

CITY OF BOWLING GREEN, MISSOURI

BASIC FINANCIAL STATEMENTS

Year Ended September 30, 2008

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
City of Bowling Green
Bowling Green, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Bowling Green, Missouri, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bowling Green, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities and each major fund of the City of Bowling Green, Missouri, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Honorable Mayor and Board of Aldermen
City of Bowling Green
Bowling Green, Missouri

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, budgetary comparison schedules, and schedule of funding progress are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bowling Green, Missouri's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended September 30, 2008, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
February 12, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2008**

The management's discussion and analysis of the City of Bowling Green's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2008. Please read it in conjunction with the City's financial statements, which begin on page 14.

Financial Highlights

- The net assets of the City's governmental activities increased by \$985,362 or 21% for the year as a result of current year activities. The net assets of the City's business activities increased by \$172,604 or 1.9% for the year.
- The assets of the City exceeded its liabilities as of September 30, 2008, by \$14.9 million (net assets). Of this amount \$2.2 million was unrestricted and may be used to meet future obligations of the City.
- Total long-term liabilities of the City decreased by \$585,095 during the year.

Using This Annual Report

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

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net assets and changes in them. The City's net assets – the difference between assets and liabilities – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are indicators of whether its financial health is improving or deteriorating.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2008**

Government-Wide Financial Statements (continued)

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental Activities – Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.
- Business-Type Activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer services are provided here.

Fund Financial Statements

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

- Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds are shown in reconciliations following the fund financial statements.
- Proprietary Funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

Notes to the Basic Financial Statements

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2008**

Government-Wide Financial Analysis

NET ASSETS

The following table presents the condensed Statement of Net Assets for the City as of September 30, 2008, and 2007:

	Governmental Activities	Business-Type Activities	Total September 30, 2008	Total September 30, 2007
Current and other assets	\$ 2,788,480	\$ 1,310,984	\$ 4,099,464	\$ 4,255,372
Capital assets	5,019,872	15,052,225	20,072,097	19,289,963
TOTAL ASSETS	7,808,352	16,363,209	24,171,561	23,545,335
Other liabilities	343,568	634,376	977,944	924,589
Long-term liabilities outstanding	1,877,060	6,453,391	8,330,451	8,915,546
TOTAL LIABILITIES	2,220,628	7,087,767	9,308,395	9,840,135
Net assets:				
Invested in capital assets net of related debt	3,699,614	8,378,469	12,078,083	10,850,529
Restricted	141,812	444,684	586,496	491,720
Unrestricted	1,746,298	452,289	2,198,587	2,362,951
TOTAL NET ASSETS	<u>\$ 5,587,724</u>	<u>\$ 9,275,442</u>	<u>\$ 14,863,166</u>	<u>\$ 13,705,200</u>

Total net assets of the City increased by \$1,157,966 for the year due to current year activity. Total liabilities for the City have decreased by \$531,740 due to the repayment of bond principal and capital lease principal.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2008**

CHANGE IN NET ASSETS

	Governmental Activities	Business-Type Activities	Total September 30, 2008	Total September 30, 2007
REVENUES				
Program Revenues				
Charges for services	\$ 87,908	\$ 2,133,067	\$ 2,220,975	\$ 2,217,056
Operating grants and contributions	32,444	-	32,444	14,149
Capital grants and contributions	964,364	-	964,364	106,272
General Revenues				
Property taxes	268,866	-	268,866	221,821
Sales taxes	862,009	-	862,009	853,991
Motor vehicle taxes	126,888	-	126,888	138,696
Other taxes	307,390	-	307,390	302,781
Franchise fees	357,551	-	357,551	235,820
Interest	79,645	248,936	328,581	391,847
Other revenue	90,590	-	90,590	45,390
TOTAL REVENUES	3,177,655	2,382,003	5,559,658	4,527,823
EXPENSES				
Administrative	435,908	-	435,908	338,715
Public safety	768,749	-	768,749	669,889
Fire	35,997	-	35,997	31,928
Community center	20,989	-	20,989	15,459
Airport	117,712	-	117,712	11,690
Street	507,029	-	507,029	539,015
Emergency preparedness	7,342	-	7,342	3,280
Municipal court	12,722	-	12,722	11,776
Cemetery	25,091	-	25,091	24,073
Park	56,137	-	56,137	29,612
Pool	16,128	-	16,128	857
Library	75,902	-	75,902	70,953
Other	14,385	-	14,385	8,500
Debt service	98,202	-	98,202	100,934
Water and sewer	-	2,209,399	2,209,399	2,270,935
TOTAL EXPENSES	2,192,293	2,209,399	4,401,692	4,127,616
INCREASE IN NET ASSETS	\$ 985,362	\$ 172,604	\$ 1,157,966	\$ 400,207

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2008**

Governmental Activities

Governmental activities increased the net assets of the City by \$985,362. Tax revenues for the City were \$1,922,704 which represents 61% of the financing of these activities. Program revenues for the functions totaled \$1,084,716. The following table shows the cost of the City's nine largest programs as well as each programs net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

**NET COST OF THE CITY OF BOWLING GREEN'S NINE LARGEST
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services	Net Cost of Services
Administrative	\$ 435,908	\$ 400,325
Public safety	768,749	712,786
Fire	35,997	32,685
Airport	117,712	(782,547)
Street	507,029	483,994
Cemetery	25,091	21,016
Park	56,137	7,998
Library	75,902	63,052
Debt service	98,202	98,202
Other government activities	71,566	70,066
	\$ 2,192,293	\$ 1,107,577

Business-Type Activities

Business-type activities increased the City's net assets by \$172,604. This is up from the increase received last year from the City's business-type activities. The increase received in the prior year was \$115,030.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of September 30, 2008, were \$2.5 million. The General Fund decreased by \$48,866. The Cemetery Fund increased by \$13,749. The Park Fund decreased by \$26,377. The Library Fund increased by \$1,146. The Debt Service Fund decreased by \$2,265. The Capital Projects Fund decreased by \$114,245.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2008**

General Fund Budgetary Highlights

Revenues

The original revenue budget of \$2,729,355 was increased to \$3,484,774 for anticipated grant revenue.

Expenditures

The original expenditure budget of \$2,649,593 was increased to \$3,404,772 for anticipated grant expenditures.

Capital Asset and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$5,019,872 (net of accumulated depreciation) as of September 30, 2008. This represents a \$1,076,390 increase from the prior year due primarily to park, street and airport improvements made in the current year. Net capital assets for business-type activities were \$15,052,225 as of September 30, 2008.

Debt

Total debt of the governmental activities as of September 30, 2008, was \$2,011,060, which is down from \$2,139,484 in the prior year. The decrease is due to the repayment of capital lease and revenue bond principal.

Total debt of the business-type activities as of September 30, 2008, was \$6,918,391, which is down from \$7,403,146 the prior year. The decrease is due primarily to the repayment of revenue bonds principal.

Economic Factors and Next Year's Budget

The City through fiscal year 2008-2009, at the direction of the Board of Aldermen and Mayor, is proposing a budget which eliminates merit based pay increases in favor of a flat 2.5% cost of living increase (to be awarded at each employee's anniversary date) and 100% of health insurance coverage for employees and families to be paid by the City. Among the fiscal year 08/09 project goals are: the completion of storm water improvements, continuing municipal park capital improvements, completion of sewer infrastructure improvements, completion of the roundabout intersection improvements, continued improvements and acquisition at the municipal airport, connection to the Clarence Cannon Wholesale Water Commission and related water system improvements, safe routes to school sidewalk project, downtown enhancement/cancer memorial park project, and re-codification of the Municipal Code. The City continues to make use of grant funding and low interest loan options whenever available to accomplish necessary infrastructure improvements or additions and to ensure the most cost effective delivery of services. Both the General Fund and the Enterprise Fund have been gauged to meet current and forecasted rises in utility, fuels, chemical and materials costs.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2008**

Contacting the City's Financial Management

For additional information or questions, please contact any of the following officers at:

City of Bowling Green
16 W. Church
Bowling Green, Missouri 63334
(573) 324-5451

J. D. Kehrman, City Administrator
Barbara Allison, City Clerk
Barbara Finley, City Treasurer

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF NET ASSETS
September 30, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents - unrestricted	\$ 1,180,121	\$ 192,544	\$ 1,372,665
Investments - unrestricted	255,316	-	255,316
Ad valorem taxes receivable, net	24,889	-	24,889
Sales tax receivable	150,387	-	150,387
Utilities receivable, net	-	192,637	192,637
Other accounts receivable	59,780	471	60,251
Court fines receivable	51,979	-	51,979
Intergovernmental receivable	46,067	-	46,067
Accrued interest receivable	12,383	1,017	13,400
Inventory	-	60,605	60,605
Prepaid expenses	19,581	10,341	29,922
Restricted cash and cash equivalents	17,004	211,281	228,285
Restricted investments	917,376	549,460	1,466,836
Deferred bond issuance costs	53,597	92,628	146,225
Capital Assets:			
Non-depreciable	535,031	320,030	855,061
Depreciable, net	4,484,841	14,732,195	19,217,036
TOTAL ASSETS	7,808,352	16,363,209	24,171,561
LIABILITIES			
Current			
Accounts payable	155,265	21,918	177,183
Accrued expenses	9,823	2,261	12,084
Arbitrage payable	-	3,182	3,182
Deposits payable	2,400	68,240	70,640
Court bonds payable	5,170	-	5,170
Accrued interest payable	36,910	73,775	110,685
Current maturities of long-term debt	134,000	465,000	599,000
	343,568	634,376	977,944
Noncurrent			
Revenue bonds payable	1,858,000	6,453,391	8,311,391
Compensated absences	19,060	-	19,060
	1,877,060	6,453,391	8,330,451
TOTAL LIABILITIES	2,220,628	7,087,767	9,308,395
NET ASSETS			
Invested in capital assets, net of related debt	3,699,614	8,378,469	12,078,083
Restricted	141,812	444,684	586,496
Unrestricted	1,746,298	452,289	2,198,587
TOTAL NET ASSETS	\$ 5,587,724	\$ 9,275,442	\$ 14,863,166

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF ACTIVITIES
Year Ended September 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Administrative	\$ (435,908)	\$ 35,126	\$ 457	\$ -	\$ (400,325)	\$ -	\$ (400,325)
Public safety	(768,749)	43,734	-	12,229	(712,786)	-	(712,786)
Fire	(35,997)	-	-	3,312	(32,685)	-	(32,685)
Community center	(20,989)	-	-	-	(20,989)	-	(20,989)
Airport	(117,712)	-	-	900,259	782,547	-	782,547
Street	(507,029)	-	23,035	-	(483,994)	-	(483,994)
Emergency preparedness	(7,342)	-	-	-	(7,342)	-	(7,342)
Municipal court	(12,722)	-	-	-	(12,722)	-	(12,722)
Cemetery	(25,091)	3,600	475	-	(21,016)	-	(21,016)
Park	(56,137)	1,075	-	47,064	(7,998)	-	(7,998)
Pool	(16,128)	-	-	1,500	(14,628)	-	(14,628)
Library	(75,902)	4,373	8,477	-	(63,052)	-	(63,052)
Other	(14,385)	-	-	-	(14,385)	-	(14,385)
Debt service	(98,202)	-	-	-	(98,202)	-	(98,202)
TOTAL GOVERNMENTAL ACTIVITIES	(2,192,293)	87,908	32,444	964,364	(1,107,577)	-	(1,107,577)
Business-Type Activities							
Water and sewer	(2,209,399)	2,133,067	-	-	-	(76,332)	(76,332)
TOTAL BUSINESS-TYPE ACTIVITIES	(2,209,399)	2,133,067	-	-	-	(76,332)	(76,332)
TOTAL GOVERNMENT	\$ (4,401,692)	\$ 2,220,975	\$ 32,444	\$ 964,364	(1,107,577)	(76,332)	(1,183,909)
General Revenues:							
					268,866	-	268,866
					862,009	-	862,009
					126,888	-	126,888
					307,390	-	307,390
					357,551	-	357,551
					79,645	248,936	328,581
					90,590	-	90,590
				Total General Revenues	2,092,939	248,936	2,341,875
				Changes in Net Assets	985,362	172,604	1,157,966
				Net Assets, Beginning of year	4,602,362	9,102,838	13,705,200
				Net Assets, End of year	\$ 5,587,724	\$ 9,275,442	\$ 14,863,166

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2008

	General Fund	Cemetery Fund	Park Fund	Library Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents - unrestricted	\$ 882,588	\$ 35,951	\$ 210,578	\$ 51,004	\$ -	\$ -	\$ 1,180,121
Investments - unrestricted	250,000	-	-	5,316	-	-	255,316
Ad valorem taxes receivable, net	15,722	3,035	-	6,132	-	-	24,889
Sales tax receivable	132,654	-	17,733	-	-	-	150,387
Other accounts receivable	59,775	-	-	5	-	-	59,780
Court fines receivable	51,979	-	-	-	-	-	51,979
Intergovernmental receivable	37,292	-	8,775	-	-	-	46,067
Accrued interest receivable	12,267	106	-	10	-	-	12,383
Prepaid expenses	17,168	511	1,188	714	-	-	19,581
Due from other funds	-	-	41,767	-	-	-	41,767
Restricted cash and cash equivalents	17,004	-	-	-	-	-	17,004
Restricted investments	-	28,198	-	-	101,780	787,398	917,376
TOTAL ASSETS	\$ 1,476,449	\$ 67,801	\$ 280,041	\$ 63,181	\$ 101,780	\$ 787,398	\$ 2,776,650
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 38,887	\$ -	\$ 722	\$ -	\$ -	\$ 115,656	\$ 155,265
Accrued expenses	9,823	-	-	-	-	-	9,823
Due to other funds	39,399	-	-	2,368	-	-	41,767
Court bonds payable	5,170	-	-	-	-	-	5,170
Deposits payable	2,400	-	-	-	-	-	2,400
Deferred revenue	51,979	-	-	-	-	-	51,979
TOTAL LIABILITIES	147,658	-	722	2,368	-	115,656	266,404
Fund Balances							
Reserved for:							
General Fund	11,834	-	-	-	-	-	11,834
Cemetery	-	28,198	-	-	-	-	28,198
Debt service	-	-	-	-	101,780	-	101,780
Unreserved, reported in:							
General Fund	1,316,957	-	-	-	-	-	1,316,957
Special Revenue Fund	-	39,603	279,319	60,813	-	-	379,735
Capital Projects Fund	-	-	-	-	-	671,742	671,742
TOTAL FUND BALANCES	1,328,791	67,801	279,319	60,813	101,780	671,742	2,510,246
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,476,449	\$ 67,801	\$ 280,041	\$ 63,181	\$ 101,780	\$ 787,398	\$ 2,776,650

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
 NET ASSETS
 September 30, 2008

Fund balance - total governmental funds	\$ 2,510,246
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	6,871,431
Less accumulated depreciation	<u>(1,851,559)</u>
	5,019,872
Adjustment of deferred revenue	51,979
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(36,910)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(2,011,060)
Unamortized issuance costs on bonds	<u>53,597</u>
Net assets of governmental activities	<u><u>\$ 5,587,724</u></u>

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
 Year Ended September 30, 2008

	General Fund	Cemetery Fund	Park Fund	Library Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES							
Taxes	\$ 1,708,671	\$ 32,211	\$ 117,781	\$ 64,041	\$ -	\$ -	\$ 1,922,704
Licenses and permits	25,980	-	-	-	-	-	25,980
Intergovernmental revenues	938,835	-	47,064	5,831	-	-	991,730
Charges for services	9,147	3,600	1,075	4,373	-	-	18,195
Fines and forfeitures	82,605	-	-	-	-	-	82,605
Miscellaneous	130,819	3,029	10,052	8,025	2,672	20,715	175,312
TOTAL REVENUES	2,896,057	38,840	175,972	82,270	2,672	20,715	3,216,526
EXPENDITURES							
Current							
Administrative	434,706	-	-	-	-	-	434,706
Public safety	764,389	-	-	-	-	-	764,389
Fire	36,562	-	-	-	-	-	36,562
Community center	31,781	-	-	-	-	-	31,781
Airport	998,081	-	-	-	-	-	998,081
Street	454,883	-	-	-	-	131,452	586,335
Emergency preparedness	7,342	-	-	-	-	-	7,342
Municipal court	12,722	-	-	-	-	-	12,722
Cemetery	-	25,091	-	-	-	-	25,091
Park	-	-	157,666	-	-	3,508	161,174
Pool	-	-	16,128	-	-	-	16,128
Library	-	-	-	74,170	-	-	74,170
Other	14,385	-	-	-	-	-	14,385
Debt Service							
Principal and interest	6,301	-	-	-	220,469	-	226,770
Agent fees	3,748	-	-	-	-	-	3,748
TOTAL EXPENDITURES	2,764,900	25,091	173,794	74,170	220,469	134,960	3,393,384

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended September 30, 2008

	General Fund	Cemetery Fund	Park Fund	Library Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	131,157	13,749	2,178	8,100	(217,797)	(114,245)	(176,858)
OTHER FINANCING SOURCES (USES)							
Operating transfers in (out)	(180,023)	-	(28,555)	(6,954)	215,532	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(180,023)	-	(28,555)	(6,954)	215,532	-	-
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	(48,866)	13,749	(26,377)	1,146	(2,265)	(114,245)	(176,858)
FUND BALANCE, October 1, as restated	1,377,657	54,052	305,696	59,667	104,045	785,987	2,687,104
FUND BALANCE, September 30	<u>\$ 1,328,791</u>	<u>\$ 67,801</u>	<u>\$ 279,319</u>	<u>\$ 60,813</u>	<u>\$ 101,780</u>	<u>\$ 671,742</u>	<u>\$ 2,510,246</u>

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 Year Ended September 30, 2008

Net change in fund balances - total governmental funds \$ (176,858)

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

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

Capital outlay	1,236,582
Depreciation	(160,192)
	<u>1,076,390</u>

Some revenues reported in the governmental funds represent current financial
 resources and were recognized in the statement of activities when earned. (38,871)

Some expenditures reported in the governmental funds represent the use
 of current financial resources and were recognized in the statement of
 activities when incurred. (7,615)

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. Also, governmental funds report
 the effect of issuance costs and similar items when debt is issued, whereas
 these amounts are deferred and amortized in the statement of activities. The
 following is the detail of the net effect of these differences.

Repayment of principal on leases	6,039
Repayment of principal on bonds	130,000
Bond issuance costs	(5,294)
Interest	1,571
	<u>132,316</u>

Change in net assets of governmental activities \$ 985,362

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF NET ASSETS – PROPRIETARY FUND
September 30, 2008

	<u>Enterprise Fund</u>
	<u>Water and</u>
	<u>Sewer Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 192,544
Utilities receivable, net	192,637
Other accounts receivable	471
Accrued interest receivable	1,017
Inventory	60,605
Prepaid expenses	10,341
	<hr/>
TOTAL CURRENT ASSETS	457,615
Restricted Assets	
Cash and cash equivalents	211,281
Investments	549,460
	<hr/>
TOTAL RESTRICTED ASSETS	760,741
Deferred Bond Issuance Costs	92,628
Property, Plant and Equipment	
Water and sewer system	17,980,162
Pumping and purification system	1,664,523
Land	203,630
Construction in progress	116,400
Lake	1,390,711
	<hr/>
	21,355,426
Less accumulated depreciation	(6,303,201)
	<hr/>
TOTAL PROPERTY, PLANT AND EQUIPMENT	15,052,225
	<hr/>
TOTAL ASSETS	16,363,209
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	21,918
Accrued expenses	2,261
Arbitrage payable	3,182
Deposits payable	68,240
Accrued interest payable	73,775
Current maturities of long-term debt	465,000
	<hr/>
TOTAL CURRENT LIABILITIES	634,376
Long-Term Liabilities	
Revenue bonds payable	6,453,391
	<hr/>
TOTAL LONG-TERM LIABILITIES	6,453,391
	<hr/>
TOTAL LIABILITIES	7,087,767
Net Assets	
Invested in capital assets, net of related debt	8,378,469
Restricted for debt service	444,684
Unrestricted	452,289
	<hr/>
TOTAL NET ASSETS	<u>\$ 9,275,442</u>

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – PROPRIETARY FUND
 Year Ended September 30, 2008

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 2,070,623
Miscellaneous	62,444
	<hr/>
TOTAL OPERATING REVENUES	2,133,067
OPERATING EXPENSES	
Administration	116,196
Legal and professional	24,904
Service agreement	733,973
Purchased services	2,247
Utilities	147,384
Maintenance	101,140
Supplies	138,388
Insurance	32,528
Depreciation	546,603
Miscellaneous	7,156
	<hr/>
TOTAL OPERATING EXPENSES	1,850,519
	<hr/>
OPERATING INCOME	282,548
NONOPERATING REVENUES (EXPENSES)	
Interest income	248,936
Interest expense	(358,880)
	<hr/>
TOTAL NONOPERATING REVENUES (EXPENSES)	(109,944)
	<hr/>
NET INCOME	172,604
NET ASSETS, October 1	9,102,838
	<hr/>
NET ASSETS, September 30	<u>\$ 9,275,442</u>

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
Year Ended September 30, 2008

	Enterprise Fund
	<u>Water and Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,149,731
Cash paid to suppliers	<u>(1,326,097)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	823,634
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of fixed assets	(252,347)
Payment of bond principal	(465,000)
Payment of interest expense	(347,709)
Payment of principal on capital leases	<u>(26,045)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,091,101)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	248,998
Purchase of investments	<u>(79,713)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	169,285
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(98,182)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>502,007</u>
CASH AND CASH EQUIVALENTS, End of year	403,825
LESS RESTRICTED CASH AND CASH EQUIVALENTS	<u>211,281</u>
UNRESTRICTED CASH AND CASH EQUIVALENTS	<u><u>\$ 192,544</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 282,548
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	546,603
(Increase) decrease in:	
Utilities receivable	(2,378)
Inventory	(17,592)
Prepaid expenses	(237)
Other receivables	13,602
Increase (decrease) in:	
Accounts payable	(5,402)
Arbitrage payable	1,655
Accrued expenses	(605)
Deposits payable	5,440
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 823,634</u></u>

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bowling Green, Missouri, (the City) was incorporated in 1857 under the provisions of the State of Missouri. The City operates under a Board of Aldermen-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, culture-recreation, public improvements, planning, and general administrative services. Other services include water and sewer operations.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. In accordance with GASB-20 (Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting), the Proprietary Fund applies Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board (APB) opinions and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, except those pronouncements that conflict with or contradict GASB pronouncements, in which case, GASB prevails. 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 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 is a primary government, which is governed by an elected board. 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Component Unit

The City of Bowling Green Municipal Assistance Corporation is a not-for-profit corporation organized for the purpose of benefiting and carrying out the purpose of providing funds to acquire, purchase, construct and install certain projects, and to lease or sell such projects to others. The City of Bowling Green Municipal Assistance Corporation is governed by a six-member board appointed by the City. Although the City is not legally responsible for the debt of the municipal assistance corporation, the corporation's sole source of revenue is from lease payments from the City.

In conformity with accounting principles generally accepted in the United States of America the financial statements of the component unit have been included in the financial reporting entity as a blended component unit.

Government-Wide and Fund Financial Statements

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

In the government-wide Statement of Net Assets, 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 except those required to be accounted for in another fund.

Cemetery Fund: The Cemetery Fund of the City is used to account for resources restricted for operations of the City cemetery.

Park Fund: The Park Fund of the City is used to account for resources restricted for operations of the City park.

Library Fund: The Library Fund of the City is used to account for resources restricted for operations of the City library.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for, and the payment of governmental long-term debt principal, interest, and related costs. The Debt Service Fund consists of the City of Bowling Green Municipal Assistance Corporation Debt Service Fund.

Capital Projects Fund: The Capital Projects Fund is used to account for financial resources to be used for acquisition or construction of major capital assets. The Capital Projects Fund of the City of Bowling Green is the City of Bowling Green Municipal Assistance Corporation Project Fund.

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major proprietary fund:

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

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed 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:

Distribution system	20 to 100 years
Buildings and improvements	50 years
Purification	20 to 50 years
Machinery and equipment	5 to 15 years
Infrastructure	35 to 50 years

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

Pooled Cash and Cash Equivalents

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

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unreserved Fund Equity

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventory usage is recognized on the consumption method.

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.

Interest Capitalization

Interest expense that relates to the cost of acquiring or constructing fixed assets in the Enterprise Fund is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction in accordance with Financial Accounting Standards Board (FASB) Statement No. 62 - *Capitalization of Interest Cost in Situations Involving Certain Tax Exempt Borrowings and Certain Gifts and Grants*. There was no interest capitalized during the current fiscal year.

Compensated Absences

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

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after September 30 of that year.

Net Assets

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

Invested in Capital Assets, Net of Related Debt – 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 – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

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

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of September 30, 2008, all bank balances on deposit are entirely insured or collateralized.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2008

NOTE C – INVESTMENTS

Investments of the City as of September 30, 2008, consist of the following:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit	10/17/08 - 3/16/09	\$ 398,614
Fidelity Treasury Fund	N/A	1,136,995
Federated Prime Obligation Fund	N/A	<u>186,543</u>
		<u>\$ 1,722,152</u>

Certificates of Deposit

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. State statutes require that the City’s deposits be 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 September 30, 2008, all certificates of deposit are entirely insured or collateralized with securities.

Fidelity Treasury Fund

The City also has Fidelity Treasury funds on deposit with United Missouri Bank, which are rated AAAM by Standard and Poor’s. Fair market value approximates cost as the City has a pro-rata share of the fund. These deposits are held in trust accounts for the 2003C Combined Waterworks and Sewerage System Revenue Bonds rebate account, and debt service and project accounts of the Municipal Assistance Corporation.

Federated Prime Obligation Fund

The City also has Federated Prime Obligation funds on deposit with United Missouri Bank, which are rated AAAM by Standard and Poor’s. Fair market value approximates cost as the City has a pro-rata share of the fund. These deposits are held in trust accounts for the 2003B Combined Waterworks and Sewerage System Revenue Bonds and the 2003C Combined Waterworks and Sewerage System Refunding Revenue Bonds reserve accounts.

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

NOTE D – RESTRICTED ASSETS

General Fund

Cash and cash equivalents have been restricted in the amount of \$5,170 for outstanding court bonds. Cash and cash equivalents have been restricted and fund balance/net assets reserved in the amount of \$1,255 for the Daffron Project and \$10,579 for the Wal-Mart Development.

Debt Service Fund

Investments have been restricted and fund balance/net assets reserved in the amount of \$101,780 for principal and interest payments on debt.

Cemetery Fund

Investments have been restricted and fund balance/net assets reserved in the amount of \$28,198 for perpetual care expenditures.

Capital Projects Fund

Investments have been restricted in the amount of \$787,398 for construction projects.

Water and Sewer Fund

The 2003B Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) Ordinance and the 2003C Combined Waterworks and Sewerage System Refunding Revenue Bonds Ordinance (State Revolving Fund Program) established amounts required to be deposited in certain sinking and reserve funds. All required deposits have been made. These special cash reserves are reported in the accompanying balance sheet as restricted cash and cash equivalents, restricted investments, and restricted net assets. Restricted cash and investments also include cash restricted for customer deposits and bond proceeds. These restrictions are as follows:

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2008

NOTE D – RESTRICTED ASSETS (continued)

	Enterprise Fund	
	Restricted Cash and Investments	Restricted Net Assets
2003B Revenue Bonds		
Principal and interest	\$ 81,957	\$ 81,957
Rebate account	3,182	-
Operation and maintenance	57,550	57,550
Bond proceeds	238,840	-
Debt service	28,703	28,703
Depreciation and replacement	93,924	93,924
2003C Revenue Bonds		
Bond proceeds	5,795	-
Principal and interest	66,294	66,294
Operation and maintenance	57,550	57,550
Debt service	9,590	9,590
Depreciation and replacement	49,116	49,116
Utility Deposits	68,240	-
	<u>\$ 760,741</u>	<u>\$ 444,684</u>

NOTE E – ACCOUNTS RECEIVABLE

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

	Gross Receivable	Allowance	Net Receivable
AD VALOREM TAXES RECEIVABLE			
General Fund	\$ 20,287	\$ 4,565	\$ 15,722
Cemetery Fund	3,215	180	3,035
Library Fund	6,405	273	6,132
	<u>\$ 29,907</u>	<u>\$ 5,018</u>	<u>\$ 24,889</u>
UTILITIES RECEIVABLE			
Water and Sewer Fund	<u>\$ 194,037</u>	<u>\$ 1,400</u>	<u>\$ 192,637</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2008

NOTE F – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

Long-term debt of the City of Bowling Green consists of the 2004A Leasehold Revenue Refunding Bonds and the 2004B Leasehold Revenue Bonds.

Leasehold Revenue Bonds

On September 29, 2004, the City of Bowling Green Municipal Assistance Corporation issued \$865,000 in Leasehold Revenue Refunding Bonds due in varying annual installments through November 1, 2014, with interest at 2.00% to 4.45% due on May 1 and November 1 of each year. Bonds maturing on November 1, 2013, and thereafter are callable on November 1, 2012, under various terms of the bond ordinances.

\$ 634,000

Principal and interest payments are due as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 81,000	\$ 23,772	\$ 104,772
2010	84,000	20,965	104,965
2011	87,000	17,821	104,821
2012	90,000	14,368	104,368
2013	93,000	10,638	103,638
2014	98,000	6,602	104,602
2015	101,000	2,247	103,247
	<u><u>\$ 634,000</u></u>	<u><u>\$ 96,413</u></u>	<u><u>\$ 730,413</u></u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2008

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

On September 29, 2004, the City of Bowling Green Municipal Assistance Corporation issued \$1,502,000 in Leasehold Revenue Bonds due in varying annual installments through November 1, 2025, with interest at 2.00% to 5.20%, due on May 1 and November 1 of each year. Bonds maturing on November 1, 2013, and thereafter are callable on November 1, 2012, under various terms of the bond ordinances.

\$ 1,358,000

Principal and interest payments are due as follows:

Year Ended September 30,	Principal	Interest	Total
2009	\$ 53,000	\$ 62,635	\$ 115,635
2010	56,000	60,780	116,780
2011	57,000	58,703	115,703
2012	59,000	56,440	115,440
2013	63,000	53,952	116,952
2014	64,000	51,269	115,269
2015	67,000	48,402	115,402
2016	72,000	45,292	117,292
2017	74,000	41,970	115,970
2018	78,000	38,415	116,415
2019	80,000	34,642	114,642
2020	85,000	30,661	115,661
2021	90,000	26,260	116,260
2022	95,000	21,450	116,450
2023	99,000	16,406	115,406
2024	105,000	11,102	116,102
2025	161,000	4,186	165,186
	<u><u>\$ 1,358,000</u></u>	<u><u>\$ 662,565</u></u>	<u><u>\$ 2,020,565</u></u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2008

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

The following table is a summary of the changes in the Long-Term Debt – Governmental Activities:

	Balance September 30, 2007	New Obligations	Retired	Balance September 30, 2008	Amounts Due Within One Year
Leasehold Revenue Bonds	\$ 2,122,000	\$ -	\$ 130,000	\$ 1,992,000	\$ 134,000
Capital Leases Payable	6,039	-	6,039	-	-
Compensated Absences	11,445	7,615	-	19,060	-
	<u>\$ 2,139,484</u>	<u>\$ 7,615</u>	<u>\$ 136,039</u>	<u>\$ 2,011,060</u>	<u>\$ 134,000</u>

NOTE G – LONG-TERM DEBT – BUSINESS TYPE ACTIVITIES

Long-term debt in the Water and Sewer Fund consists of the 2003B Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) and 2003C Combined Waterworks and Sewerage System Refunding Revenue Bonds (State Revolving Fund Program).

2003B Combined Waterworks and Sewerage System Revenue Bonds

In November 2003, the City entered into an agreement with the Missouri Leveraged State Water Pollution Control Revolving Fund Program to sell \$5,560,000 in Combined Waterworks and Sewerage System Revenue Bonds, Series 2003B. The bonds bear interest at 2.0% to 5.0%. The interest paid is offset by an interest subsidy from the State of Missouri's 50% bond reserves. Interest payments are due semi-annually on January 1 and July 1 of each year with annual principal payments due July 1 of each year. The bonds also require an administrative fee payable annually on July 1 of each year at .714% of the outstanding principal balance.

The annual debt service requirements to amortize the principal on the 2003B revenue bonds outstanding at September 30, 2008, are listed in the following table:

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2008

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

Year Ended September 30,	Principal	Interest	Administrative Fee	Total
2009	\$ 245,000	\$ 212,533	\$ 34,379	\$ 491,912
2010	250,000	205,795	32,630	488,425
2011	250,000	198,295	30,845	479,140
2012	250,000	190,045	29,060	469,105
2013	255,000	181,295	27,275	463,570
2014	260,000	171,860	25,454	457,314
2015	265,000	158,860	23,598	447,458
2016	275,000	145,610	21,706	442,316
2017	275,000	134,610	19,742	429,352
2018	285,000	120,860	17,779	423,639
2019	290,000	106,610	15,744	412,354
2020	300,000	92,110	13,673	405,783
2021	305,000	78,910	11,531	395,441
2022	315,000	63,660	9,353	388,013
2023	325,000	47,910	7,104	380,014
2024	330,000	31,660	4,784	366,444
2025	340,000	16,150	2,428	358,578
	<u>\$ 4,815,000</u>	<u>\$ 2,156,773</u>	<u>\$ 327,085</u>	<u>\$ 7,298,858</u>

2003C Combined Waterworks and Sewerage System Refunding Revenue Bonds

In November 2003, the City entered into an agreement with the Missouri Leveraged State Water Pollution Control Revolving Fund Program to sell \$3,160,000 in Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2003C. The bonds bear interest at 2.0% to 5.0%. The interest paid is offset by an interest subsidy from the State of Missouri's 50% bond reserves. Interest payments are due semi-annually on January 1 and July 1 of each year with annual principal payments due July 1 of each year. The bonds also require an administrative fee payable annually on January 1 of each year at 1.000% of the outstanding principal balance.

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2008

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

The annual debt service requirements to amortize the principal on the 2003C revenue bonds outstanding at September 30, 2008, are listed in the following table:

Year Ended September 30,	Principal	Interest	Administrative Fee	Total
2009	\$ 220,000	\$ 82,570	\$ 21,600	\$ 324,170
2010	225,000	76,520	19,400	320,920
2011	230,000	69,770	17,150	316,920
2012	235,000	62,180	14,850	312,030
2013	235,000	53,955	12,500	301,455
2014	245,000	45,260	10,150	300,410
2015	250,000	35,950	7,700	293,650
2016	255,000	23,450	5,200	283,650
2017	265,000	13,250	2,650	280,900
	<u>\$ 2,160,000</u>	<u>\$ 462,905</u>	<u>\$ 111,200</u>	<u>\$ 2,734,105</u>

The following table is a summary of the changes in the business-type activities long-term debt for the year ended September 30, 2008:

	Balance September 30, 2007	New Obligations	Retirements	Balance September 30, 2008	Amounts Due Within One Year
Revenue Bonds Payable	\$ 7,440,000	\$ -	\$ 465,000	\$ 6,975,000	\$ 465,000
Less:					
Deferred loss on bond refunding	(62,899)	-	(6,290)	(56,609)	-
	<u>7,377,101</u>	<u>-</u>	<u>458,710</u>	<u>6,918,391</u>	<u>465,000</u>
Capital Leases Payable	26,045	-	26,045	-	-
	<u>\$ 7,403,146</u>	<u>\$ -</u>	<u>\$ 484,755</u>	<u>\$ 6,918,391</u>	<u>\$ 465,000</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2008

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2008, was as follows:

	September 30, 2007	Additions	Deletions	September 30, 2008
Governmental Activities				
Non-depreciable capital assets:				
Land	\$ 107,010	\$ 428,021	\$ -	\$ 535,031
Depreciable capital assets				
Building and improvements	1,453,087	\$ 656,754	\$ -	2,109,841
Machinery and equipment	856,266	151,807	-	1,008,073
Infrastructure	3,218,486	-	-	3,218,486
Total Depreciable Capital Assets	5,527,839	\$ 808,561	\$ -	6,336,400
Less Accumulated Depreciation				
Buildings and improvements	189,873	\$ 35,450	\$ -	225,323
Machinery and equipment	545,598	60,638	-	606,236
Infrastructure	955,896	64,104	-	1,020,000
Total Accumulated Depreciation	1,691,367	\$ 160,192	\$ -	1,851,559
Total Depreciable Capital Assets, net	3,836,472			4,484,841
Total Governmental Activities Capital Assets, net	\$ 3,943,482			\$ 5,019,872

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

Administration	\$ 9,294
Community center	2,149
Library	1,732
Public safety	16,347
Fire	5,330
Park	7,809
Airport	11,342
Street	106,189
	<u>\$ 160,192</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2008

NOTE H – CAPITAL ASSETS (continued)

	Balance September 30, 2007	Additions	Deletions	Balance September 30, 2008
Business-Type Activities				
Non-depreciable assets				
Land	\$ 203,630	-	-	\$ 203,630
Construction-in-progress	-	116,400	-	116,400
Total non-depreciable assets	203,630	<u>\$ 116,400</u>	<u>\$ -</u>	320,030
Depreciable assets				
Water and sewer system	17,912,417	\$ 135,947	\$ 68,202	17,980,162
Pumping and purification	1,664,523	-	-	1,664,523
Lake	1,390,711	-	-	1,390,711
Total depreciable assets	20,967,651	<u>\$ 135,947</u>	<u>\$ 68,202</u>	21,035,396
Less accumulated depreciation	5,824,800	<u>\$ 546,603</u>	<u>\$ 68,202</u>	6,303,201
Depreciable Capital Assets, net	<u>15,142,851</u>			<u>14,732,195</u>
Total Capital Assets				
Business-Type Activities, net	<u>\$ 15,346,481</u>			<u>\$ 15,052,225</u>

NOTE I – EMPLOYEE PENSION PLAN

Plan Description

The City of Bowling Green participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2008

NOTE I – EMPLOYEE PENSION PLAN (continued)

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

Funding Status

The City of Bowling Green's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is .4% (general) and .4% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost

For 2008, the political subdivision's annual pension cost of \$2,468 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2006 and/or February 28, 2007 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2008, included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age, and division attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 29, 2008, was 15 years.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/06	\$ 2,859	100%	\$ -
06/30/07	3,095	100%	-
06/30/08	2,468	100%	-

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2008

NOTE I – EMPLOYEE PENSION PLAN (continued)

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

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) (Excess) Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/28/08	\$ 1,152,859	\$ 493,544	\$ (659,315)	234%	\$ 457,049	0%
02/28/08#	1,152,859	539,065	(613,794)	214%	457,049	0%

After benefit changes

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

NOTE J – ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN

The assessed valuation of the tangible property and the tax levies per \$100 assessed valuation of that property were as follows:

Assessed Valuation	2007
Real estate	\$ 24,511,102
Personal property	5,927,146
TOTAL	<u>\$ 30,438,248</u>
Tax Rates Per \$100 of Assessed Valuation	2007
General levy	\$.5930
Cemetery levy	.0915
Library levy	.1829
TOTAL	<u>\$.8674</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2008

NOTE J – ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN (continued)

The legal debt margin at September 30, 2008, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional debt limit	\$ 3,043,825	\$ 3,043,825	\$ 6,087,650
General Obligation Bonds payable	-	-	-
LEGAL DEBT MARGIN	<u>\$ 3,043,825</u>	<u>\$ 3,043,825</u>	<u>\$ 6,087,650</u>

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

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

NOTE K – DEFERRED REVENUE

Revenues from receivables not expected to be collected in time to pay current operating expenses are deferred until received in the governmental funds. These deferred revenues include court fines to be collected over several years. All of the deferred revenue at September 30, 2008, is accounted for as follows:

General Fund	
Deferred court fines	<u>\$ 51,979</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2008

NOTE L – RISK MANAGEMENT

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

NOTE M – DEFERRED BOND ISSUE COSTS

During 2003, the City issued the 2003C Combined Waterworks and Sewerage System Refunding Revenue Bonds. The issue costs will be amortized as an adjustment to interest expense using straight-line amortization over 13 years.

During 2003, the City issued the 2003B Combined Waterworks and Sewerage System Revenue Bonds. The issued costs will be amortized as an adjustment to interest expense using straight-line amortization over 21 years.

During 2004, the City issued the 2004A Leasehold Revenue Refunding Bonds. The issue costs will be amortized as an adjustment to interest expense using straight-line amortization over 10 years.

During 2004, the City issued the Series 2004B Leasehold Revenue Bonds. The issue costs will be amortized as an adjustment to interest expense using straight-line amortization over 20 years.

These deferred bond issue costs are presented net of current amortization as follows:

	Total Bond Issue Costs	Accumulated Amortization September 30, 2007	Current Amortization	Net Bond Issue Costs
Business-Type Activities	<u>\$ 130,989</u>	<u>\$ 30,689</u>	<u>\$ 7,672</u>	<u>\$ 92,628</u>
Governmental Activities	<u>\$ 74,773</u>	<u>\$ 15,882</u>	<u>\$ 5,294</u>	<u>\$ 53,597</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2008

NOTE N – INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2008, consisted of the following:

	Transfers In	Transfers Out
	<u> </u>	<u> </u>
General Fund	\$ -	\$ 180,023
Park Fund	-	28,555
Library Fund	-	6,954
Debt Service Fund	215,532	-
	<u>\$ 215,532</u>	<u>\$ 215,532</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the Enterprise Funds and General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE O – INTERNAL BALANCES

Internal balances as of September 30, 2008, consisted of the following:

	General Fund	Park Fund	Library Fund
	<u> </u>	<u> </u>	<u> </u>
Internal balances	\$ (39,399)	\$ 41,767	\$ (2,368)

During the course of its operations, the City has numerous transactions between funds to finance operation, provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of September 30, 2008, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2008

NOTE P – CLAIMS AND ADJUSTMENTS

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of September 30, 2008, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

NOTE Q – RESTATEMENTS

Fund balances have been restated as of October 1, 2007, as follows:

General Fund

Fund Balance, as previously stated, September 30, 2007	\$ 1,323,677
Accounts payable	<u>53,980</u>
Fund Balance, as restated, October 1, 2007	<u><u>\$ 1,377,657</u></u>

Capital Projects Fund

Fund Balance, as previously stated, September 30, 2007	\$ 839,967
Accounts payable	<u>(53,980)</u>
Fund Balance, as restated, October 1, 2007	<u><u>\$ 785,987</u></u>

NOTE R – 2007 BOND ORDINANCE

On August 7, 2007, the City of Bowling Green, Missouri passed a \$3,000,000 bond issue for the purpose of acquiring, constructing, extending, improving, furnishing and equipping the City’s combined waterworks and sewerage system. As of September 30, 2008, these bonds have not been issued.

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2008

NOTE S – COMMITMENTS

At September 30, 2008, the City was committed to Bleigh Construction Company in the amount of \$149,662 for stormwater improvements. The City was also committed to Crawford, Murphy & Tilly, Inc. in the amount of \$49,586 for engineering services related to the airport development project.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BOWLING GREEN, MISSOURI
 SCHEDULE OF FUNDING PROGRESS
 Year Ended September 30, 2008

Missouri Local Government Employees Retirement System (LAGERS)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) (Excess) Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/28/06	\$ 1,141,417	\$ 551,465	\$ (589,952)	207%	\$ 411,676	0%
02/28/07	1,217,562	575,499	(642,063)	212%	377,984	0%
02/28/08	1,152,859	493,544	(659,315)	234%	457,049	0%
02/28/08#	1,152,859	539,065	(613,794)	214%	457,049	0%

After benefit changes

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes	\$ 180,499	\$ 180,499	\$ 183,814	\$ 3,315
City sales tax	445,000	445,000	508,664	63,664
Transportation sales tax	205,000	205,000	235,564	30,564
Financial institution tax	4,000	4,000	23	(3,977)
Railroad and utility tax	20,000	20,000	19,215	(785)
Surtax	1,500	1,500	4,564	3,064
Utility franchise tax	239,000	346,017	357,551	11,534
Motor vehicle tax	135,000	135,000	126,888	(8,112)
Payment in lieu of taxes	200,000	200,000	200,000	-
Lodging tax	40,000	40,000	48,209	8,209
Cigarette tax	18,000	18,000	24,179	6,179
	<u>1,487,999</u>	<u>1,595,016</u>	<u>1,708,671</u>	<u>113,655</u>
Licenses and Permits				
Occupational licenses	9,000	9,000	9,582	582
Building permits	8,000	8,000	13,689	5,689
Animal license and fees	800	800	2,709	1,909
	<u>17,800</u>	<u>17,800</u>	<u>25,980</u>	<u>8,180</u>
Intergovernmental Revenues				
Airport grant	320,896	873,098	900,259	27,161
Police grant	3,000	9,509	12,229	2,720
FEMA grant	-	23,035	23,035	-
USDA grant	-	-	3,312	3,312
	<u>323,896</u>	<u>905,642</u>	<u>938,835</u>	<u>33,193</u>
Charges for Services				
Printing	-	-	250	250
Trash billing	90,000	90,000	6,283	(83,717)
Towing fees	1,500	1,500	2,614	1,114
	<u>91,500</u>	<u>91,500</u>	<u>9,147</u>	<u>(82,353)</u>
Fines and Forfeitures				
City court fines	65,000	84,305	82,605	(1,700)
Miscellaneous				
Rents and royalties	4,500	14,350	16,986	2,636
Interest	50,000	50,000	45,070	(4,930)
Donations	-	-	457	457
Other	688,660	726,161	68,306	(657,855)
	<u>743,160</u>	<u>790,511</u>	<u>130,819</u>	<u>(659,692)</u>
TOTAL REVENUES	<u>2,729,355</u>	<u>3,484,774</u>	<u>2,896,057</u>	<u>(588,717)</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
 Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget
EXPENDITURES				
Current				
Administrative	479,084	513,549	434,706	78,843
Public safety	727,383	769,903	764,389	5,514
Fire	33,789	33,789	36,562	(2,773)
Community center	14,398	31,218	31,781	(563)
Airport	325,708	987,082	998,081	(10,999)
Street	1,043,933	1,043,933	454,883	589,050
Emergency preparedness	5,828	5,828	7,342	(1,514)
Municipal court	13,070	13,070	12,722	348
Other	1,500	1,500	14,385	(12,885)
Debt service				
Principal and interest	-	-	6,301	(6,301)
Agent fees	4,900	4,900	3,748	1,152
TOTAL EXPENDITURES	<u>2,649,593</u>	<u>3,404,772</u>	<u>2,764,900</u>	<u>639,872</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	79,762	80,002	131,157	51,155
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)				
Debt Service Fund	(105,234)	(105,234)	(180,023)	(74,789)
Cemetery Fund	30,700	30,700	-	(30,700)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(74,534)</u>	<u>(74,534)</u>	<u>(180,023)</u>	<u>(105,489)</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)				
	5,228	5,468	(48,866)	(54,334)
FUND BALANCE, October 1, as restated	<u>1,377,657</u>	<u>1,377,657</u>	<u>1,377,657</u>	<u>-</u>
FUND BALANCE, September 30	<u>\$ 1,382,885</u>	<u>\$ 1,383,125</u>	<u>\$ 1,328,791</u>	<u>\$ (54,334)</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – CEMETERY FUND
 Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes and penalties	\$ 27,851	\$ 27,851	\$ 28,361	\$ 510
Financial institution tax	450	450	4	(446)
Railroad and utility tax	3,000	3,000	3,108	108
Surtax	150	150	738	588
	<u>31,451</u>	<u>31,451</u>	<u>32,211</u>	<u>760</u>
Charges for services				
Sale of lots	5,000	5,000	3,600	(1,400)
Miscellaneous				
Donations	-	-	475	475
Interest	1,500	1,500	2,554	1,054
	<u>1,500</u>	<u>1,500</u>	<u>3,029</u>	<u>1,529</u>
TOTAL REVENUES	37,951	37,951	38,840	889
EXPENDITURES				
Cemetery	31,120	31,120	25,091	6,029
TOTAL EXPENDITURES	<u>31,120</u>	<u>31,120</u>	<u>25,091</u>	<u>6,029</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	6,831	6,831	13,749	6,918
FUND BALANCE, October 1	<u>54,052</u>	<u>54,052</u>	<u>54,052</u>	<u>-</u>
FUND BALANCE, September 30	<u>\$ 60,883</u>	<u>\$ 60,883</u>	<u>\$ 67,801</u>	<u>\$ 6,918</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – PARK FUND
 Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Sales taxes	\$ 95,000	\$ 95,000	\$ 117,781	\$ 22,781
Charges for Services				
League and tournament fees	-	-	1,075	1,075
Intergovernmental Revenues				
Recreational trails grant	-	-	27,504	27,504
Safe routes to school grant	-	-	19,560	19,560
Miscellaneous				
Donations	-	-	1,500	1,500
Interest	7,500	7,500	6,157	(1,343)
Other	274,009	274,009	2,395	(271,614)
TOTAL REVENUES	376,509	376,509	175,972	(200,537)
EXPENDITURES				
Park	310,859	310,859	157,666	153,193
Pool	300	14,500	16,128	(1,628)
TOTAL EXPENDITURES	311,159	325,359	173,794	151,565
EXCESS OF REVENUES OVER EXPENDITURES	65,350	51,150	2,178	(48,972)
OTHER FINANCING (USES)				
Operating transfers (out)				
Debt Service Fund	(29,189)	(29,189)	(28,555)	634
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES AND OTHER (USES)	36,161	21,961	(26,377)	(48,338)
FUND BALANCE, October 1	305,696	305,696	305,696	-
FUND BALANCE, September 30	\$ 341,857	\$ 327,657	\$ 279,319	\$ (48,338)

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – LIBRARY FUND
 Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes and penalties	\$ 55,672	\$ 55,672	\$ 56,691	\$ 1,019
Financial institution tax	750	750	7	(743)
Railroad and utility tax	5,250	5,250	5,934	684
Surtax	250	250	1,409	1,159
	<u>61,922</u>	<u>61,922</u>	<u>64,041</u>	<u>2,119</u>
Charges for Services				
Fines, fees and memberships	2,950	2,950	4,373	1,423
Intergovernmental Revenues				
State grants	2,800	4,845	5,831	986
Miscellaneous				
Donations	-	2,286	2,646	360
Interest	1,500	1,500	2,477	977
Other	-	2,694	2,902	208
	<u>1,500</u>	<u>6,480</u>	<u>8,025</u>	<u>1,545</u>
TOTAL REVENUES	69,172	76,197	82,270	6,073
EXPENDITURES				
Library services	61,180	67,697	74,170	(6,473)
TOTAL EXPENDITURES	<u>61,180</u>	<u>67,697</u>	<u>74,170</u>	<u>(6,473)</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	7,992	8,500	8,100	(400)
OTHER FINANCING (USES)				
Operating transfers (out)				
Debt Service Fund	(7,106)	(7,106)	(6,954)	152
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER (USES)				
	886	1,394	1,146	(248)
FUND BALANCE, October 1	<u>59,667</u>	<u>59,667</u>	<u>59,667</u>	<u>-</u>
FUND BALANCE, September 30	<u>\$ 60,553</u>	<u>\$ 61,061</u>	<u>\$ 60,813</u>	<u>\$ (248)</u>

CITY OF BOWLING GREEN, MISSOURI
NOTE TO BUDGETARY COMPARISON SCHEDULES
Year Ended September 30, 2008

Budgets and Budgetary Accounting

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

1. Prior to October, the City Administrator submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 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 August or early September to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to October 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 department level. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of 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 Board of Aldermen on approved budget adjustment forms.

OTHER FINANCIAL INFORMATION



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**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Board of Aldermen
City of Bowling Green
Bowling Green, Missouri

We have audited the financial statements of the City of Bowling Green, Missouri as of and for the year ended September 30, 2008, and have issued our report thereon dated February 12, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Bowling Green, Missouri's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will

Honorable Mayor and Board of Aldermen
City of Bowling Green
Bowling Green, Missouri

not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 08-1, 08-2 and 08-3 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also consider to be material weaknesses. However, we believe that the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

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

We noted certain other matters that we have reported to management of the City of Bowling Green in a separate letter dated February 12, 2009.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Honorable Mayor and Board of Aldermen, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
February 12, 2009



DAVIS, LYNN &
MOOTS, P.C.
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Accountants

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**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and Board of Aldermen
City of Bowling Green, Missouri
Bowling Green, Missouri

We have audited the compliance of the City of Bowling Green, Missouri with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to the major federal program for the year ended September 30, 2008. The City of Bowling Green, Missouri's major federal program is identified in the summary of auditor's results section of the accompanying summary schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to the major federal program is the responsibility of City of Bowling Green, Missouri's management. Our responsibility is to express an opinion on City of Bowling Green, Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Bowling Green, Missouri's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Bowling Green, Missouri's compliance with those requirements.

In our opinion, City of Bowling Green, Missouri complied, in all material respects, with the requirements referred to above that are applicable to the major federal program for the year ended September 30, 2008.

Honorable Mayor and Board of Aldermen
City of Bowling Green, Missouri
Bowling Green, Missouri

Internal Control over Compliance

The management of the City of Bowling Green, Missouri is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Bowling Green, Missouri's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Honorable Mayor and Board of Aldermen, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
February 12, 2009

CITY OF BOWLING GREEN, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2008

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
Passed Through Missouri Department of Natural Resources Capitalization Grant for Clean Water State Revolving Funds	66.458	N/A	\$ 3,612
TOTAL ENVIRONMENTAL PROTECTION AGENCY			3,612
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>			
Passed Through Missouri State Library Teen Spaces Program	45.310	07 LCP6 TSG 004	2,045
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES			2,045
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed Through Missouri Department of Public Safety Local Law Enforcement Block Grant	16.738	2006-LBGJ-090	6,314
TOTAL U.S. DEPARTMENT OF JUSTICE			6,314
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through State Emergency Management Agency Public Assistance Grant	97.036	FEMA-1748-DR	23,035
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			23,035
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Communities Facilities Loans and Grants	10.766	N/A	3,312
TOTAL U.S. DEPARTMENT OF AGRICULTURE			3,312
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed Through Missouri Department of Transportation Transportation Enhancement Funds	20.205	STP 9900(354) STP 9900(356)	10,876 8,684
Airport Improvement Grant	20.106	AIRE 045-51A	443,863
Hazardous Moving Violation Grant	20.601	08-PT-02-22	4,850
Recreational Trails Grant	20.219	FY 2005-13	27,504
Passed Through University of Central Missouri State and Community Highway Safety Grant	20.600	LKK032-NHTSA	1,066
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			496,843
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 535,161

N/A - Not applicable

CITY OF BOWLING GREEN, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended September 30, 2008

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note A to the City's financial statements.

CITY OF BOWLING GREEN, MISSOURI
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2008

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements.
2. Significant deficiencies disclosed during the audit of the financial statements are reported in the 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*. These deficiencies are reported as material weaknesses.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award program.
5. The auditors' report on compliance for the major federal award program expresses an unqualified opinion.
6. There were no findings required to be reported in accordance with Section 510(a) of Circular A-133.
7. The program tested as a major program was:

Airport Improvement Grant	20.106
---------------------------	--------
8. The threshold to determine Type A programs was \$300,000.
9. The City of Bowling Green, Missouri was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCIES

08-1 Segregation of duties

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

CITY OF BOWLING GREEN, MISSOURI
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended September 30, 2008

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

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

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

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

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

08-2 Application of accounting principles generally accepted in the United States of America

Condition: The City has an accounting system and personnel in place to perform all basic accounting functions necessary to maintain a general ledger and prepare internal use statements for management and the Board of Aldermen for the day-to-day operation of the City. However, the City does not have accounting professionals with the knowledge, experience, and training needed to properly apply accounting principles generally accepted in the United States of America. This condition is found in the majority of smaller entities.

Criteria: The City should have an accounting system that will ensure that accounting principles generally accepted in the United States of America are properly applied.

Effect: Audit adjustments were proposed to management to correct misstatements in order to ensure that the accounting principles generally accepted in the United States of America were properly applied.

Recommendation: We realize due to limited resources, the City may not be able to employ or contract accounting professionals with the combination of knowledge, experience, and training necessary to properly apply accounting principles generally accepted in the United States of America. However, our professional standards require that we bring this to your attention in this report.

Response: Due to limited resources, the City does not have the ability to employ accounting professionals with the combination of knowledge, experience, and training needed to properly apply accounting principles generally accepted in the United States of America.

CITY OF BOWLING GREEN, MISSOURI
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended September 30, 2008

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

08-3 Design of internal control system for preparation of basic financial statements

Condition: The City has personnel in place to perform all bookkeeping functions necessary to maintain a general ledger and prepare internal use statements for management. However the City does not have accounting professionals with the knowledge, experience and training to prepare governmental financial statements in conformity with Governmental Accounting Standards as part of their internal control system.

Criteria: A properly designed system of internal control, which includes preparation of financial statements in conformity with Governmental Accounting Standards, includes having accounting professionals as part of the system to perform that function.

Effect: The City employs the auditors that perform the annual audit of the financial statements to prepare the annual financial statements.

Recommendation: We recognize that the City may not have the resources to have an accounting professional with the knowledge, experience and training to prepare governmental financial statements in conformity with Governmental Accounting Standards. However, we recommend that management continue to increase their knowledge of financial reporting.

Response: The City does not have the resources to hire additional accounting personnel with the knowledge, experience and training solely to prepare governmental financial statements in conformity with Governmental Accounting Standards. The City does have personnel with sufficient knowledge to understand and take responsibility for the basic financial statements.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings or questioned costs for the major federal award program.

CITY OF BOWLING GREEN, MISSOURI
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2008

There were no prior year audit findings.