-	-	-	-	-	20,969
Intergovernmental receivable	1,013	-	-	-	10,069	-	11,082
Other accounts receivable	3,572	-	-	1,831	-	55,741	61,144
Prepaid expenses	152	-	-	-	-	-	152
Due from other funds	-	297,869	-	-	-	-	297,869
Restricted cash and cash equivalents	1,277,538	-	-	15	-	2,495	1,280,048
Restricted investments	-	-	-	-	-	91,874	91,874
<b>Total Assets</b>	<b>\$ 2,359,048</b>	<b>\$ 2,328,660</b>	<b>\$ 254,353</b>	<b>\$ 112,096</b>	<b>\$ 119,325</b>	<b>\$ 1,227,166</b>	<b>\$ 6,400,648</b>
<b>Liabilities and Fund Balances (Deficit)</b>							
Liabilities							
Accounts payable	\$ 109,418	\$ 13,394	\$ -	\$ 12,509	\$ 6,299	\$ 1,062	\$ 142,682
Accrued expenses	86,224	11,481	-	15,401	22,733	13	135,852
Due to other funds	-	-	-	210,048	-	87,821	297,869
Customer deposits payable	-	-	-	-	-	2,495	2,495
Court bonds payable	13,199	-	-	-	-	-	13,199
Police evidence payable	36,436	-	-	-	-	-	36,436
Unearned revenue	1,116,580	-	-	65,273	-	-	1,181,853
<b>Total Liabilities</b>	<b>1,361,857</b>	<b>24,875</b>	<b>-</b>	<b>303,231</b>	<b>29,032</b>	<b>91,391</b>	<b>1,810,386</b>

See accompanying notes to the financial statements.

# City of Bolivar

## Balance Sheet – Governmental Funds

Year Ended December 31, 2021

	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	152	-	-	-	-	-	152
Cemetery perpetual care	-	-	-	-	-	31,874	31,874
Permanent	-	-	-	-	-	356,029	356,029
Restricted for							
Debt service	-	-	-	15	-	-	15
Public safety - drug forfeiture	26	-	-	-	-	-	26
Shop with a cop	17,074	-	-	-	-	-	17,074
Dog pound	3,049	-	-	-	-	-	3,049
Transportation	-	2,303,785	-	-	-	-	2,303,785
Capital improvements	-	-	254,353	-	-	-	254,353
Fire	-	-	-	-	90,293	-	90,293
Cemetery	-	-	-	-	-	60,000	60,000
Airport	-	-	-	-	-	666,457	666,457
Assigned to							
Cemetery	-	-	-	-	-	21,415	21,415
Unassigned	976,890	-	-	(191,150)	-	-	785,740
<b>Total Fund Balances (Deficit)</b>	<b>997,191</b>	<b>2,303,785</b>	<b>254,353</b>	<b>(191,135)</b>	<b>90,293</b>	<b>1,135,775</b>	<b>4,590,262</b>
<b>Total Liabilities and Fund Balances (Deficit)</b>	<b>\$ 2,359,048</b>	<b>\$ 2,328,660</b>	<b>\$ 254,353</b>	<b>\$ 112,096</b>	<b>\$ 119,325</b>	<b>\$ 1,227,166</b>	<b>\$ 6,400,648</b>

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, 2021

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Fund balance - total governmental funds	\$ 4,590,262
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	34,368,020
Less accumulated depreciation	<u>(13,775,237)</u>
	20,592,783
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	1,887,925
Deferred outflows due to pensions	232,978
Deferred inflows due to pensions	<u>(1,173,121)</u>
	947,782
Interest on long-term debt is not accrued in governmental funds, but rather recognized as an expenditure when due	(46,704)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(6,207,011)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 19,877,112</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, 2021

	Special Revenue Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Fund	1/2 Cent Capital Improvement Fund	Recreation Facility Fund	Fire Fund		
<b>Revenues</b>							
Taxes	\$ 3,597,244	\$ 1,563,375	\$ 671,988	\$ 644,029	\$ 644,044	\$ 167,452	\$ 7,288,132
Licenses and permits	100,163	-	-	-	-	-	100,163
Charges for services	-	-	-	609,663	-	430,155	1,039,818
Intergovernmental revenues	131,797	457,001	-	-	36,685	13,102	638,585
Fines and forfeitures	62,057	-	-	-	-	-	62,057
Interest	6,107	22	-	-	-	368	6,497
Other	114,990	31,774	-	60,707	13,791	66,321	287,583
<b>Total Revenues</b>	4,012,358	2,052,172	671,988	1,314,399	694,520	677,398	9,422,835
<b>Expenditures</b>							
Current							
Administration	239,544	-	-	-	-	-	239,544
Public safety	2,198,776	-	-	-	-	-	2,198,776
Municipal court	88,364	-	-	-	-	-	88,364
Community development	479,731	-	-	-	-	-	479,731
Animal pound	117,255	-	-	-	-	-	117,255
Recreation and parks	-	-	-	656,301	-	-	656,301
Recreation center	-	-	-	664,364	-	-	664,364
Aquatic center	-	-	-	331,476	-	-	331,476
Golf course	-	-	-	199,346	-	-	199,346
Fire	-	-	-	-	1,173,406	-	1,173,406
Cemetery	-	-	-	-	-	51,064	51,064
Transportation	-	1,669,861	-	-	-	-	1,669,861
Airport	-	-	-	-	-	425,857	425,857
Debt Service							
Principal, interest and fees	-	55,951	-	430,455	159,301	-	645,707
<b>Total Expenditures</b>	3,123,670	1,725,812	-	2,281,942	1,332,707	476,921	8,941,052
<i>Excess (Deficit) of Revenues Over Expenditures</i>	888,688	326,360	671,988	(967,543)	(638,187)	200,477	481,783
<b>Other Financing Sources (Uses)</b>							
Lease proceeds	131,683	-	-	-	-	-	131,683
Insurance proceeds	50,871	-	-	-	7,263	-	58,134
Operating transfer in (out)	(855,235)	-	(808,377)	1,023,767	659,387	(32,912)	(13,370)
<b>Total Other Financing Sources (Uses)</b>	(672,681)	-	(808,377)	1,023,767	666,650	(32,912)	176,447
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	216,007	326,360	(136,389)	56,224	28,463	167,565	658,230
Fund Balance (Deficit), January 1	781,184	1,977,425	390,742	(247,359)	61,830	968,210	3,932,032
<b>Fund Balance (Deficit), December 31</b>	\$ 997,191	\$ 2,303,785	\$ 254,353	\$ (191,135)	\$ 90,293	\$ 1,135,775	\$ 4,590,262

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, 2021

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Net change in fund balances - total governmental funds	\$ 658,230
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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	913,893
Depreciation	(992,451)
	<u>(78,558)</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	640
Lease proceeds	(131,683)
Repayment of principal on debt	413,120
	<u>270,475</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	342,142
Change in compensated absences	(16,932)
	<u>325,210</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 1,175,357</u></u>

See accompanying notes to the financial statements.

# City of Bolivar

## Statement of Net Position – Proprietary Fund

December 31, 2021

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	<b>Water and Sewer Fund</b>
<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 5,335,474
Utilities receivable, net	440,905
<b>Total Current Assets</b>	<u>5,776,379</u>
Restricted Assets	
Cash and cash equivalents	186,802
<b>Total Restricted Assets</b>	<u>186,802</u>
Property, Plant and Equipment	
Land	132,231
Equipment and furniture	2,393,126
Water and sewer system	24,153,494
Buildings and improvements	589,993
Less accumulated depreciation	<u>(13,863,842)</u>
<b>Total Property, Plant, and Equipment</b>	<u>13,405,002</u>
Net Pension Asset	284,971
<b>Total Assets</b>	<u>19,653,154</u>
<b>Deferred Outflow of Resources</b>	
Deferred pension outflows	60,889

See accompanying notes to the financial statements.

# City of Bolivar

## Statement of Net Position – Proprietary Fund

December 31, 2021

	<b>Water and Sewer Fund</b>
<b>Liabilities</b>	
Current Liabilities	
Accounts payable	45,654
Accrued expenses	55,844
Customer deposits	180,759
Accrued interest payable	35,755
Current portion of long-term debt	366,150
<b>Total Current Liabilities</b>	<u>684,162</u>
Long-Term Liabilities	
Capital leases payable	3,380,911
Compensated absences payable	19,517
<b>Total Long-Term Liabilities</b>	<u>3,400,428</u>
<b>Total Liabilities</b>	<u>4,084,590</u>
<b>Deferred Inflow of Resources</b>	
Deferred pension inflows	<u>242,325</u>
<b>Net Position</b>	
Net investment in capital assets	9,662,484
Unrestricted	5,724,644
<b>Total Net Position</b>	<u><u>\$ 15,387,128</u></u>

See accompanying notes to the financial statements.



# City of Bolivar

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

Year Ended December 31, 2021

	<b>Water and Sewer Fund</b>
<b>Operating Revenues</b>	
Charges for services	\$ 4,777,817
Other charges	184,440
<b>Total Operating Revenues</b>	<u>4,962,257</u>
<b>Operating Expenses</b>	
Salaries and wages	849,557
Employee benefits	142,176
Materials and supplies	177,264
Trash collection	176,062
Telephone and utilities	285,405
Insurance	119,344
Repairs and maintenance	277,361
Travel and conferences	12,493
Depreciation	552,084
Miscellaneous	121,138
<b>Total Operating Expenses</b>	<u>2,712,884</u>
<i>Operating Income</i>	2,249,373
<b>Nonoperating (Expenses)</b>	
Interest expense	<u>(110,267)</u>
<i>Income Before Operating Transfers</i>	2,139,106
Operating Transfers In	<u>13,370</u>
<i>Net Income</i>	2,152,476
Net Position, January 1	<u>13,234,652</u>
<b>Net Position, December 31</b>	<u><u>\$ 15,387,128</u></u>

See accompanying notes to the financial statements.

# City of Bolivar

## Statement of Cash Flows – Proprietary Fund

Year Ended December 31, 2021

	<b>Water and Sewer Fund</b>
<b>Cash Flows from Operating Activities</b>	
Cash received from customers	\$ 5,005,709
Cash paid to employees	(1,071,795)
Cash paid to suppliers	(1,210,274)
<b>Net Cash Provided by Operating Activities</b>	<u>2,723,640</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers from other funds	13,370
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>13,370</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition and construction of capital assets	(21,680)
Payment of principal on capital leases	(356,103)
Payment of interest expense	(113,964)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<u>(491,747)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	2,245,263
Cash and Cash Equivalents, Beginning of year	3,277,013
<b>Cash and Cash Equivalents, End of year</b>	<u>5,522,276</u>
Less Restricted Cash and Cash Equivalents	(186,802)
<b>Unrestricted Cash and Cash Equivalents</b>	<u>\$ 5,335,474</u>

See accompanying notes to the financial statements.

# City of Bolivar

## Statement of Cash Flows – Proprietary Fund

Year Ended December 31, 2021

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	<u>Water and Sewer Fund</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating income	\$ 2,249,373
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	552,084
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Utilities receivable	20,382
Other accounts receivable	3,510
Net pension asset	(284,971)
Net pension liability	(90,961)
Deferred pension outflows	64,827
Accounts payable	(41,207)
Accrued expenses	(7,746)
Compensated absences	1,571
Customer deposits payable	19,560
Deferred pension inflows	237,218
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 2,723,640</u></u>

See accompanying notes to the financial statements.

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

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### 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, 2021

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### *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, 2021

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The City reports the following major proprietary fund:

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

### **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.

### **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.

### **Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

### **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.

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

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### 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.

*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 the pension plan.

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

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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 pension 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 liability (asset), 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, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

### **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.

### **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.

## **2. 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, 2021, all bank balances on deposit are entirely insured or collateralized.



# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

### 3. Investments

#### Primary Government

The City's investments as of December 31, 2021, are as follows:

Investment Type	Maturity	Amount
Certificates of Deposit	3/1/2022 - 1/1/2023	\$ 511,743

#### *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, 2021, 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.

#### Component Unit

The Industrial Development Authority's investments as of December 31, 2021, are as follows:

Investment Type	Maturity	Amount
Certificates of Deposit	6/6/2022 - 11/21/2023	\$ 72,374

#### *Certificates of Deposit*

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. As of December 31, 2021, 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.

### 4. Accounts Receivable

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

	Accounts Receivable	Allowance	Net Accounts Receivable
<b>Utilities Receivable</b>			
Water and Sewer Fund	\$ 453,441	\$ (12,536)	\$ 440,905
<b>Court Fines Receivable</b>			
General Fund	\$ 29,008	\$ (8,039)	\$ 20,969

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

### 5. 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>
<b>General Fund</b>		
Court bonds	\$ 13,199	\$ -
Drug forfeiture	26	26
Shop with a cop	17,074	17,074
Dog pound fund	3,049	3,049
Sales tax to developer	91,174	-
Police evidence	36,436	-
Grant proceeds	1,116,580	-
	<u>\$ 1,277,538</u>	<u>\$ 20,149</u>
<b>Street Fund</b>		
Transportation taxes	<u>\$ -</u>	<u>\$ 2,303,785</u>
<b>1/2 Cent Capital Improvement Fund</b>		
Capital improvement taxes	<u>\$ -</u>	<u>\$ 254,353</u>
<b>Recreation Facility Fund</b>		
2016 Certificates of Participation certificate fund	<u>\$ 15</u>	<u>\$ 15</u>
<b>Fire Fund</b>		
Fire taxes	<u>\$ -</u>	<u>\$ 90,293</u>
<b>Nonmajor Governmental Funds</b>		
Cemetery perpetual care	\$ 31,874	\$ 31,874
Cemetery donations	60,000	60,000
Corbett donation	-	284,773
Bolivar Charitable Trust	-	28,565
Airport hangar deposits	2,495	-
Airport	-	666,457
Plaza of the Americas	-	42,691
	<u>\$ 94,369</u>	<u>\$ 1,114,360</u>

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

### 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:

	<b>Restricted Cash and Cash Equivalents</b>	<b>Restricted Net Position</b>
<b>Water and Sewer Fund</b>		
Unspent sewer system lease proceeds	\$ 4,543	\$ -
Customer deposits	180,759	-
Performance bonds	1,500	-
	\$ 186,802	\$ -

## 6. Long-Term Liabilities – Business-Type Activities

The long-term liabilities of the business-type activities at December 31, 2021, consists of:

### Capital Lease Agreements

The business-type activity’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, this lease is accounted for as a noncancelable capital lease in accordance with GASB Section L20, “Leases.”

#### *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 following is the schedule of future lease payments under the lease (assuming noncancellation):

<b>Year Ending December 31,</b>	<b>Direct Borrowing</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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
	\$ 2,728,800	\$ 353,499	\$ 3,082,299

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

### *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 following is the schedule of future lease payments under the lease (assuming noncancellation):

<u>Year Ending December 31,</u>	<b>Direct Borrowing</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 996,863</u>	<u>\$ 214,557</u>	<u>\$ 1,211,420</u>

### *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 following is the schedule of future lease payments under the lease (assuming noncancellation):

<u>Year Ending December 31,</u>	<b>Direct Borrowing</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 21,398	\$ 687	\$ 22,085

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

The summary of changes in long-term liabilities for business-type activities for the year ended December 31, 2021, is as follows:

	<b>Balance December 31, 2020</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2021</b>	<b>Amounts Due Within One Year</b>
<b>Capital Leases Payable</b>					
Direct Borrowings					
Sewer Lines and Lift Station	\$ 2,994,300	\$ -	\$ 265,500	\$ 2,728,800	\$ 272,500
Water and Sewer Lines	1,066,734	-	69,871	996,863	72,252
Excavator	42,130	-	20,732	21,398	21,398
	<u>4,103,164</u>	<u>-</u>	<u>356,103</u>	<u>3,747,061</u>	<u>366,150</u>
Compensated Absences Payable	17,946	1,571	-	19,517	-
	<u>\$ 4,121,110</u>	<u>\$ 1,571</u>	<u>\$ 356,103</u>	<u>\$ 3,766,578</u>	<u>\$ 366,150</u>

## 7. Long-Term Liabilities – Governmental Activities

Long-term liabilities for the governmental activities at December 31, 2021, consists of:

### Capital Lease Agreements

The City's lease agreements are all direct borrowings and 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."

#### *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.

#### *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.

#### *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.

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

### *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.

### *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.

### *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.

### *Police Vehicles*

On May 3, 2021, the City entered into a lease purchase agreement to finance the purchase of three new police vehicles in the amount of \$131,683. The agreement requires quarterly payment with interest at 1.2%. In the even of default, the lessor may declare all rental payments and other amounts payable to be due or take possession of the equipment.

The following is the 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	Police Vehicles Lease	
2022	\$ 60,402	\$ 43,101	\$ 77,352	\$ 33,220	\$ 44,908	\$ 11,042	\$ 44,621	\$ 314,646
2023	60,402	43,101	77,352	-	44,908	-	44,621	270,384
2024	50,335	43,101	77,352	-	-	-	11,155	181,943
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
<b>Total Minimum Lease Payments</b>	<b>171,139</b>	<b>308,890</b>	<b>296,516</b>	<b>33,220</b>	<b>89,816</b>	<b>11,042</b>	<b>100,397</b>	<b>1,011,020</b>
Less Amount Representing Interest	(6,230)	(34,812)	(12,722)	-	(4,188)	(343)	(1,489)	(59,784)
<b>Principal Balance, December 31, 2021</b>	<b>\$ 164,909</b>	<b>\$ 274,078</b>	<b>\$ 283,794</b>	<b>\$ 33,220</b>	<b>\$ 85,628</b>	<b>\$ 10,699</b>	<b>\$ 98,908</b>	<b>\$ 951,236</b>

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

### 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, 2021, are due as follows:

Year Ending December 31,	Principal	Interest	Interest Subsidy	Total
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>\$ 5,373,800</u>	<u>\$ (1,880,833)</u>	<u>\$ 8,267,967</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

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

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, 2021, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 628,800</u>	<u>\$ 40,801</u>	<u>\$ 669,601</u>

Changes in the long-term liabilities of the governmental activities for the year ended December 31, 2021, is summarized as follows:

	<u>Balance December 31, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2021</u>	<u>Amounts Due Within One Year</u>
<b>Capital Leases Payable</b>					
Direct Borrowing					
2014 Fire Truck	\$ 220,317	\$ -	\$ 55,408	\$ 164,909	\$ 56,844
Refinanced Public Safety Building	307,333	-	33,255	274,078	34,392
2015 Fire Truck	353,884	-	70,090	283,794	71,687
Dispatch Equipment	66,440	-	33,220	33,220	33,220
Street Sweeper	126,434	-	40,806	85,628	42,131
Excavator	21,065	-	10,366	10,699	10,699
Police Vehicles	-	131,683	32,775	98,908	43,630
	<u>1,095,473</u>	<u>131,683</u>	<u>275,920</u>	<u>951,236</u>	<u>292,603</u>
<b>Certificates of Participation</b>					
Series 2016 Refunding Certificates of Participation	766,000	-	137,200	628,800	145,200
Series 2010B Certificates of Participation	4,775,000	-	-	4,775,000	-
Less: Discount on Certificates of Participation	(232,040)	-	(11,602)	(220,438)	-
	<u>5,308,960</u>	<u>-</u>	<u>125,598</u>	<u>5,183,362</u>	<u>145,200</u>
Compensated Absences Payable	55,481	16,932	-	72,413	-
	<u>\$ 6,459,914</u>	<u>\$ 148,615</u>	<u>\$ 401,518</u>	<u>\$ 6,207,011</u>	<u>\$ 437,803</u>



# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

### 8. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

#### Primary Government

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
<b>Governmental Activities</b>				
Non-depreciable Capital Assets				
Land	\$ 1,063,336	\$ -	\$ -	\$ 1,063,336
Construction in progress	-	80,315	-	80,315
<b>Total Non-depreciable Capital Assets</b>	1,063,336	<u>\$ 80,315</u>	<u>\$ -</u>	1,143,651
Depreciable Capital Assets				
Buildings and land improvements	11,637,374	\$ 7,460	\$ -	11,644,834
Equipment and furniture	7,769,228	427,431	114,526	8,082,133
Infrastructure	13,098,715	398,687	-	13,497,402
<b>Total Depreciable Capital Assets</b>	32,505,317	<u>\$ 833,578</u>	<u>\$ 114,526</u>	33,224,369
Less Accumulated Depreciation	(12,897,312)	<u>\$ (992,451)</u>	<u>\$ 114,526</u>	(13,775,237)
<b>Total Depreciable Capital Assets, net</b>	19,608,005			19,449,132
<b>Total Governmental Activities Capital Assets, net</b>	<u>\$ 20,671,341</u>			<u>\$ 20,592,783</u>

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

Administrative	\$ 53,641
Law and public safety	93,366
Recreation and parks	178,024
Golf course	533
Fire	146,581
Cemetery	3,027
Transportation	338,804
Airport	178,475
	<u>\$ 992,451</u>

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

	December 31, 2020	Additions	Deletions	December 31, 2021
<b>Business-Type Activities</b>				
Non-depreciable Capital Assets				
Land	\$ 132,231	\$ -	\$ -	\$ 132,231
Depreciable Capital Assets				
Equipment and furniture	2,371,446	\$ 21,680	\$ -	2,393,126
Water and sewer system	24,153,494	-	-	24,153,494
Buildings and improvements	589,993	-	-	589,993
<b>Total Depreciable Capital Assets</b>	27,114,933	<u>\$ 21,680</u>	<u>\$ -</u>	27,136,613
Less Accumulated Depreciation	(13,311,758)	\$ (552,084)	\$ -	(13,863,842)
<b>Total Depreciable Capital Assets, net</b>	13,803,175			13,272,771
<b>Total Business-Type Activities Capital Assets, net</b>	\$ 13,935,406			\$ 13,405,002

### Component Unit

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
<b>Industrial Development Authority</b>				
Non-depreciable Capital Assets				
Land	\$ 480,952	\$ -	\$ 10,563	\$ 470,389
<b>Total Non-Depreciable Capital Assets</b>	\$ 480,952	\$ -	\$ 10,563	\$ 470,389

## 9. Employee Pension Plan

### General Information about the Pension Plan

*Plan Description.* The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

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

	<b>2021 Valuation</b>
Benefit multiplier	1.50% for life
Final average salary	3 years
Member contributions	2%

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, 2021, which is LAGERS fiscal year end and the latest information available, the following employees were covered by the benefit terms:

	<b>General</b>	<b>Police</b>	<b>Fire</b>
Inactive employees or beneficiaries currently receiving benefits	42	10	2
Inactive employees entitled to but not yet receiving benefits	17	25	16
Active employees	55	20	8
	<b>114</b>	<b>55</b>	<b>26</b>

*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 2% to the pension plan. Employer contribution rates are 11.3% (General), 2.9% (Police), and 9.3% (Fire) of annual covered payroll.

*Net Pension Liability (Asset).* The employer’s net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2021.

*Actuarial Assumptions.* The total pension liability in the February 28, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation, 2.25% price inflation
Salary increases	2.75% to 6.75% including wage inflation for general 2.75% to 6.55% including wage inflation for police 2.75% to 7.15% including wage inflation for fire
Investment rate return	7.00% net of investment expenses

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

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The healthy retiree mortality tables, for post-retirement mortality, were 115% of the PubG 2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the 115% of the PUBNS 2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubS 2010 Employee Mortality Table for males and females of police, fire and public safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2021 valuation were based on the results of an actuarial experience study covering the period March 1, 2015 through February 29, 2020.

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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 7.00%. 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

December 31, 2021

### Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>General Division</b>			
Balances at beginning of year	\$ 5,617,190	\$ 5,349,184	\$ 268,006
Changes for the year			
Service cost	201,672	-	201,672
Interest	405,528	-	405,528
Changes of benefit terms	44,134	-	44,134
Difference between expected and actual experiences	(49,110)	-	(49,110)
Changes in assumptions	(120,718)		(120,718)
Contributions - employer	-	208,585	(208,585)
Contributions - employee	-	64,603	(64,603)
Net investment income	-	1,453,006	(1,453,006)
Benefits paid, including refunds	(249,930)	(249,930)	-
Administrative expenses	-	(10,787)	10,787
Other (net transfer)	-	24,620	(24,620)
<i>Net Changes</i>	<u>231,576</u>	<u>1,490,097</u>	<u>(1,258,521)</u>
<b>Balances at end of year</b>	<b>5,848,766</b>	<b>6,839,281</b>	<b>(990,515)</b>
<b>Police Division</b>			
Balances at beginning of year	2,264,146	2,750,533	(486,387)
Changes for the year			
Service cost	80,631	-	80,631
Interest	164,966	-	164,966
Change in benefit terms	21,868	-	21,868
Difference between expected and actual experiences	(39,493)	-	(39,493)
Changes in assumptions	5,180	-	5,180
Contributions - employer	-	21,189	(21,189)
Contributions - employee	-	29,040	(29,040)
Net investment income	-	748,906	(748,906)
Benefits paid, including refunds	(57,725)	(57,725)	-
Administrative expenses	-	(3,495)	3,495
Other (net transfer)	-	9,788	(9,788)
<i>Net Changes</i>	<u>175,427</u>	<u>747,703</u>	<u>(572,276)</u>
<b>Balances at end of year</b>	<b>2,439,573</b>	<b>3,498,236</b>	<b>(1,058,663)</b>

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
<b>Fire Division</b>			
Balances at beginning of year	473,079	517,204	(44,125)
Changes for the year			
Service cost	51,990	-	51,990
Interest	35,931	-	35,931
Change in benefit terms	5,492	-	5,492
Difference between expected and actual experiences	(881)	-	(881)
Changes in assumptions	8,381	-	8,381
Contributions - employer	-	35,279	(35,279)
Contributions - employee	-	13,282	(13,282)
Net investment income	-	141,710	(141,710)
Benefits paid, including refunds	(6,159)	(6,159)	-
Administrative expenses	-	(1,337)	1,337
Other (net transfer)	-	(8,428)	8,428
<i>Net Changes</i>	94,754	174,347	(79,593)
<b>Balances at end of year</b>	567,833	691,551	(123,718)
<b>Total Plan Balances at End of Year</b>	\$ 8,856,172	\$ 11,029,068	\$ (2,172,896)

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

	<b>Net Pension Liability (Asset)</b>
Governmental Activities	\$ (1,887,925)
Business-Type Activities	(284,971)
	\$ (2,172,896)

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

*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 7.00%, as well as what the employer's net pension liability (asset) would be using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
<b>General Division</b>			
Total Pension Liability	\$ 6,668,984	\$ 5,848,766	\$ 5,177,206
Fiduciary Net Position	6,839,281	6,839,281	6,839,281
<b>Net Pension (Asset)</b>	(170,297)	(990,515)	(1,662,075)
<b>Police Division</b>			
Total Pension Liability	2,900,133	2,439,573	2,075,759
Fiduciary Net Position	3,498,236	3,498,236	3,498,236
<b>Net Pension (Asset)</b>	(598,103)	(1,058,663)	(1,422,477)
<b>Fire Division</b>			
Total Pension Liability	697,989	567,833	466,739
Fiduciary Net Position	691,551	691,551	691,551
<b>Net Pension Liability (Asset)</b>	6,438	(123,718)	(224,812)
<b>Total Net Pension (Asset)</b>	\$ (761,962)	\$ (2,172,896)	\$ (3,309,364)

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

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

For the year ended December 31, 2021, the City recognized pension credits of \$35,886 and \$113,160 in the general and police divisions, respectively; and pension expense of \$32,011 in the fire division. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>	<b>Net Deferred (Inflows) of Resources</b>
<b>General Division</b>			
Difference between expected and actual experience	\$ 87,583	\$ (45,476)	\$ 42,107
Changes in assumptions	-	(97,882)	(97,882)
Net difference between projected and actual earnings on pension plan investments	-	(698,926)	(698,926)
Contributions subsequent to the measurement date*	124,055	-	124,055
	<u>211,638</u>	<u>(842,284)</u>	<u>(630,646)</u>
<b>Police Division</b>			
Difference between expected and actual experience	7,919	(100,247)	(92,328)
Changes in assumptions	3,907	-	3,907
Net difference between projected and actual earnings on pension plan investments	-	(357,356)	(357,356)
Contributions subsequent to the measurement date*	12,563	-	12,563
	<u>24,389</u>	<u>(457,603)</u>	<u>(433,214)</u>
<b>Fire Division</b>			
Difference between expected and actual experience	26,146	(48,519)	(22,373)
Changes in assumptions	11,280	-	11,280
Net difference between projected and actual earnings on pension plan investments	-	(67,040)	(67,040)
Contributions subsequent to the measurement date*	20,414	-	20,414
	<u>57,840</u>	<u>(115,559)</u>	<u>(57,719)</u>
	<u>\$ 293,867</u>	<u>\$ (1,415,446)</u>	<u>\$ (1,121,579)</u>

Deferred outflows and inflows have been allocated as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>	<b>Net Deferred (Inflows) of Resources</b>
Governmental Activities	\$ 232,978	\$ (1,173,121)	\$ (940,143)
Business-Type Activities	60,889	(242,325)	(181,436)
	<u>\$ 293,867</u>	<u>\$ (1,415,446)</u>	<u>\$ (1,121,579)</u>



# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized in the net pension liability (asset) for the year ending December 31, 2022.

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 (Inflow) of Resources			
	General	Police	Fire	Total
2022	\$ (199,561)	\$ (126,218)	\$ (17,116)	\$ (342,895)
2023	(149,101)	(111,184)	(14,011)	(274,296)
2024	(156,278)	(97,887)	(14,676)	(268,841)
2025	(240,563)	(110,488)	(20,460)	(371,511)
2026	(9,198)	-	(1,987)	(11,185)
Thereafter	-	-	(9,883)	(9,883)
	<u>\$ (754,701)</u>	<u>\$ (445,777)</u>	<u>\$ (78,133)</u>	<u>\$ (1,278,611)</u>

### Payable to the Pension Plan

At December 31, 2021, the City reported \$30,354 in outstanding amounts of contributions payable to the pension plan.

## 10. 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.

## 11. 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, 2021, 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.

## 12. Deficit Fund Balance

As of December 31, 2021, the City had a deficit fund balance of \$191,135 in the Recreation Facility Fund.

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

### 13. Interfund Transfers

Transfers between funds of the City for the year ended December 31, 2021, were as follows:

	<b>Transfers In (Out)</b>
General Fund	\$ (855,235)
1/2 Cent Capital Improvement Fund	(808,377)
Recreation Facility Fund	1,023,767
Fire Fund	659,387
Nonmajor Governmental Funds	(32,912)
Water and Sewer Fund	13,370
	<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.

### 14. Internal Balances

Internal balances as of December 31, 2021, consisted of the following:

	<b>Nonmajor Governmental Funds</b>	<b>Recreation Facility Fund</b>	<b>Street Fund</b>
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, 2021, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

### 15. Unearned Revenue

Unearned revenue consists of revenues received but not considered earned until the eligibility requirements have been met. At December 31, 2021, these unearned revenues include unspent grant proceeds in the General Fund and an interest subsidy on the 2010B Certificates of Participation to offset interest expense in the Recreation Facility Fund.

# City of Bolivar

## Notes to the Financial Statements

December 31, 2021

### 16. 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>
2022	\$ 20,275
2023	20,275
2024	8,448
<b>Total Minimum Payments</b>	<b>\$ 48,998</b>

### 17. Subsequent Event

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 ("Liberty") and to enter into a franchise agreement with Liberty to provide water and sewerage services to the City for a period not to exceed 20 years. As part of the asset purchase agreement, the City agreed to sell and assign, and Liberty agreed to purchase and assume, substantially all of the assets comprising the potable water distribution system and the wastewater collection, treatment, and disposal system of the City. The sale of the system occurred on January 31, 2022, for \$23.5 million in direct proceeds. The City has determined that it will use approximately \$10.46 million of these proceeds for payment of outstanding lease purchases and interdepartmental transfers and budget adjustments. In February 2022, the City paid off all capital leases outstanding and in May 2022, paid off the 2010B and 2016 Certificates of Participation in full.

## Required Supplementary Information

## City of Bolivar

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

Year Ended December 31, 2021

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

	Year Ended December 31, 2021	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
<b>Total Pension Liability</b>							
Service cost	\$ 334,293	\$ 323,190	\$ 320,915	\$ 308,710	\$ 279,503	\$ 252,054	\$ 228,133
Interest on the total pension liability	606,425	560,631	533,447	496,388	462,632	432,438	415,228
Change in benefit terms	71,494	-	-	-	-	-	-
Difference between expected and actual experience	(89,484)	55,528	(100,119)	62,626	(21,132)	(214,596)	(108,402)
Changes of assumptions	(107,157)	-	-	-	-	216,327	-
Benefit payments, including refunds	(313,814)	(312,557)	(445,927)	(282,055)	(257,895)	(307,702)	(310,906)
<i>Net Change in Total Pension Liability</i>	501,757	626,792	308,316	585,669	463,108	378,521	224,053
Total Pension Liability, Beginning	8,354,415	7,727,623	7,419,307	6,833,638	6,370,530	5,992,009	5,767,956
<b>Total Pension Liability, Ending</b>	8,856,172	8,354,415	7,727,623	7,419,307	6,833,638	6,370,530	5,992,009
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	265,053	231,708	206,924	207,658	203,008	177,671	168,419
Contributions - employee	106,925	139,490	126,792	131,408	129,707	116,774	100,253
Net investment income	2,343,622	109,260	535,633	874,123	745,870	1,997	122,865
Benefit payments, including refunds	(313,814)	(312,557)	(445,927)	(282,055)	(257,895)	(307,702)	(310,906)
Pension plan administrative expense	(15,619)	(21,113)	(18,356)	(11,866)	(12,138)	(11,695)	(12,117)
Other	25,980	12,155	(4,499)	9,797	(27,288)	(84,785)	8,056
<i>Net Change in Plan Fiduciary Net Position</i>	2,412,147	158,943	400,567	929,065	781,264	(107,740)	76,570
Plan Fiduciary Net Position, Beginning	8,616,921	8,457,978	8,057,411	7,128,346	6,347,082	6,454,822	6,378,252
<b>Plan Fiduciary Net Position, Ending</b>	11,029,068	8,616,921	8,457,978	8,057,411	7,128,346	6,347,082	6,454,822
<b>Employer Net Pension Liability (Asset)</b>	<u>\$ (2,172,896)</u>	<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	124.54%	103.14%	109.45%	108.60%	104.31%	99.63%	107.72%
Covered payroll	\$ 3,192,860	\$ 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 payroll	(68.05)%	(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, 2021

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

<b>Year Ending December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Contribution in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Excess (Deficiency)</b>	<b>Covered Payroll</b>	<b>Contribution as a Percentage of Covered Payroll</b>
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%
2021	300,712	300,712	-	3,489,782	8.62%

See accompanying notes to the Schedule of Contributions.

# City of Bolivar

## Notes to the Schedule of Contributions

Year Ended December 31, 2021

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**Valuation Date:** February 28, 2021

**Notes:** The roll-forward of total pension liability from February 28, 2021, to June 30, 2021, 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 8 to 19 years for the general division and 15 to 19 years for the police and fire divisions

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

*Inflation:* 2.75% wage inflation; 2.25% price inflation

*Salary Increases:* 2.75% to 6.75% including wage inflation for the general division; 2.75% to 6.55% including wage inflation for the police division; and 2.75% to 7.15% including wage inflation for the fire division

*Investment Rate of Return:* 7.00%, 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, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Tables for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of police, fire and public safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

*Other Information:* None

# City of Bolivar

## Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Taxes				
Sales tax	\$ 2,677,500	\$ 3,352,295	\$ 3,352,295	\$ -
Utility franchise tax	221,500	204,448	204,448	-
Surtax	32,000	40,501	40,501	-
	2,931,000	3,597,244	3,597,244	-
Licenses and Permits				
Merchant licenses	20,000	23,557	23,557	-
Building permits	7,500	23,615	23,615	-
Liquor licenses	7,000	9,350	9,350	-
Inspection fees	20,000	35,602	35,602	-
Zoning fees	3,000	5,524	5,524	-
Code enforcement fees	-	50	50	-
Animal license and fees	1,425	2,465	2,465	-
	58,925	100,163	100,163	-
Intergovernmental Revenues				
Grants	30,000	131,797	131,797	-
Fines and Forfeitures				
City court fines	89,250	60,527	60,527	-
Miscellaneous fines and forfeitures	1,200	1,530	1,530	-
	90,450	62,057	62,057	-
Miscellaneous				
Interest	25,050	6,107	6,107	-
Other	104,300	114,990	114,990	-
	129,350	121,097	121,097	-
<b>Total Revenues</b>	3,239,725	4,012,358	4,012,358	-

See accompanying Notes to the Budgetary Comparison Schedules.



# City of Bolivar

## Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Expenditures</b>				
Current				
Administrative	645,008	239,544	239,544	-
Public safety	1,913,958	2,198,776	2,198,776	-
Municipal court	98,871	88,364	88,364	-
Community development	445,276	479,731	479,731	-
Animal pound	121,223	117,255	117,255	-
<b>Total Expenditures</b>	3,224,336	3,123,670	3,123,670	-
<i>Excess of Revenues Over Expenditures</i>	15,389	888,688	888,688	-
<b>Other Financing Sources (Uses)</b>				
Lease proceeds	-	131,683	131,683	-
Insurance proceeds	-	50,871	50,871	-
Operating transfers in	106,000	61,456	61,456	-
Operating transfers (out)	-	(916,691)	(916,691)	-
<b>Total Other Financing Sources (Uses)</b>	106,000	(672,681)	(672,681)	-
<i>Excess of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	121,389	216,007	216,007	-
Fund Balance, January 1	781,184	781,184	781,184	-
<b>Fund Balance, December 31</b>	\$ 902,573	\$ 997,191	\$ 997,191	\$ -

See accompanying Notes to the Budgetary Comparison Schedules.

# City of Bolivar

## Budgetary Comparison Schedule – Street Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Taxes				
Sales tax	\$ 950,000	\$ 1,120,641	\$ 1,120,641	\$ -
Motor vehicle tax	385,000	442,734	442,734	-
	1,335,000	1,563,375	1,563,375	-
Intergovernmental Revenues				
Special road district	-	457,001	457,001	-
Miscellaneous				
Interest	100	22	22	-
Other	-	31,774	31,774	-
	100	31,796	31,796	-
<b>Total Revenues</b>	1,335,100	2,052,172	2,052,172	-
<b>Expenditures</b>				
Current				
Transportation	1,512,564	1,669,861	1,669,861	-
Debt service				
Principal, interest, and fees	78,200	55,951	55,951	-
<b>Total Expenditures</b>	1,590,764	1,725,812	1,725,812	-
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(255,664)	326,360	326,360	-
Fund Balance, January 1	1,977,425	1,977,425	1,977,425	-
<b>Fund Balance, December 31</b>	\$ 1,721,761	\$ 2,303,785	\$ 2,303,785	\$ -

See accompanying Notes to the Budgetary Comparison Schedules.

# City of Bolivar

## Budgetary Comparison Schedule - ½ Cent Capital Improvement Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Sales tax	\$ 550,000	\$ 671,988	\$ 671,988	\$ -
<b>Total Revenues</b>	550,000	671,988	671,988	-
<b>Expenditures</b>				
Current				
Capital improvements	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
<i>Excess of Revenues Over Expenditures</i>	550,000	671,988	671,988	-
<b>Other Financing (Uses)</b>				
Operating transfers (out)	(509,145)	(808,377)	(808,377)	-
<i>Excess (Deficit) of Revenues Over Expenditures and Other (Uses)</i>	40,855	(136,389)	(136,389)	-
Fund Balance, January 1	390,742	390,742	390,742	-
<b>Fund Balance, December 31</b>	\$ 431,597	\$ 254,353	\$ 254,353	\$ -

See accompanying Notes to the Budgetary Comparison Schedules.

# City of Bolivar

## Budgetary Comparison Schedule – Recreation Facility Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Sales tax	\$ 550,000	\$ 644,029	\$ 644,029	\$ -
Charges for services	713,750	609,663	609,663	-
Other	32,350	60,707	60,707	-
<b>Total Revenues</b>	1,296,100	1,314,399	1,314,399	-
<b>Expenditures</b>				
Current				
Recreation and parks	584,332	656,301	656,301	-
Recreation center	222,050	664,364	664,364	-
Aquatic center	216,760	331,476	331,476	-
Golf course	226,983	199,346	199,346	-
Debt service				
Principal, interest, and fees	281,337	430,455	430,455	-
<b>Total Expenditures</b>	1,531,462	2,281,942	2,281,942	-
<i>(Deficit) of Revenues Over Expenditures</i>	(235,362)	(967,543)	(967,543)	-
<b>Other Financing Sources</b>				
Operating transfers in	276,000	1,023,767	1,023,767	-
<i>Excess of Revenues and Other Sources Over Expenditures</i>	40,638	56,224	56,224	-
Fund (Deficit), January 1	(247,359)	(247,359)	(247,359)	-
<b>Fund (Deficit), December 31</b>	\$ (206,721)	\$ (191,135)	\$ (191,135)	\$ -

See accompanying Notes to the Budgetary Comparison Schedules.

## City of Bolivar

### Budgetary Comparison Schedule – Fire Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Sales tax	\$ 550,000	\$ 644,044	\$ 644,044	\$ -
Intergovernmental revenue	25,000	36,685	36,685	-
Other	3,000	13,791	13,791	-
<b>Total Revenues</b>	578,000	694,520	694,520	-
<b>Expenditures</b>				
Current				
Fire	1,097,395	1,173,406	1,173,406	-
Debt service				
Principal, interest, and fees	79,647	159,301	159,301	-
<b>Total Expenditures</b>	1,177,042	1,332,707	1,332,707	-
<i>(Deficit) of Revenues Over Expenditures</i>	(599,042)	(638,187)	(638,187)	-
<b>Other Financing Sources</b>				
Insurance proceeds	-	7,263	7,263	-
Operating transfers in	604,145	659,387	659,387	-
<b>Total Other Financing Sources</b>	604,145	666,650	666,650	-
<i>Excess of Revenues and Other Sources Over Expenditures</i>	5,103	28,463	28,463	-
Fund Balance, January 1	61,830	61,830	61,830	-
<b>Fund Balance, December 31</b>	\$ 66,933	\$ 90,293	\$ 90,293	\$ -

See accompanying Notes to the Budgetary Comparison Schedules.

# City of Bolivar

## Notes to the Budgetary Comparison Schedules

Year Ended December 31, 2021

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### **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.

## Supplementary Information

## City of Bolivar

### Combining Balance Sheet – Nonmajor Governmental Funds

December 31, 2021

	Special Revenue Funds		Permanent Funds			Total
	Greenwood Cemetery Fund	Airport Fund	Corbett Donation Fund	Bolivar Charitable Trust Fund	Plaza of the Americas Fund	
<b>Assets</b>						
Cash and cash equivalents - unrestricted	\$ 86,233	\$ 583,139	\$ 34,773	\$ 28,565	\$ 40,884	\$ 773,594
Taxes Receivable	-	28,407	-	-	-	28,407
Other accounts receivable	-	55,741	-	-	-	55,741
Investments - unrestricted	23,248	-	250,000	-	1,807	275,055
Restricted cash and cash equivalents	-	2,495	-	-	-	2,495
Restricted investments	91,874	-	-	-	-	91,874
<b>Total Assets</b>	<b><u>\$ 201,355</u></b>	<b><u>\$ 669,782</u></b>	<b><u>\$ 284,773</u></b>	<b><u>\$ 28,565</u></b>	<b><u>\$ 42,691</u></b>	<b><u>\$ 1,227,166</u></b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 232	\$ 830	\$ -	\$ -	\$ -	\$ 1,062
Customer deposits payable	-	2,495	-	-	-	2,495
Accrued expenses	13	-	-	-	-	13
Due to other funds	87,821	-	-	-	-	87,821
<b>Total Liabilities</b>	<b><u>88,066</u></b>	<b><u>3,325</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>91,391</u></b>
<b>Fund Balances</b>						
<b>Nonspendable</b>						
Cemetery perpetual care	31,874	-	-	-	-	31,874
Permanent	-	-	284,773	28,565	42,691	356,029
<b>Restricted for</b>						
Cemetery	60,000	-	-	-	-	60,000
Airport	-	666,457	-	-	-	666,457
<b>Assigned</b>						
Cemetery	21,415	-	-	-	-	21,415
<b>Total Fund Balances</b>	<b><u>113,289</u></b>	<b><u>666,457</u></b>	<b><u>284,773</u></b>	<b><u>28,565</u></b>	<b><u>42,691</u></b>	<b><u>1,135,775</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 201,355</u></b>	<b><u>\$ 669,782</u></b>	<b><u>\$ 284,773</u></b>	<b><u>\$ 28,565</u></b>	<b><u>\$ 42,691</u></b>	<b><u>\$ 1,227,166</u></b>



## City of Bolivar

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

Year Ended December 31, 2021

	Special Revenue Funds		Permanent Funds			Total
	Greenwood Cemetery Fund	Airport Fund	Corbett Donation Fund	Bolivar Charitable Trust Fund	Plaza of the Americas Fund	
<b>Revenues</b>						
Taxes	\$ -	\$ 167,452	\$ -	\$ -	\$ -	\$ 167,452
Intergovernmental revenues	-	13,102	-	-	-	13,102
Charges for services	40,950	389,205	-	-	-	430,155
Interest	108	-	238	-	22	368
Other	33,409	-	-	32,912	-	66,321
<b>Total Revenues</b>	74,467	569,759	238	32,912	22	677,398
<b>Expenditures</b>						
Current						
Cemetery	51,064	-	-	-	-	51,064
Airport	-	425,857	-	-	-	425,857
<b>Total Expenditures</b>	51,064	425,857	-	-	-	476,921
<i>Excess of Revenues Over Expenditures</i>	23,403	143,902	238	32,912	22	200,477
<b>Other Financing (Uses)</b>						
Operating transfers (out)	-	-	-	(32,912)	-	(32,912)
<i>Excess of Revenues Over Expenditures and Other (Uses)</i>	23,403	143,902	238	-	22	167,565
Fund Balance, January 1	89,886	522,555	284,535	28,565	42,669	968,210
<b>Fund Balance, December 31</b>	\$ 113,289	\$ 666,457	\$ 284,773	\$ 28,565	\$ 42,691	\$ 1,135,775

## **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, 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, 2021, and the related notes to the financial statements, which collectively comprise the City of Bolivar, Missouri's basic financial statements, and have issued our report thereon dated May 31, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Bolivar, Missouri's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001, that we consider to be a material weakness.

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### **Report on Compliance and Other Matters**

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

### **City of Bolivar, Missouri's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
May 31, 2022

# City of Bolivar

## Schedule of Findings and Responses

Year Ended December 31, 2021

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### Material Weakness

#### 2021-001 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.