

CITY OF BOWLING GREEN, MISSOURI

BASIC FINANCIAL STATEMENTS

Year Ended September 30, 2009

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	7
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets	14
Statement of Activities.....	15
Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Net Assets – Proprietary Fund.....	21
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund	22
Statement of Cash Flows – Proprietary Fund	23
Notes to Financial Statements.....	24
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress	48
Budgetary Comparison Schedule – General Fund.....	49
Budgetary Comparison Schedule – Cemetery Fund.....	51
Budgetary Comparison Schedule – Park Fund	52

TABLE OF CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION (continued)

Budgetary Comparison Schedule – Library Fund 53

Note to Budgetary Comparison Schedules 54

OTHER FINANCIAL INFORMATION

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* 56

Schedule of Findings and Responses 58



DAVIS, LYNN &
MOOTS, P.C.
Certified Public
Accountants

LARRY M. BROWN, CPA
LAWRENCE W. DAVIS, CPA
ANTHONY D. LYNN, CPA
RANDALL G. MOOTS, CPA
ANGELA M. PATRICK, CPA
ANDREW A. MARMOUGET, CPA

3828 SOUTH AVENUE
SPRINGFIELD, MO 65807
(417) 882-0904
FAX (417) 882-4343

www.dlmcpa.com
e-mail: cpa@dlmcpa.com

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, 2009, 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.

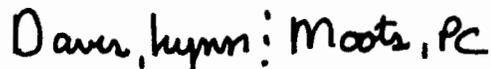
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2009, 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 22, 2010, 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.

The 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.

A handwritten signature in black ink that reads "Davis, Lynn & Moots, PC". The signature is written in a cursive, slightly slanted style.

DAVIS, LYNN & MOOTS, P.C.
February 22, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2009**

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, 2009. 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 \$12,622 for the year as a result of current year activities. The net assets of the City's business activities increased by \$76,097 for the year.
- The assets of the City exceeded its liabilities as of September 30, 2009, by \$15 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 \$610,464 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, 2009**

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, 2009**

Government-Wide Financial Analysis

NET ASSETS

The following table presents the condensed Statement of Net Assets for the City as of September 30, 2009 and 2008:

	Governmental Activities	Business-Type Activities	Total September 30, 2009	Total September 30, 2008
Current and other assets	\$ 2,151,152	\$ 1,433,673	\$ 3,584,825	\$ 4,099,464
Capital assets	<u>5,399,897</u>	<u>14,545,363</u>	<u>19,945,260</u>	<u>20,072,097</u>
TOTAL ASSETS	7,551,049	15,979,036	23,530,085	24,171,561
Other liabilities	215,397	642,816	858,213	977,944
Long-term liabilities outstanding	<u>1,735,306</u>	<u>5,984,681</u>	<u>7,719,987</u>	<u>8,330,451</u>
TOTAL LIABILITIES	<u>1,950,703</u>	<u>6,627,497</u>	<u>8,578,200</u>	<u>9,308,395</u>
Net assets:				
Invested in capital assets net of related debt	3,925,228	8,241,814	12,167,042	12,078,083
Restricted	141,728	404,904	546,632	586,496
Unrestricted	<u>1,533,390</u>	<u>704,821</u>	<u>2,238,211</u>	<u>2,198,587</u>
TOTAL NET ASSETS	<u>\$ 5,600,346</u>	<u>\$ 9,351,539</u>	<u>\$ 14,951,885</u>	<u>\$ 14,863,166</u>

Total net assets of the City increased by \$88,719 for the year due to current year activity. Total liabilities for the City have decreased by \$730,195 due to the repayment of bond principal.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2009**

CHANGE IN NET ASSETS

	Governmental Activities	Business-Type Activities	Total September 30, 2009	Total September 30, 2008
REVENUES				
Program Revenues				
Charges for services	\$ 172,052	\$ 2,210,948	\$ 2,383,000	\$ 2,220,975
Operating grants and contributions	8,066	-	8,066	32,444
Capital grants and contributions	159,338	-	159,338	964,364
General Revenues				
Property taxes	268,643	-	268,643	268,866
Sales taxes	800,741	-	800,741	862,009
Motor vehicle taxes	120,523	-	120,523	126,888
Other taxes	314,904	-	314,904	307,390
Franchise fees	278,435	-	278,435	357,551
Interest	18,881	154,575	173,456	328,581
Other revenue	20,849	-	20,849	90,590
TOTAL REVENUES	2,162,432	2,365,523	4,527,955	5,559,658
EXPENSES				
Administrative	378,579	-	378,579	398,046
Public safety	819,151	-	819,151	768,749
Fire	33,818	-	33,818	35,997
Community center	17,101	-	17,101	20,989
Airport	31,776	-	31,776	117,712
Street	521,145	-	521,145	507,029
Emergency preparedness	4,033	-	4,033	7,342
Municipal court	10,292	-	10,292	12,722
Planning and zoning	57,467	-	57,467	37,862
Cemetery	34,164	-	34,164	25,091
Park	50,676	-	50,676	56,137
Pool	12,105	-	12,105	16,128
Library	78,749	-	78,749	75,902
Other	7,791	-	7,791	14,385
Debt service	92,963	-	92,963	98,202
Water and sewer	-	2,289,426	2,289,426	2,209,399
TOTAL EXPENSES	2,149,810	2,289,426	4,439,236	4,401,692
INCREASE IN NET ASSETS	\$ 12,622	\$ 76,097	\$ 88,719	\$ 1,157,966

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2009**

Governmental Activities

Governmental activities increased the net assets of the City by \$12,622. Tax revenues for the City were \$1,783,246 which represents 82% of the financing of these activities. Program revenues for the functions totaled \$339,456. The following table shows the cost of the City's ten 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 TEN LARGEST
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services	Net Cost of Services
Administrative	\$ 378,579	\$ 357,572
Public safety	819,151	716,427
Fire	33,818	33,818
Airport	31,776	(28,871)
Street	521,145	521,145
Planning and zoning	57,467	20,386
Cemetery	34,164	29,605
Park	50,676	(51,817)
Library	78,749	67,804
Debt service	92,963	92,963
Other government activities	51,322	51,322
	<u>\$ 2,149,810</u>	<u>\$ 1,810,354</u>

Business-Type Activities

Business-type activities increased the City's net assets by \$76,097. This is down from the increase received last year from the City's business-type activities. The increase received in the prior year was \$172,604.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2009**

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of September 30, 2009, were \$2,004,403. The General Fund decreased by \$195,915. The Cemetery Fund increased by \$3,768. The Park Fund decreased by \$17,111. The Library Fund decreased by \$6,407. The Debt Service Fund decreased by \$1,767. The Capital Projects Fund decreased by \$288,411.

General Fund Budgetary Highlights

Revenues

The original revenue budget of \$2,403,604 was increased to \$2,486,671 for anticipated grant revenue.

Expenditures

The original expenditure budget of \$2,323,160 was increased to \$2,435,257 for anticipated grant expenditures.

Capital Asset and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$5,399,897 (net of accumulated depreciation) as of September 30, 2009. This represents a \$380,025 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 \$14,545,363 as of September 30, 2009.

Debt

Total debt of the governmental activities as of September 30, 2009, was \$1,875,306, which is down from \$2,011,060 in the prior year. The decrease is due to the repayment of revenue bond principal.

Total debt of the business-type activities as of September 30, 2009, was \$6,459,681, which is down from \$6,918,391 the prior year. The decrease is due primarily to the repayment of revenue bond principal.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2009**

Economic Factors and Next Year's Budget

The City, through fiscal year 2009-2010, at the direction of the Board of Aldermen and Mayor, is proposing a budget that eliminates merit based pay increases in favor of a flat 3.5% cost of living increase (to be awarded at each employees anniversary date) and 100% of health insurance coverage for employees and families to be paid by the City. Additional pay rate adjustments were made to employees in the communications department and to the salary of the Building Inspector/Code Enforcement Officer. Additional project goals for FY 2009-10 include: the completion of waste water plant aeration improvements, connection to the Clarence Cannon Wholesale Water Commission, airport expansion and acquisition, upper park improvements/completion of Park Master Plan, Main Street sidewalk improvements, demolition block grant project, Court Street sidewalks/Cancer Memorial Park improvements, and completion of a new Comprehensive Plan. 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. During FY 2009-10, the City will closely monitor revenues generated by the new Wal-Mart development to ensure that repayment obligations between the City and GJ Grewe, Inc. are met, and to identify available revenues to fund expanded street improvement projects. The completion of park improvements and storm water/transportation improvements in 2010 will close those projects funds associated with the 2004-B Series leasehold revenue bonds. The balance outstanding on the SRF should be expended in 2010 with approval of DNR for the replacement of equipment associated with the sewer collection system. More than \$3 million in bonds associated with the water system improvements will be issued in 2010.

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

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF NET ASSETS
September 30, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents - unrestricted	\$ 893,072	\$ 421,895	\$ 1,314,967
Investments - unrestricted	255,463	-	255,463
Ad valorem taxes receivable, net	44,524	-	44,524
Sales tax receivable	104,455	-	104,455
Utilities receivable, net	-	189,249	189,249
Other accounts receivable	58,753	9,405	68,158
Court fines receivable	58,145	-	58,145
Intergovernmental receivable	15,121	-	15,121
Accrued interest receivable	8,196	96	8,292
Inventory	-	90,918	90,918
Prepaid expenses	20,275	10,598	30,873
Restricted cash and cash equivalents	13,517	208,560	222,077
Restricted investments	631,328	417,996	1,049,324
Deferred bond issuance costs	48,303	84,956	133,259
Capital Assets:			
Non-depreciable	535,031	203,630	738,661
Depreciable, net	4,864,866	14,341,733	19,206,599
TOTAL ASSETS	7,551,049	15,979,036	23,530,085
LIABILITIES			
Current			
Accounts payable	26,009	29,037	55,046
Accrued expenses	12,142	2,680	14,822
Deposits payable	2,150	65,520	67,670
Accrued interest payable	35,096	70,579	105,675
Current maturities of long-term debt	140,000	475,000	615,000
	<u>215,397</u>	<u>642,816</u>	<u>858,213</u>
Noncurrent			
Revenue bonds payable	1,718,000	5,984,681	7,702,681
Compensated absences	17,306	-	17,306
	<u>1,735,306</u>	<u>5,984,681</u>	<u>7,719,987</u>
TOTAL LIABILITIES	1,950,703	6,627,497	8,578,200
NET ASSETS			
Invested in capital assets, net of related debt	3,925,228	8,241,814	12,167,042
Restricted	141,728	404,904	546,632
Unrestricted	1,533,390	704,821	2,238,211
TOTAL NET ASSETS	\$ 5,600,346	\$ 9,351,539	\$ 14,951,885

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF ACTIVITIES
Year Ended September 30, 2009

Functions/Programs	Program Revenues				Net (Expenses), Revenues and Changes in Net Assets		
	Expenses	Charges	Operating	Capital	Governmental	Business-Type	Total
		for	Grants and	Grants and			
	Services	Contributions	Contributions	Activities	Activities		
Governmental activities							
Administrative	\$ (378,579)	\$ 20,457	\$ 550	\$ -	\$ (357,572)	\$ -	\$ (357,572)
Public safety	(819,151)	97,296	260	5,168	(716,427)	-	(716,427)
Fire	(33,818)	-	-	-	(33,818)	-	(33,818)
Community center	(17,101)	-	-	-	(17,101)	-	(17,101)
Airport	(31,776)	8,020	-	52,627	28,871	-	28,871
Street	(521,145)	-	-	-	(521,145)	-	(521,145)
Emergency preparedness	(4,033)	-	-	-	(4,033)	-	(4,033)
Municipal court	(10,292)	-	-	-	(10,292)	-	(10,292)
Planning and zoning	(57,467)	37,081	-	-	(20,386)	-	(20,386)
Cemetery	(34,164)	4,010	549	-	(29,605)	-	(29,605)
Park	(50,676)	950	-	101,543	51,817	-	51,817
Pool	(12,105)	-	-	-	(12,105)	-	(12,105)
Library	(78,749)	4,238	6,707	-	(67,804)	-	(67,804)
Other	(7,791)	-	-	-	(7,791)	-	(7,791)
Debt service	(92,963)	-	-	-	(92,963)	-	(92,963)
TOTAL GOVERNMENTAL ACTIVITIES	(2,149,810)	172,052	8,066	159,338	(1,810,354)	-	(1,810,354)
Business-Type Activities							
Water and sewer	(2,289,426)	2,210,948	-	-	-	(78,478)	(78,478)
TOTAL BUSINESS-TYPE ACTIVITIES	(2,289,426)	2,210,948	-	-	-	(78,478)	(78,478)
TOTAL GOVERNMENT	\$ (4,439,236)	\$ 2,383,000	\$ 8,066	\$ 159,338	(1,810,354)	(78,478)	(1,888,832)
General Revenues:							
					268,643	-	268,643
					800,741	-	800,741
					120,523	-	120,523
					314,904	-	314,904
					278,435	-	278,435
					18,881	154,575	173,456
					20,849	-	20,849
				Total General Revenues	1,822,976	154,575	1,977,551
				Changes in Net Assets	12,622	76,097	88,719
				Net Assets, Beginning of year	5,587,724	9,275,442	14,863,166
				Net Assets, End of year	\$ 5,600,346	\$ 9,351,539	\$ 14,951,885

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2009

	General Fund	Cemetery Fund	Park Fund	Library Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents - unrestricted	\$ 736,764	\$ 38,046	\$ 76,008	\$ 42,254	\$ -	\$ -	\$ 893,072
Investments - unrestricted	250,000	-	-	5,463	-	-	255,463
Ad valorem taxes receivable, net	30,345	4,742	-	9,437	-	-	44,524
Sales tax receivable	90,370	-	14,085	-	-	-	104,455
Other accounts receivable	58,748	-	-	5	-	-	58,753
Court fines receivable	58,145	-	-	-	-	-	58,145
Intergovernmental receivable	4,912	-	10,209	-	-	-	15,121
Accrued interest receivable	8,135	53	-	8	-	-	8,196
Prepaid expenses	17,787	530	1,226	732	-	-	20,275
Due from other funds	-	-	161,553	-	-	-	161,553
Restricted cash and cash equivalents	13,517	-	-	-	-	-	13,517
Restricted investments	-	28,198	-	-	100,013	503,117	631,328
TOTAL ASSETS	\$ 1,268,723	\$ 71,569	\$ 263,081	\$ 57,899	\$ 100,013	\$ 503,117	\$ 2,264,402
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 25,136	\$ -	\$ 873	\$ -	\$ -	\$ -	\$ 26,009
Accrued expenses	11,017	-	-	1,125	-	-	12,142
Due to other funds	39,399	-	-	2,368	-	119,786	161,553
Deposits payable	2,150	-	-	-	-	-	2,150
Deferred revenue	58,145	-	-	-	-	-	58,145
TOTAL LIABILITIES	135,847	-	873	3,493	-	119,786	259,999
Fund Balances							
Reserved for:							
General Fund	13,517	-	-	-	-	-	13,517
Cemetery	-	28,198	-	-	-	-	28,198
Debt service	-	-	-	-	100,013	-	100,013
Unreserved, reported in:							
General Fund	1,119,359	-	-	-	-	-	1,119,359
Special Revenue Fund	-	43,371	262,208	54,406	-	-	359,985
Capital Projects Fund	-	-	-	-	-	383,331	383,331
TOTAL FUND BALANCES	1,132,876	71,569	262,208	54,406	100,013	383,331	2,004,403
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,268,723	\$ 71,569	\$ 263,081	\$ 57,899	\$ 100,013	\$ 503,117	\$ 2,264,402

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET ASSETS
September 30, 2009

Fund balance - total governmental funds	\$ 2,004,403
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	7,316,988
Less accumulated depreciation	<u>(1,917,091)</u>
	5,399,897
Adjustment of deferred revenue	58,145
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(35,096)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(1,875,306)
Unamortized issuance costs on bonds	<u>48,303</u>
Net assets of governmental activities	<u><u>\$ 5,600,346</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, 2009

	General Fund	Cemetery Fund	Park Fund	Library Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES							
Taxes	\$ 1,564,221	\$ 32,244	\$ 122,813	\$ 63,967	\$ -	\$ -	\$ 1,783,245
Licenses and permits	50,399	-	-	-	-	-	50,399
Intergovernmental revenues	57,795	-	101,543	4,619	-	-	163,957
Charges for services	10,631	4,010	950	4,238	-	-	19,829
Fines and forfeitures	85,822	-	-	-	-	-	85,822
Miscellaneous	45,152	1,678	#REF!	3,533	110	813	#REF!
TOTAL REVENUES	1,814,020	37,932	#REF!	76,357	110	813	#REF!
EXPENDITURES							
Current							
Administrative	381,153	-	-	-	-	809	381,962
Public safety	832,385	-	-	-	-	-	832,385
Fire	28,193	-	-	-	-	-	28,193
Community center	14,644	-	-	-	-	-	14,644
Airport	61,186	-	-	-	-	-	61,186
Street	426,892	-	-	-	-	167,383	594,275
Emergency preparedness	4,033	-	-	-	-	-	4,033
Municipal court	10,292	-	-	-	-	-	10,292
Planning and zoning	57,467	-	-	-	-	-	57,467
Cemetery	-	34,164	-	-	-	-	34,164
Park	-	-	203,326	-	-	119,786	323,112
Pool	-	-	12,105	-	-	-	12,105
Library	-	-	-	75,771	-	1,246	77,017
Other	7,791	-	-	-	-	-	7,791
Debt Service							
Principal and interest	-	-	-	-	220,407	-	220,407
Agent fees	3,076	-	-	-	-	-	3,076
TOTAL EXPENDITURES	1,827,112	34,164	215,431	75,771	220,407	289,224	2,662,109

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
 Year Ended September 30, 2009

	General Fund	Cemetery Fund	Park Fund	Library Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(13,092)	3,768	#REF!	586	(220,297)	(288,411)	#REF!
OTHER FINANCING SOURCES (USES)							
Operating transfers in (out)	(182,823)	-	(28,714)	(6,993)	218,530	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(182,823)	-	(28,714)	(6,993)	218,530	-	-
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	(195,915)	3,768	#REF!	(6,407)	(1,767)	(288,411)	#REF!
FUND BALANCE, October 1	1,328,791	67,801	279,319	60,813	101,780	671,742	2,510,246
FUND BALANCE, September 30	<u>\$ 1,132,876</u>	<u>\$ 71,569</u>	<u>#REF!</u>	<u>\$ 54,406</u>	<u>\$ 100,013</u>	<u>\$ 383,331</u>	<u>#REF!</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, 2009

Net change in fund balances - total governmental funds #REF!

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 assets	445,557
Depreciation	(65,532)
	<u>380,025</u>

Some revenues reported in the governmental funds represent current financial
 resources and were recognized in the statement of activities when earned. 6,166

Some expenditures reported in the governmental funds represent the use
 of current financial resources and were recognized in the statement of
 activities when incurred. 1,754

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. In
 the statement of activities, interest is accrued on outstanding debt whereas, in
 the governmental funds, an interest expenditure is reported when due. The
 following is the detail of the net effect of these differences.

Repayment of principal on bonds	134,000
Bond issuance costs	(5,294)
Accrued interest payable	1,814
	<u>130,520</u>

Change in net assets of governmental activities #REF!

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF NET ASSETS – PROPRIETARY FUND
September 30, 2009

	<u>Enterprise Fund</u>
	<u>Water and</u>
	<u>Sewer Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 421,895
Utilities receivable, net	189,249
Other accounts receivable	9,405
Accrued interest receivable	96
Inventory	90,918
Prepaid expenses	10,598
	<hr/>
TOTAL CURRENT ASSETS	722,161
Restricted Assets	
Cash and cash equivalents	208,560
Investments	417,996
	<hr/>
TOTAL RESTRICTED ASSETS	626,556
Deferred Bond Issuance Costs	84,956
Property, Plant and Equipment	
Water and sewer system	18,143,586
Pumping and purification system	1,664,523
Land	203,630
Lake	1,390,711
	<hr/>
	21,402,450
Less accumulated depreciation	(6,857,087)
	<hr/>
TOTAL PROPERTY, PLANT AND EQUIPMENT	14,545,363
	<hr/>
TOTAL ASSETS	15,979,036
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	29,037
Accrued expenses	2,680
Deposits payable	65,520
Accrued interest payable	70,579
Current maturities of long-term debt	475,000
	<hr/>
TOTAL CURRENT LIABILITIES	642,816
Long-Term Liabilities	
Revenue bonds payable	5,984,681
	<hr/>
TOTAL LONG-TERM LIABILITIES	5,984,681
	<hr/>
TOTAL LIABILITIES	6,627,497
Net Assets	
Invested in capital assets, net of related debt	8,241,814
Restricted for debt service	404,904
Unrestricted	704,821
	<hr/>
TOTAL NET ASSETS	<u>\$ 9,351,539</u>

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – PROPRIETARY FUND
 Year Ended September 30, 2009

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 2,145,293
Miscellaneous	65,655
	<hr/>
TOTAL OPERATING REVENUES	2,210,948
OPERATING EXPENSES	
Administration	147,682
Legal and professional	29,821
Service agreement	759,639
Purchased services	2,883
Utilities	162,850
Maintenance	103,730
Supplies	150,336
Insurance	30,382
Depreciation	553,886
Miscellaneous	5,106
	<hr/>
TOTAL OPERATING EXPENSES	1,946,315
	<hr/>
OPERATING INCOME	264,633
NONOPERATING REVENUES (EXPENSES)	
Interest income	154,575
Interest expense	(343,111)
	<hr/>
TOTAL NONOPERATING REVENUES (EXPENSES)	(188,536)
	<hr/>
NET INCOME	76,097
NET ASSETS, October 1	9,275,442
	<hr/>
NET ASSETS, September 30	<u>\$ 9,351,539</u>

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
Year Ended September 30, 2009

	Enterprise Fund
	<u>Water and Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,202,682
Cash paid to suppliers	<u>(1,418,643)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	784,039
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of fixed assets	(47,024)
Payment of bond principal	(465,000)
Payment of interest expense	<u>(332,345)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(844,369)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	155,496
Sale of investments	<u>131,464</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	286,960
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>226,630</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>403,825</u>
CASH AND CASH EQUIVALENTS, End of year	630,455
LESS RESTRICTED CASH AND CASH EQUIVALENTS	<u>208,560</u>
UNRESTRICTED CASH AND CASH EQUIVALENTS	<u>\$ 421,895</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 264,633
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	553,886
(Increase) decrease in:	
Utilities receivable	3,388
Inventory	(30,313)
Prepaid expenses	(257)
Other receivables	(8,934)
Increase (decrease) in:	
Accounts payable	7,119
Arbitrage payable	(3,182)
Accrued expenses	419
Deposits payable	<u>(2,720)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 784,039</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, 2009

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.

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, 2009

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, 2009, all bank balances on deposit are entirely insured or collateralized.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2009

NOTE C – INVESTMENTS

Investments of the City as of September 30, 2009, consist of the following:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit	10/23/09 - 3/16/2010	\$ 398,761
Fidelity Treasury Fund	N/A	759,262
Federated Prime Obligation Fund	N/A	146,764
		<u>\$ 1,304,787</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, 2009, 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 construction 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 and fund balance/net assets reserved in the amount of \$1,255 for the Daffron Project and \$12,262 for the Wal-Mart Development.

Debt Service Fund

Investments have been restricted and fund balance/net assets reserved in the amount of \$100,013 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 \$503,117 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 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, 2009

NOTE D – RESTRICTED ASSETS (continued)

	Enterprise Fund	
	Restricted Cash and Investments	Restricted Net Assets
2003B Revenue Bonds		
Principal and interest	\$ 81,125	\$ 81,125
Operation and maintenance	57,550	57,550
Bond proceeds	150,357	-
Depreciation and replacement	93,924	93,924
2003C Revenue Bonds		
Bond proceeds	5,775	-
Principal and interest	65,639	65,639
Operation and maintenance	57,550	57,550
Depreciation and replacement	49,116	49,116
Utility Deposits	65,520	-
	<u>\$ 626,556</u>	<u>\$ 404,904</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	\$ 36,510	\$ 6,165	\$ 30,345
Cemetery Fund	5,722	980	4,742
Library Fund	11,410	1,973	9,437
	<u>\$ 53,642</u>	<u>\$ 9,118</u>	<u>\$ 44,524</u>
UTILITIES RECEIVABLE			
Water and Sewer Fund	<u>\$ 190,650</u>	<u>\$ 1,401</u>	<u>\$ 189,249</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2009

NOTE F – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

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

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.

\$ 553,000

Principal and interest payments are due as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 553,000</u></u>	<u><u>\$ 72,641</u></u>	<u><u>\$ 625,641</u></u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2009

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.

\$ 1,305,000

Principal and interest payments are due as follows:

Year Ended September 30,	Principal	Interest	Total
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>\$ 1,305,000</u></u>	<u><u>\$ 599,930</u></u>	<u><u>\$ 1,904,930</u></u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2009

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, 2008	New Obligations	Retired	Balance September 30, 2009	Amounts Due Within One Year
Leasehold Revenue Bonds	\$ 1,992,000	\$ -	\$ 134,000	\$ 1,858,000	\$ 140,000
Compensated Absences	19,060	-	1,754	17,306	-
	<u>\$ 2,011,060</u>	<u>\$ -</u>	<u>\$ 135,754</u>	<u>\$ 1,875,306</u>	<u>\$ 140,000</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, 2009, are listed in the following table:

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2009

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

Year Ended September 30,	Principal	Interest	Administrative Fee	Total
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>\$ 4,570,000</u>	<u>\$ 1,944,240</u>	<u>\$ 292,706</u>	<u>\$ 6,806,946</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 1.0% of the outstanding principal balance.

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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, 2009, are listed in the following table:

Year Ended September 30,	Principal	Interest	Administrative Fee	Total
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>\$ 1,940,000</u>	<u>\$ 380,335</u>	<u>\$ 89,600</u>	<u>\$ 2,409,935</u>

The following table is a summary of the changes in the business-type activities long-term debt for the year ended September 30, 2009:

	Balance September 30, 2008	New Obligations	Retirements	Balance September 30, 2009	Amounts Due Within One Year
Revenue Bonds Payable	\$ 6,975,000	\$ -	\$ 465,000	\$ 6,510,000	\$ 475,000
Less:					
Deferred loss on bond refunding	(56,609)	-	(6,290)	(50,319)	-
	<u>\$ 6,918,391</u>	<u>\$ -</u>	<u>\$ 458,710</u>	<u>\$ 6,459,681</u>	<u>\$ 475,000</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2009

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009, was as follows:

	Balance September 30, 2008	Additions	Deletions	Balance September 30, 2009
Governmental Activities				
Non-depreciable capital assets:				
Land	\$ 535,031	\$ -	\$ -	\$ 535,031
Depreciable capital assets				
Building and improvements	2,109,841	\$ 67,929	\$ -	2,177,770
Machinery and equipment	1,008,073	46,849	108,222	946,700
Infrastructure	3,218,486	439,001	-	3,657,487
Total Depreciable Capital Assets	6,336,400	\$ 553,779	\$ 108,222	6,781,957
Less Accumulated Depreciation				
Buildings and improvements	225,323	\$ 42,500	\$ -	267,823
Machinery and equipment	607,139	64,425	107,979	563,585
Infrastructure	1,019,097	66,586	-	1,085,683
Total Accumulated Depreciation	1,851,559	\$ 173,511	\$ 107,979	1,917,091
Total Depreciable Capital Assets, net	4,484,841			4,864,866
Total Governmental Activities Capital Assets, net	\$ 5,019,872			\$ 5,399,897

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

Administration	\$ 11,043
Community center	2,457
Library	1,732
Public safety	15,226
Fire	5,625
Park	9,216
Airport	15,979
Street	112,233
	<u>\$ 173,511</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2009

NOTE H – CAPITAL ASSETS (continued)

	Balance September 30, 2008	Additions	Deletions	Balance September 30, 2009
Business-Type Activities				
Non-depreciable assets				
Land	\$ 203,630	\$ -	\$ -	\$ 203,630
Construction-in-progress	116,400	-	116,400	-
Total non-depreciable assets	320,030	<u>\$ -</u>	<u>\$ 116,400</u>	203,630
Depreciable assets				
Water and sewer system	17,980,162	\$ 163,424	\$ -	18,143,586
Pumping and purification	1,664,523	-	-	1,664,523
Lake	1,390,711	-	-	1,390,711
Total depreciable assets	21,035,396	<u>\$ 163,424</u>	<u>\$ -</u>	21,198,820
Less accumulated depreciation	6,303,201	<u>\$ 553,886</u>	<u>\$ -</u>	6,857,087
Depreciable Capital Assets, net	<u>14,732,195</u>			<u>14,341,733</u>
Total Capital Assets				
Business-Type Activities, net	<u>\$ 15,052,225</u>			<u>\$ 14,545,363</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, 2009

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 2009, the political subdivision's annual pension cost of \$2,427 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2007 and/or February 29, 2008 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2009, 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 28, 2009, was 15 years.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/07	\$ 3,095	100%	\$ -
06/30/08	2,468	100%	-
06/30/09	2,427	100%	-

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2009

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
02/28/09	\$ 923,073	\$ 637,868	\$ (285,205)	145%	\$ 563,495	0%

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	<u>2008</u>
Real estate	\$ 24,792,105
Personal property	<u>5,913,986</u>
TOTAL	<u>\$ 30,706,091</u>
Tax Rates Per \$100 of Assessed Valuation	
General Fund	\$.5982
Cemetery Fund	.0923
Library Fund	<u>.1845</u>
TOTAL	<u>\$.8750</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2009

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

The legal debt margin at September 30, 2009, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional debt limit	\$ 3,070,609	\$ 3,070,609	\$ 6,141,218
General Obligation Bonds payable	-	-	-
LEGAL DEBT MARGIN	<u>\$ 3,070,609</u>	<u>\$ 3,070,609</u>	<u>\$ 6,141,218</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, 2009, is accounted for as follows:

General Fund	
Deferred court fines	<u>\$ 58,145</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2009

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 14 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 22 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, 2008	Current Amortization	Net Bond Issue Costs
Business-Type Activities	<u>\$ 130,989</u>	<u>\$ 38,361</u>	<u>\$ 7,672</u>	<u>\$ 84,956</u>
Governmental Activities	<u>\$ 74,773</u>	<u>\$ 21,176</u>	<u>\$ 5,294</u>	<u>\$ 48,303</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2009

NOTE N – INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2009, consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 182,823
Park Fund	-	28,714
Library Fund	-	6,993
Debt Service Fund	218,530	-
	<u>\$ 218,530</u>	<u>\$ 218,530</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, 2009, consisted of the following:

	General Fund	Park Fund	Library Fund	Capital Projects Fund
Internal balances	<u>\$ (39,399)</u>	<u>\$ 161,553</u>	<u>\$ (2,368)</u>	<u>\$ (119,786)</u>

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, 2009, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

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, 2009, 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 – 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, 2009, these bonds have not been issued.

NOTE R – COMMITMENTS

At September 30, 2009, the City had the following commitments:

- Long Construction in the amount of \$20,526 for the construction of shelter houses.
- Collins and Herman, Inc. in the amount of \$36,839 for fencing at ballfields.
- Crawford, Murphy & Tilly, Inc. in the amount of \$14,396 for engineering services related to the airport development project.

NOTE S – SALES TAX REIMBURSEMENT AGREEMENT

During 2007, the City entered into a Sales Tax Reimbursement Agreement with Bowling Green Town Center, LLC, (“Company”). The “Company” proposed to construct a retail development known as Bowling Green Town Center, which will help to improve the social and economic welfare of the City, and enhance the tax base of the City. The City also desires to have the “Company” improve certain inadequate public infrastructure within the City and the “Company” is willing to carry out such improvements. In order to make it economically feasible for the “Company” to construct the public improvements requested by the City, the City has agreed to reimburse the “Company” for the verified reimbursable costs of improvements; however, the total amount of the reimbursement shall not exceed \$4 million. After the commencement of sales at the Bowling Green Town Center, the City will begin making quarterly payments to the “Company” until the total amount has been paid. Payments will consist of 85% of the general and transportation sales tax revenues generated by the development, including interest, which will be determined by the prime rate at that time. As of September 30, 2009, the Bowling Green Town Center was still under construction therefore the City was not obligated to reimburse the “Company” for improvements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BOWLING GREEN, MISSOURI
 SCHEDULE OF FUNDING PROGRESS
 Year Ended September 30, 2009

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
02/28/07	\$ 1,217,562	\$ 575,499	\$ (642,063)	212%	\$ 377,984	0%
02/29/08	1,152,859	539,065	(613,794)	214%	457,049	0%
02/28/09	923,073	637,868	(285,205)	145%	563,495	0%

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, 2009

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes	\$ 180,498	\$ 180,498	\$ 184,866	\$ 4,368
City sales tax	500,000	500,000	432,285	(67,715)
Transportation sales tax	220,000	220,000	245,643	25,643
Financial institution tax	2,000	2,000	2,991	991
Railroad and utility tax	20,000	20,000	19,291	(709)
Surtax	4,000	4,000	4,140	140
Utility franchise tax	249,000	249,000	278,435	29,435
Motor vehicle tax	135,000	135,000	120,523	(14,477)
Payment in lieu of taxes	200,000	200,000	200,000	-
Lodging tax	40,000	40,000	54,529	14,529
Cigarette tax	20,000	20,000	21,518	1,518
	<u>1,570,498</u>	<u>1,570,498</u>	<u>1,564,221</u>	<u>(6,277)</u>
Licenses and Permits				
Occupational licenses	9,000	9,000	8,734	(266)
Building permits	70,520	70,520	39,683	(30,837)
Animal license and fees	1,250	1,250	1,982	732
	<u>80,770</u>	<u>80,770</u>	<u>50,399</u>	<u>(30,371)</u>
Intergovernmental Revenues				
Airport grant	-	83,067	52,627	(30,440)
Police grant	3,000	3,000	5,168	2,168
	<u>3,000</u>	<u>86,067</u>	<u>57,795</u>	<u>(28,272)</u>
Charges for Services				
Printing	-	-	390	390
Trash billing	148,464	148,464	8,731	(139,733)
Towing fees	1,500	1,500	1,510	10
	<u>149,964</u>	<u>149,964</u>	<u>10,631</u>	<u>(139,333)</u>
Fines and Forfeitures				
City court fines	65,000	65,000	85,822	20,822
Miscellaneous				
Rents and royalties	18,878	18,878	11,803	(7,075)
Interest	60,000	60,000	14,358	(45,642)
Donations	-	-	810	810
Other	455,494	455,494	18,181	(437,313)
	<u>534,372</u>	<u>534,372</u>	<u>45,152</u>	<u>(489,220)</u>
TOTAL REVENUES	2,403,604	2,486,671	1,814,020	(672,651)

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
 Year Ended September 30, 2009

	Original Budget	Final Budget	Actual	Variance With Final Budget
EXPENDITURES				
Current				
Administrative	497,383	497,383	381,153	116,230
Public safety	774,292	774,292	832,385	(58,093)
Fire	28,450	28,450	28,193	257
Community center	15,398	15,398	14,644	754
Airport	14,165	126,262	61,186	65,076
Street	900,180	900,180	426,892	473,288
Emergency preparedness	13,628	13,628	4,033	9,595
Municipal court	13,270	13,270	10,292	2,978
Planning and zoning	59,394	59,394	57,467	1,927
Other	3,000	3,000	7,791	(4,791)
Debt Service				
Agent fees	4,000	4,000	3,076	924
TOTAL EXPENDITURES	<u>2,323,160</u>	<u>2,435,257</u>	<u>1,827,112</u>	<u>608,145</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES				
	80,444	51,414	(13,092)	(64,506)
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)				
Debt Service Fund	(104,772)	(104,772)	(182,823)	(78,051)
Cemetery Fund	30,700	30,700	-	(30,700)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(74,072)</u>	<u>(74,072)</u>	<u>(182,823)</u>	<u>(108,751)</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)				
	6,372	(22,658)	(195,915)	(173,257)
FUND BALANCE, October 1	<u>1,328,791</u>	<u>1,328,791</u>	<u>1,328,791</u>	<u>-</u>
FUND BALANCE, September 30	<u>\$ 1,335,163</u>	<u>\$ 1,306,133</u>	<u>\$ 1,132,876</u>	<u>\$ (173,257)</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – CEMETERY FUND
 Year Ended September 30, 2009

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes and penalties	\$ 27,851	\$ 27,851	\$ 27,969	\$ 118
Financial institution tax	50	50	484	434
Railroad and utility tax	3,200	3,200	3,121	(79)
Surtax	500	500	670	170
	<u>31,601</u>	<u>31,601</u>	<u>32,244</u>	<u>643</u>
Charges for services				
Sale of lots	5,000	5,000	4,010	(990)
Miscellaneous				
Donations	-	-	549	549
Interest	2,450	2,450	1,129	(1,321)
	<u>2,450</u>	<u>2,450</u>	<u>1,678</u>	<u>(772)</u>
TOTAL REVENUES	39,051	39,051	37,932	(1,119)
EXPENDITURES				
Cemetery	37,120	37,120	34,164	2,956
TOTAL EXPENDITURES	<u>37,120</u>	<u>37,120</u>	<u>34,164</u>	<u>2,956</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	1,931	1,931	3,768	1,837
FUND BALANCE, October 1	67,801	67,801	67,801	-
FUND BALANCE, September 30	<u>\$ 69,732</u>	<u>\$ 69,732</u>	<u>\$ 71,569</u>	<u>\$ 1,837</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – PARK FUND
 Year Ended September 30, 2009

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Sales taxes	\$ 100,000	\$ 100,000	\$ 122,813	\$ 22,813
Intergovernmental Revenues				
Safe routes to school grant	-	-	101,543	101,543
Charges for Services				
League and tournament fees	-	-	950	950
Miscellaneous				
Interest	7,500	7,500	1,709	(5,791)
Other	270,501	270,501	19	(270,482)
TOTAL REVENUES	378,001	378,001	227,034	(150,967)
EXPENDITURES				
Park	331,751	331,751	203,326	128,425
Pool	10,375	10,375	12,105	(1,730)
TOTAL EXPENDITURES	342,126	342,126	215,431	126,695
EXCESS OF REVENUES OVER EXPENDITURES	35,875	35,875	11,603	(24,272)
OTHER FINANCING (USES)				
Operating transfers (out)				
Debt Service Fund	(28,789)	(28,789)	(28,714)	75
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES AND OTHER (USES)	7,086	7,086	(17,111)	(24,197)
FUND BALANCE, October 1	279,319	279,319	279,319	-
FUND BALANCE, September 30	\$ 286,405	\$ 286,405	\$ 262,208	\$ (24,197)

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – LIBRARY FUND
 Year Ended September 30, 2009

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes and penalties	\$ 55,671	\$ 55,671	\$ 55,808	\$ 137
Financial institution tax	10	10	924	914
Railroad and utility tax	6,000	6,000	5,957	(43)
Surtax	1,000	1,000	1,278	278
	<u>62,681</u>	<u>62,681</u>	<u>63,967</u>	<u>1,286</u>
Intergovernmental Revenues				
State grants	2,800	2,800	4,619	1,819
Charges for Services				
Fines, fees and memberships	3,200	3,200	4,238	1,038
Miscellaneous				
Donations	-	-	2,088	2,088
Interest	1,500	1,500	762	(738)
Other	5,000	5,000	683	(4,317)
	<u>6,500</u>	<u>6,500</u>	<u>3,533</u>	<u>(2,967)</u>
TOTAL REVENUES	75,181	75,181	76,357	1,176
EXPENDITURES				
Library services	68,139	75,796	75,771	25
TOTAL EXPENDITURES	<u>68,139</u>	<u>75,796</u>	<u>75,771</u>	<u>25</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES				
	7,042	(615)	586	1,201
OTHER FINANCING (USES)				
Operating transfers (out)				
Debt Service Fund	(7,000)	(7,000)	(6,993)	7
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES AND OTHER (USES)				
	42	(7,615)	(6,407)	1,208
FUND BALANCE, October 1	<u>60,813</u>	<u>60,813</u>	<u>60,813</u>	<u>-</u>
FUND BALANCE, September 30	<u>\$ 60,855</u>	<u>\$ 53,198</u>	<u>\$ 54,406</u>	<u>\$ 1,208</u>

CITY OF BOWLING GREEN, MISSOURI
NOTE TO BUDGETARY COMPARISON SCHEDULES
Year Ended September 30, 2009

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



DAVIS, LYNN &
MOOTS, P.C.
Certified Public
Accountants

LARRY M. BROWN, CPA
LAWRENCE W. DAVIS, CPA
ANTHONY D. LYNN, CPA
RANDALL G. MOOTS, CPA
ANGELA M. PATRICK, CPA
ANDREW A. MARMOUGET, CPA

3828 SOUTH AVENUE
SPRINGFIELD, MO 65807
(417) 882-0904
FAX (417) 882-4343

www.dlmcpa.com
e-mail: cpa@dlmcpa.com

**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 accompanying financial statements of the governmental activities, business-type activities, and each major fund of the City of Bowling Green, Missouri as of and for the year ended September 30, 2009, and have issued our report thereon dated February 22, 2010. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bowling Green, Missouri's 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider deficiencies 09-1, 09-2 and 09-3 described in the accompanying schedule of findings and responses to be 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*.

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

We noted certain other matters that we have reported to management of the City of Bowling Green in a separate letter dated February 22, 2010.

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

A handwritten signature in black ink that reads "Davis, Lynn; Moots, PC". The signature is written in a cursive, slightly slanted style.

DAVIS, LYNN & MOOTS, P.C.
February 22, 2010

CITY OF BOWLING GREEN, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended September 30, 2009

09-1 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.

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.

09-2 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.

CITY OF BOWLING GREEN, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
Year Ended September 30, 2009

09-2 Application of accounting principles generally accepted in the United States of America (continued)

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.

09-3 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.