

**CITY OF BOWLING GREEN, MISSOURI**

**BASIC FINANCIAL STATEMENTS**

**Year Ended September 30, 2015**

**TABLE OF CONTENTS**

INDEPENDENT AUDITORS' REPORT ..... 4

MANAGEMENT’S DISCUSSION AND ANALYSIS ..... 8

**BASIC FINANCIAL STATEMENTS**

    Statement of Net Position ..... 15

    Statement of Activities..... 17

    Balance Sheet – Governmental Funds ..... 18

    Reconciliation of the Governmental Funds Balance Sheet to the  
        Statement of Net Position ..... 20

    Statement of Revenues, Expenditures and Changes in  
        Fund Balances – Governmental Funds ..... 21

    Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
        Fund Balances of Governmental Funds to the Statement of Activities ..... 23

    Statement of Net Position – Proprietary Funds..... 24

    Statement of Revenues, Expenses and Changes in  
        Net Position – Proprietary Funds ..... 25

    Statement of Cash Flows – Proprietary Funds..... 26

    Notes to Financial Statements..... 27

**REQUIRED SUPPLEMENTARY INFORMATION**

    Schedule of Changes in Net Pension Asset and Related Ratios ..... 61

    Schedule of Contributions..... 62

    Notes to Schedule of Contributions ..... 63

## TABLE OF CONTENTS

### REQUIRED SUPPLEMENTARY INFORMATION (continued)

Budgetary Comparison Schedule – General Fund.....	64
Budgetary Comparison Schedule – Cemetery Fund.....	66
Budgetary Comparison Schedule – Park Fund .....	67
Budgetary Comparison Schedule – Library Fund .....	68
Budgetary Comparison Schedule – Street CIP Fund.....	69
Note to Budgetary Comparison Schedules .....	70

### 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 <i>Government Auditing Standards</i> .....	72
Schedule of Findings and Responses .....	74



## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

[www.kpmcpa.com](http://www.kpmcpa.com)

1445 E. Republic Road, Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343  
500 W. Main Street Suite 200, Branson, MO 65616 | 417-334-2987 | fax 417-336-3403  
Member CPA Associates International, Inc., with offices in principal U.S. and international cities

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Bowling Green, Missouri, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note A to the basic financial statements, the City adopted the provisions of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*, during the year ended September 30, 2015. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules, Schedule of Changes in Net Pension Asset and Related Ratios and Schedule of Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2016, on our consideration of the City of Bowling Green, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Bowling Green, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC  
Springfield, Missouri  
January 21, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
CITY OF BOWLING GREEN, MISSOURI  
SEPTEMBER 30, 2015**

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, 2015. Please read it in conjunction with the City’s financial statements, which begin on page 15.

***Financial Highlights***

- The net position of the City’s governmental activities increased by \$801,423 for the year as a result of current year activities. The net position of the City’s business activities increased by \$93,965 for the year.
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of September 30, 2015, by \$18.9 million (net position). Of this amount \$1,972,319 was unrestricted and may be used to meet future obligations of the City.
- Total long-term liabilities of the City increased by \$454,262 during the year.
- Total revenues increased 5% compared to prior year revenues, while total expenses decreased 2%.

***Using This Annual Report***

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

***Government-Wide Financial Statements***

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



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BOWLING GREEN, MISSOURI  
SEPTEMBER 30, 2015**

***Government-Wide Financial Statements (continued)***

In the Statement of Net Position 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 Position 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 Position and the Statement of Activities.

***Notes to the Basic Financial Statements***

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BOWLING GREEN, MISSOURI  
SEPTEMBER 30, 2015**

*Government-Wide Financial Analysis*

**NET POSITION**

The following table presents the condensed Statement of Net Position for the City as of September 30, 2015 and 2014, as restated:

	Governmental Activities	Business-Type Activities	Total September 30, 2015	Total September 30, 2014, as restated
Current and other assets	\$ 3,578,449	\$ 882,440	\$ 4,460,889	\$ 2,905,914
Capital assets	10,207,549	16,403,872	26,611,421	26,706,584
TOTAL ASSETS	13,785,998	17,286,312	31,072,310	29,612,498
Deferred pension outflows	112,566	-	112,566	38,202
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 13,898,564</u>	<u>\$ 17,286,312</u>	<u>\$ 31,184,876</u>	<u>\$ 29,650,700</u>
Other liabilities	\$ 422,703	\$ 782,354	\$ 1,205,057	\$ 1,017,183
Long-term liabilities outstanding	4,710,086	6,334,069	11,044,155	10,589,893
TOTAL LIABILITIES	5,132,789	7,116,423	12,249,212	11,607,076
Deferred inflow of resources	5,321	-	5,321	8,669
Net position:				
Net investment in capital assets	6,518,265	9,464,129	15,982,394	15,350,637
Restricted				
Non-expendable	29,321	-	29,321	29,321
Expendable	557,785	388,524	946,309	786,067
Unrestricted	1,655,083	317,236	1,972,319	1,868,930
TOTAL NET POSITION	<u>8,760,454</u>	<u>10,169,889</u>	<u>18,930,343</u>	<u>18,034,955</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	<u>\$ 13,898,564</u>	<u>\$ 17,286,312</u>	<u>\$ 31,184,876</u>	<u>\$ 29,650,700</u>

Total net position of the City increased by \$895,388 for the year due to current year activity. Total liabilities for the City increased \$642,136.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BOWLING GREEN, MISSOURI  
SEPTEMBER 30, 2015**

**CHANGE IN NET POSITION**

	Governmental Activities	Business-Type Activities	Total Year Ended September 30, 2015	Total Year Ended September 30, 2014
<b>REVENUES</b>				
Program Revenues				
Charges for services	\$ 101,821	\$ 2,724,772	\$ 2,826,593	\$ 2,865,210
Operating grants and contributions	35,461	-	35,461	11,107
Capital grants and contributions	26,971	-	26,971	-
General Revenues				
Property taxes	343,970	-	343,970	340,205
Sales taxes	1,856,463	-	1,856,463	1,449,134
Motor vehicle taxes	209,019	-	209,019	201,614
Other taxes	332,843	-	332,843	323,480
Franchise fees	425,702	-	425,702	350,802
Interest	4,937	112,394	117,331	130,120
Other revenue	56,246	-	56,246	38,404
Special Item				
Gain on sale of property	-	-	-	197,381
<b>TOTAL REVENUES</b>	<b>3,393,433</b>	<b>2,837,166</b>	<b>6,230,599</b>	<b>5,907,457</b>
<b>EXPENSES</b>				
Administrative	314,009	-	314,009	371,750
Public safety	905,129	-	905,129	879,547
Fire	46,632	-	46,632	45,798
Community center	20,068	-	20,068	20,395
Airport	58,581	-	58,581	102,155
Street	637,332	-	637,332	614,893
Municipal court	9,240	-	9,240	8,733
Planning and zoning	69,467	-	69,467	66,420
Cemetery	59,142	-	59,142	43,241
Park	137,565	-	137,565	178,744
Pool	41,459	-	41,459	19,268
Library	105,081	-	105,081	101,823
Other	3,685	-	3,685	3,265
Debt service	184,620	-	184,620	145,846
Water	-	1,752,705	1,752,705	1,778,784
Sewer	-	990,496	990,496	1,049,595
<b>TOTAL EXPENSES</b>	<b>2,592,010</b>	<b>2,743,201</b>	<b>5,335,211</b>	<b>5,430,257</b>
<b>INCREASE IN NET POSITION</b>	<b>\$ 801,423</b>	<b>\$ 93,965</b>	<b>\$ 895,388</b>	<b>\$ 477,200</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BOWLING GREEN, MISSOURI  
SEPTEMBER 30, 2015**

***Governmental Activities***

Governmental activities increased the net position of the City by \$801,423. Tax revenues for the City were \$3,167,997 which represents 93% of the financing of these activities. Program revenues for the functions totaled \$164,253. The following table shows the cost of the City's programs as well as each programs net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

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

	Total Cost of Services	Net Cost of Services
Administrative	\$ 314,009	\$ 297,866
Public safety	905,129	857,502
Fire	46,632	46,632
Airport	58,581	4,351
Street	637,332	637,332
Planning and zoning	69,467	65,893
Park	137,565	135,271
Community center	20,068	20,068
Library	105,081	84,235
Debt service	184,620	184,620
Other government activities	113,526	93,987
	<u>\$ 2,592,010</u>	<u>\$ 2,427,757</u>

***Business-Type Activities***

Business-type activities increased the City's net position by \$93,965.

***Financial Analysis of the City's Funds***

The combined fund balances of the City's governmental funds as of September 30, 2015, were \$2,902,780. The General Fund increased by \$142,563. The Cemetery Fund increased by \$3,770. The Park Fund increased by \$23,751. The Library Fund increased by \$1,651. The Street CIP Fund increased by \$1,468,053. The Debt Service Fund decreased by \$768.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BOWLING GREEN, MISSOURI  
SEPTEMBER 30, 2015**

***General Fund Budgetary Highlights***

Revenues

The original revenue budget of \$2,660,050 did not change during the year.

Expenditures

The original expenditure budget of \$2,651,450 did not change during the year.

***Capital Asset and Debt Administration***

**Capital Assets**

Capital assets of the governmental activities were \$10,207,549 (net of accumulated depreciation) as of September 30, 2015. Net capital assets for business-type activities were \$16,403,872 as of September 30, 2015.

**Debt**

Total debt of the governmental activities as of September 30, 2015, was \$5,047,483, which is up from \$3,859,657 in the prior year.

Total long-term debt of the business-type activities as of September 30, 2015, was \$6,939,743, which is down from \$7,521,957 in the prior year.

***Economic Factors and Next Year's Budget***

- New commercial and residential development continues to occur within the community to include additional tenant space development in the Bowling Green Town Center.
- Anticipated residential development includes several single-family residential dwellings and a newly proposed subdivision providing a condominium form of ownership. This proposed senior housing will allow the tenants to own their units, but will permit the exterior maintenance to be done by the condominium Homeowners Association.
- The 2015-2016 fiscal year budget consists of eight separate funds. These funds include the Tourism Fund, Library Fund, Cemetery Fund, Park Fund, Water Fund, Sewer Fund, and General Fund. A new fund, the Street (CIP) Fund was added last year as a result of the successful passage of a ½ cent Capital Improvement Sales Tax. The new tax began to be collected in October 2014 and is to be used “solely for street and street related improvements” according to the ballot language. All eight of the City’s funds are balanced for the 2015-2016 fiscal year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF BOWLING GREEN, MISSOURI  
SEPTEMBER 30, 2015**

***Economic Factors and Next Year's Budget (continued)***

- There are a number of capital items which were approved in the 2015-2016 budget. The major budgeted items included purchase of a used pickup truck for the Building Inspector/Code Enforcement; guttering and cameras and radios for the Police Department; trailer and used dump truck for the Street Department; secondary basin wall; lime feeder; tap turbidity meter and machine along with upgrades to the alarm/monitoring system to enhance the water and sewer operations.
- The operational budget also included various enhancements throughout the community. These enhancements include air conditioning repairs at City Hall; much needed equipment for the fire department to include radios, hoses, hand tools, turnout gear, pagers and fire department training; replacement of several tires for grounds maintenance; chip and seal at the Airport; duct work and repairs at the Library; Park enhancements include electrical work on Field 3 to the concession stand; reseal parking lots by ball fields; T-Ball/Soccer field completed; asphalt lot to lower shelter house; umbrella for pool and repair pool; level monuments at the City cemeteries; tower inspection; computer and internet service and rebuild pump for the Water Department; boring at Field View Estates at the Sewer Plant.
- The most significant impact around the community in 2015-2016 is the repaving of a number of streets. These streets are able to be paved due to the successful passage of the ½ cent Capital Improvement Sales Tax. Street projects for 2015-16 includes paving the West side of town; the square and storm water improvements around the square.
- City staff, the Mayor and members of the Board of Aldermen receive and review the financial status of the City throughout its fiscal year. This action will continue to allow the aggressive monitoring and management of the City's finances.

***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

Barbara Allison, City Clerk / City Administrator  
Donna Colbert, Treasurer

CITY OF BOWLING GREEN, MISSOURI  
STATEMENT OF NET POSITION  
September 30, 2015

	Governmental Activities	Business-Type Activities	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and cash equivalents - unrestricted	\$ 910,526	\$ 23,904	\$ 934,430
Investments - unrestricted	255,910	-	255,910
Ad valorem taxes receivable	7,266	-	7,266
Sales tax receivable	301,932	-	301,932
Utilities receivable, net	-	271,004	271,004
Other accounts receivable	92,471	22	92,493
Court fines receivable	39,960	-	39,960
Accrued interest receivable	1,858	-	1,858
Inventory	-	114,180	114,180
Prepaid expenses	27,541	13,286	40,827
Restricted cash and cash equivalents	1,338,057	344,944	1,683,001
Restricted investments	28,198	115,100	143,298
Net pension asset	574,730	-	574,730
Capital Assets:			
Non-depreciable	1,655,396	215,680	1,871,076
Depreciable, net	8,552,153	16,188,192	24,740,345
TOTAL ASSETS	<u>13,785,998</u>	<u>17,286,312</u>	<u>31,072,310</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred pension outflows	<u>112,566</u>	<u>-</u>	<u>112,566</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>112,566</u>	<u>-</u>	<u>112,566</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 13,898,564</u>	<u>\$ 17,286,312</u>	<u>\$ 31,184,876</u>

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI  
STATEMENT OF NET POSITION (continued)  
September 30, 2015

	Governmental Activities	Business-Type Activities	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>LIABILITIES</b>			
Current			
Accounts payable	\$ 52,798	\$ 52,996	\$ 105,794
Accrued expenses	6,889	-	6,889
Deposits payable	2,610	71,520	74,130
Court bonds payable	661	-	661
Accrued interest payable	22,348	52,164	74,512
Current maturities of long-term debt	337,397	605,674	943,071
	<u>422,703</u>	<u>782,354</u>	<u>1,205,057</u>
Noncurrent			
Revenue bonds payable, net	-	6,299,674	6,299,674
Certificates of participation payable	2,419,800	-	2,419,800
Loan payable	2,251,538	34,395	2,285,933
Lease payable	10,209	-	10,209
Compensated absences	28,539	-	28,539
	<u>4,710,086</u>	<u>6,334,069</u>	<u>11,044,155</u>
<b>TOTAL LIABILITIES</b>	5,132,789	7,116,423	12,249,212
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred pension inflows	5,321	-	5,321
<b>NET POSITION</b>			
Net investment in capital assets	6,518,265	9,464,129	15,982,394
Restricted			
Non-expendable	29,321	-	29,321
Expendable	557,785	388,524	946,309
Unrestricted	1,655,083	317,236	1,972,319
	<u>8,760,454</u>	<u>10,169,889</u>	<u>18,930,343</u>
<b>TOTAL NET POSITION</b>	8,760,454	10,169,889	18,930,343
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION</b>	<u>\$ 13,898,564</u>	<u>\$ 17,286,312</u>	<u>\$ 31,184,876</u>

See accompanying notes.



CITY OF BOWLING GREEN, MISSOURI  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental activities								
Administrative	\$ (314,009)	\$ 16,143	\$ -	\$ -	\$ (297,866)	\$ -	\$ (297,866)	
Public safety	(905,129)	41,974	5,653	-	(857,502)	-	(857,502)	
Fire	(46,632)	-	-	-	(46,632)	-	(46,632)	
Community center	(20,068)	-	-	-	(20,068)	-	(20,068)	
Airport	(58,581)	27,259	-	26,971	(4,351)	-	(4,351)	
Street	(637,332)	-	-	-	(637,332)	-	(637,332)	
Municipal court	(9,240)	-	-	-	(9,240)	-	(9,240)	
Planning and zoning	(69,467)	3,574	-	-	(65,893)	-	(65,893)	
Cemetery	(59,142)	7,800	11,739	-	(39,603)	-	(39,603)	
Park	(137,565)	1,100	1,194	-	(135,271)	-	(135,271)	
Pool	(41,459)	-	-	-	(41,459)	-	(41,459)	
Library	(105,081)	3,971	16,875	-	(84,235)	-	(84,235)	
Other	(3,685)	-	-	-	(3,685)	-	(3,685)	
Debt service	(184,620)	-	-	-	(184,620)	-	(184,620)	
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>(2,592,010)</b>	<b>101,821</b>	<b>35,461</b>	<b>26,971</b>	<b>(2,427,757)</b>	<b>-</b>	<b>(2,427,757)</b>	
Business-Type Activities								
Water	(1,752,705)	1,840,718	-	-	-	88,013	88,013	
Sewer	(990,496)	884,054	-	-	-	(106,442)	(106,442)	
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>(2,743,201)</b>	<b>2,724,772</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,429)</b>	<b>(18,429)</b>	
<b>TOTAL GOVERNMENT</b>	<b>\$ (5,335,211)</b>	<b>\$ 2,826,593</b>	<b>\$ 35,461</b>	<b>\$ 26,971</b>	<b>(2,427,757)</b>	<b>(18,429)</b>	<b>(2,446,186)</b>	
		General Revenues:						
					Ad Valorem taxes	343,970	-	343,970
					Sales taxes	1,856,463	-	1,856,463
					Motor vehicle taxes	209,019	-	209,019
					Other taxes	332,843	-	332,843
					Franchise fees	425,702	-	425,702
					Interest	4,937	112,394	117,331
					Other revenue	56,246	-	56,246
					<b>Total General Revenues</b>	<b>3,229,180</b>	<b>112,394</b>	<b>3,341,574</b>
					<b>Changes in Net Position</b>	<b>801,423</b>	<b>93,965</b>	<b>895,388</b>
					Net Position, Beginning of year, as restated	7,959,031	10,075,924	18,034,955
					Net Position, End of year	<b>\$ 8,760,454</b>	<b>\$ 10,169,889</b>	<b>\$ 18,930,343</b>

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI  
BALANCE SHEET – GOVERNMENTAL FUNDS  
September 30, 2015

	Special Revenue Funds					Debt Service Fund	Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Street CIP Fund		
<b>ASSETS</b>							
Cash and cash equivalents - unrestricted	\$ 456,415	\$ 91,042	\$ 223,525	\$ 37,680	\$ 101,864	\$ -	\$ 910,526
Investments - unrestricted	250,000	-	-	5,910	-	-	255,910
Ad valorem taxes receivable	4,941	799	-	1,526	-	-	7,266
Sales tax receivable	214,609	-	29,149	-	58,174	-	301,932
Other accounts receivable	88,340	-	-	4,131	-	-	92,471
Court fines receivable	39,960	-	-	-	-	-	39,960
Accrued interest receivable	1,834	21	-	3	-	-	1,858
Prepaid expenses	24,256	729	1,624	932	-	-	27,541
Due from other funds	-	-	24,000	-	-	-	24,000
Restricted cash and cash equivalents	5,844	1,273	-	-	1,330,940	-	1,338,057
Restricted investments	-	28,198	-	-	-	-	28,198
<b>TOTAL ASSETS</b>	<b>\$ 1,086,199</b>	<b>\$ 122,062</b>	<b>\$ 278,298</b>	<b>\$ 50,182</b>	<b>\$ 1,490,978</b>	<b>\$ -</b>	<b>\$ 3,027,719</b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 29,755	\$ -	\$ 76	\$ 42	\$ 22,925	\$ -	\$ 52,798
Accrued expenses	5,890	-	386	613	-	-	6,889
Due to other funds	24,000	-	-	-	-	-	24,000
Court bonds payable	661	-	-	-	-	-	661
Deposits payable	2,610	-	-	-	-	-	2,610
<b>TOTAL LIABILITIES</b>	<b>62,916</b>	<b>-</b>	<b>462</b>	<b>655</b>	<b>22,925</b>	<b>-</b>	<b>86,958</b>

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI  
BALANCE SHEET – GOVERNMENTAL FUNDS (continued)  
September 30, 2015

	Special Revenue Funds					Debt Service Fund	Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Street CIP Fund		
Deferred Inflow of Resources							
Deferred court fines	37,981	-	-	-	-	-	37,981
TOTAL DEFERRED INFLOW OF RESOURCES	37,981	-	-	-	-	-	37,981
Fund Balances							
Nonspendable:							
Cemetery perpetual care	-	29,321	-	-	-	-	29,321
Prepaid items	24,256	729	1,624	932	-	-	27,541
Restricted for:							
Flag reserves	2,573	-	-	-	-	-	2,573
Cemetery donations	-	150	-	-	-	-	150
Cemetery	-	91,862	-	-	-	-	91,862
Park	-	-	276,212	-	-	-	276,212
Library	-	-	-	48,595	-	-	48,595
Street	-	-	-	-	1,466,773	-	1,466,773
Debt service	-	-	-	-	1,280	-	1,280
Unassigned	958,473	-	-	-	-	-	958,473
TOTAL FUND BALANCES	985,302	122,062	277,836	49,527	1,468,053	-	2,902,780
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	\$ 1,086,199	\$ 122,062	\$ 278,298	\$ 50,182	\$ 1,490,978	\$ -	\$ 3,027,719

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF  
NET POSITION  
September 30, 2015

Fund balance - total governmental funds	\$ 2,902,780
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	13,587,248
Less accumulated depreciation	<u>(3,379,699)</u>
	10,207,549
The net pension asset is not available to pay for current period expenditures and, therefore, not reported in the funds. The following is the detail of the net effect of these differences in the treatment of the net pension asset and related deferred items:	
Net pension asset	574,730
Deferred outflows due to pensions	112,566
Deferred inflows due to pensions	<u>(5,321)</u>
	681,975
Adjustment of deferred court fines	37,981
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(22,348)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(5,047,483)</u>
Net position of governmental activities	<u><u>\$ 8,760,454</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, 2015

	Special Revenue Funds					Debt Service Fund	Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Street CIP Fund		
<b>REVENUES</b>							
Taxes	\$ 2,442,364	\$ 42,172	\$ 203,102	\$ 85,443	\$ 394,916	\$ -	\$ 3,167,997
Licenses and permits	15,628	-	-	-	-	-	15,628
Intergovernmental revenues	32,524	-	-	13,610	-	-	46,134
Charges for services	15,893	7,800	1,100	3,971	-	-	28,764
Fines and forfeitures	42,198	-	-	-	-	-	42,198
Miscellaneous	55,885	12,304	18,248	8,174	-	-	94,611
<b>TOTAL REVENUES</b>	<b>2,604,492</b>	<b>62,276</b>	<b>222,450</b>	<b>111,198</b>	<b>394,916</b>	<b>-</b>	<b>3,395,332</b>
<b>EXPENDITURES</b>							
<b>Current</b>							
Administrative	305,069	-	-	-	-	-	305,069
Public safety	887,669	-	-	-	-	-	887,669
Fire	36,089	-	-	-	-	-	36,089
Community center	17,611	-	-	-	-	-	17,611
Airport	61,419	-	-	-	-	-	61,419
Street	398,351	-	-	-	640,294	-	1,038,645
Municipal court	9,240	-	-	-	-	-	9,240
Planning and zoning	69,959	-	-	-	-	-	69,959
Cemetery	-	58,506	-	-	-	-	58,506
Park	-	-	126,142	-	-	-	126,142
Pool	-	-	46,959	-	-	-	46,959
Library	-	-	-	103,655	-	-	103,655
Other	3,685	-	-	-	-	-	3,685
<b>Debt Service</b>							
Principal and interest	612,609	-	25,598	5,892	173,369	60,996	878,464
<b>TOTAL EXPENDITURES</b>	<b>2,401,701</b>	<b>58,506</b>	<b>198,699</b>	<b>109,547</b>	<b>813,663</b>	<b>60,996</b>	<b>3,643,112</b>

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (continued)  
 Year Ended September 30, 2015

	Special Revenue Funds					Debt Service Fund	Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Street CIP Fund		
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	202,791	3,770	23,751	1,651	(418,747)	(60,996)	(247,780)
OTHER FINANCING SOURCES (USES)							
Certificate of Participation proceeds	-	-	-	-	1,886,800	-	1,886,800
Operating transfers in (out)	(60,228)	-	-	-	-	60,228	-
TOTAL OTHER FINANCING SOURCES (USES)	(60,228)	-	-	-	1,886,800	60,228	1,886,800
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	142,563	3,770	23,751	1,651	1,468,053	(768)	1,639,020
FUND BALANCE, October 1	842,739	118,292	254,085	47,876	-	768	1,263,760
FUND BALANCE, September 30	<u>\$ 985,302</u>	<u>\$ 122,062</u>	<u>\$ 277,836</u>	<u>\$ 49,527</u>	<u>\$ 1,468,053</u>	<u>\$ -</u>	<u>\$ 2,902,780</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, 2015

Net change in fund balances - total governmental funds \$ 1,639,020

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

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

Capital assets	565,801
Depreciation	<u>(213,273)</u>
	352,528

Some revenues reported in the governmental funds represent current financial  
 resources and were recognized in the Statement of Activities when earned. (1,899)

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

Lease proceeds	(1,886,800)
Repayment of principal on bonds, loans and leases	701,846
Accrued interest payable	<u>(8,002)</u>
	(1,192,956)

Some expenditures reported in the governmental funds represent the use  
 of current financial resources and were recognized in the Statement of  
 Activities when incurred. 4,730

Change in net position of governmental activities \$ 801,423

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI  
STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
September 30, 2015

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 10,770	\$ 13,134	\$ 23,904
Utilities receivable, net	189,443	81,561	271,004
Other accounts receivable	22	-	22
Inventory	72,413	41,767	114,180
Prepaid expenses	7,974	5,312	13,286
<b>TOTAL CURRENT ASSETS</b>	<b>280,622</b>	<b>141,774</b>	<b>422,396</b>
Restricted Assets			
Cash and cash equivalents	261,733	83,211	344,944
Investments	57,550	57,550	115,100
<b>TOTAL RESTRICTED ASSETS</b>	<b>319,283</b>	<b>140,761</b>	<b>460,044</b>
Property, Plant and Equipment			
Land	57,354	146,276	203,630
Construction in progress	-	12,050	12,050
Sewer system	-	13,382,111	13,382,111
Water system	9,756,160	-	9,756,160
Pumping and purification	1,805,826	-	1,805,826
Lake	1,395,761	-	1,395,761
	13,015,101	13,540,437	26,555,538
Less accumulated depreciation	(5,808,934)	(4,342,732)	(10,151,666)
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>7,206,167</b>	<b>9,197,705</b>	<b>16,403,872</b>
<b>TOTAL ASSETS</b>	<b>7,806,072</b>	<b>9,480,240</b>	<b>17,286,312</b>
<b>LIABILITIES AND NET POSITION</b>			
Current Liabilities			
Accounts payable	40,946	12,050	52,996
Deposits payable	71,520	-	71,520
Accrued interest payable	15,761	36,403	52,164
Current maturities of long-term debt	319,209	286,465	605,674
<b>TOTAL CURRENT LIABILITIES</b>	<b>447,436</b>	<b>334,918</b>	<b>782,354</b>
Long-Term Liabilities			
Revenue bonds payable, net	3,534,674	2,765,000	6,299,674
Loan payable	-	34,395	34,395
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>3,534,674</b>	<b>2,799,395</b>	<b>6,334,069</b>
<b>TOTAL LIABILITIES</b>	<b>3,982,110</b>	<b>3,134,313</b>	<b>7,116,423</b>
Net Position			
Net investment in capital assets	3,352,284	6,111,845	9,464,129
Restricted	247,763	140,761	388,524
Unrestricted	223,915	93,321	317,236
<b>TOTAL NET POSITION</b>	<b>\$ 3,823,962</b>	<b>\$ 6,345,927</b>	<b>\$ 10,169,889</b>

See accompanying notes.



CITY OF BOWLING GREEN, MISSOURI  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY  
FUNDS  
Year Ended September 30, 2015

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,835,785	\$ 871,873	\$ 2,707,658
Miscellaneous	4,933	12,181	17,114
<b>TOTAL OPERATING REVENUES</b>	<b>1,840,718</b>	<b>884,054</b>	<b>2,724,772</b>
<b>OPERATING EXPENSES</b>			
Administration	77,000	89,000	166,000
Legal and professional	27,879	18,291	46,170
Service agreement	529,060	267,858	796,918
Purchased services	439	1,608	2,047
Utilities	67,867	121,956	189,823
Maintenance	24,369	29,003	53,372
Supplies	120,685	20,811	141,496
Water purchased	411,128	-	411,128
Insurance	31,410	14,492	45,902
Depreciation	299,274	249,502	548,776
Miscellaneous	-	2,052	2,052
<b>TOTAL OPERATING EXPENSES</b>	<b>1,589,111</b>	<b>814,573</b>	<b>2,403,684</b>
<b>OPERATING INCOME</b>	<b>251,607</b>	<b>69,481</b>	<b>321,088</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	16,346	96,048	112,394
Interest expense	(163,594)	(175,923)	(339,517)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(147,248)</b>	<b>(79,875)</b>	<b>(227,123)</b>
<b>NET INCOME (LOSS)</b>	<b>104,359</b>	<b>(10,394)</b>	<b>93,965</b>
<b>NET POSITION, October 1</b>	<b>3,719,603</b>	<b>6,356,321</b>	<b>10,075,924</b>
<b>NET POSITION, September 30</b>	<b>\$ 3,823,962</b>	<b>\$ 6,345,927</b>	<b>\$ 10,169,889</b>

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
Year Ended September 30, 2015

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,826,298	\$ 879,921	\$ 2,706,219
Cash paid to suppliers	(1,304,956)	(565,192)	(1,870,148)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>521,342</b>	<b>314,729</b>	<b>836,071</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of fixed assets	(72,000)	(17,035)	(89,035)
Payment of bond and loan principal	(312,039)	(276,465)	(588,504)
Payment of interest expense	(160,788)	(179,235)	(340,023)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(544,827)</b>	<b>(472,735)</b>	<b>(1,017,562)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received on investments	16,346	96,048	112,394
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>16,346</b>	<b>96,048</b>	<b>112,394</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(7,139)</b>	<b>(61,958)</b>	<b>(69,097)</b>
CASH AND CASH EQUIVALENTS, Beginning of year	279,642	158,303	437,945
CASH AND CASH EQUIVALENTS, End of year	272,503	96,345	368,848
LESS RESTRICTED CASH AND CASH EQUIVALENTS	261,733	83,211	344,944
<b>UNRESTRICTED CASH AND CASH EQUIVALENTS</b>	<b>\$ 10,770</b>	<b>\$ 13,134</b>	<b>\$ 23,904</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income	\$ 251,607	\$ 69,481	\$ 321,088
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	299,274	249,502	548,776
(Increase) decrease in:			
Utilities receivable	(16,340)	(4,916)	(21,256)
Inventory	(17,016)	156	(16,860)
Prepaid expenses	(257)	(277)	(534)
Other receivables	-	783	783
Increase in:			
Accounts payable	2,154	-	2,154
Deposits payable	1,920	-	1,920
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 521,342</b>	<b>\$ 314,729</b>	<b>\$ 836,071</b>

See accompanying notes.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bowling Green, Missouri, (the City) was incorporated in 1823 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. 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.

### 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Position and the Statement of Activities) and fund financial statements.

*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

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

In the government-wide Statement of Net Position, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*FUND FINANCIAL STATEMENTS*

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds.

Cemetery Fund: The Cemetery Fund of the City is used to account for resources restricted, committed or assigned for operations of City cemeteries.

Park Fund: The Park Fund of the City is used to account for resources restricted, committed or assigned for operations of City parks.

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

Street CIP Fund: The Street CIP Fund of the City is used to account for resources restricted, committed or assigned for street related capital improvements.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources restricted, committed or assigned 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.

The City reports the following major proprietary funds:

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Governmental Accounting Standards Board (GASB) Statement Section 1400-120-137 – *Capitalization of Interest Cost*. 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 Position.

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 December 31 of that year.

Net Position

In the government-wide financial statements, net position is classified in three components as follows:

*Net Investment in Capital Assets* – 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Restricted* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

*Unrestricted* – This consists of net position that does not meet the definition of restricted or net investment in capital assets.

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

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

*Nonspendable fund balance* – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

*Restricted fund balance* – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – This consists of fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City’s Board of Aldermen.

*Assigned fund balance* – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.



NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the City has one item that qualifies for reporting in this category, deferred amounts relating to employer contributions to the retirement plan.

In addition to liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance/net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category, deferred pension inflows relating to the retirement plan on the Statement of Net Position and deferred amounts relating to court fines on the Balance Sheet. These amounts are recognized as an inflow of resources in the period that the amounts become available.

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

New Pronouncement

The Government Accounting Standards Board (GASB) issued Statement No. 68 – *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for reporting periods beginning after June 15, 2014. The statement establishes standards for measuring and recognizing assets and liabilities, deferred inflow and outflow of resources, and expenses relating to pensions, note disclosures, and required supplementary information. The City adopted GASB Statement No. 68 and 71 for the year ended September 30, 2015.

Certain September 30, 2014, amounts have been reclassified to the September 30, 2015, presentation.

CITY OF BOWLING GREEN, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

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, 2015, all bank balances on deposit are entirely insured or collateralized.

NOTE C – INVESTMENTS

Investments of the City as of September 30, 2015, consist of the following:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit	10/23/2015 - 6/11/2017	\$ 399,208

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, 2015, all certificates of deposit are entirely insured or collateralized with securities.

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

NOTE D – RESTRICTED ASSETS

Governmental Activities

Cash, investments and net position have been restricted as follows:

	<u>Restricted Cash and Investments</u>	<u>Restricted Net Position</u>
GENERAL FUND		
Court bonds	\$ 661	\$ -
Excavation permit bond	2,000	-
Airport fuel deposits	160	-
Community center deposits	450	-
Flag reserves	2,573	2,573
	<u>\$ 5,844</u>	<u>\$ 2,573</u>

CITY OF BOWLING GREEN, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

NOTE D – RESTRICTED ASSETS

	<u>Restricted Cash and Investments</u>	<u>Nonspendable/ Restricted Net Position</u>
<b>CEMETERY FUND</b>		
Nonspendable:		
Perpetual care	\$ 29,321	\$ 29,321
Restricted:		
Cemetery tax	-	91,862
Cemetery donations	150	150
	<u>\$ 29,471</u>	<u>\$ 121,333</u>
<b>PARK FUND</b>		
Park sales tax	<u>\$ -</u>	<u>\$ 276,212</u>
<b>LIBRARY FUND</b>		
Library tax	<u>\$ -</u>	<u>\$ 48,595</u>
<b>STREET CIP FUND</b>		
2014 Certificates of Participation		
Project Fund	\$ 129,110	\$ -
2015 Certificates of Participation		
Project Fund	1,200,550	-
Cost of Issuance Fund	1,280	1,280
Capital improvement sales tax	-	137,113
	<u>\$ 1,330,940</u>	<u>\$ 138,393</u>

CITY OF BOWLING GREEN, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

NOTE D – RESTRICTED ASSETS (continued)

Business-Type Activities

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) and USDA Series 2012 A, B, and C Combined Waterworks and Sewerage System Revenue Bonds 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 position. Restricted cash and investments also include cash restricted for customer deposits. These restrictions are as follows:

	<u>Restricted Cash and Investments</u>	<u>Restricted Net Position</u>
<b>WATER FUND</b>		
2003C Revenue Bonds		
Principal and interest	\$ 66,926	\$ 66,926
USDA Revenue Bonds		
Debt service reserve	65,274	65,274
Short lived asset reserve	115,563	115,563
Customer Deposits	71,520	-
	<u>\$ 319,283</u>	<u>\$ 247,763</u>
<b>SEWER FUND</b>		
2003B Revenue Bonds		
Principal and interest	\$ 83,211	\$ 83,211
Depreciation and replacement	57,550	57,550
	<u>\$ 140,761</u>	<u>\$ 140,761</u>

CITY OF BOWLING GREEN, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

NOTE E – ACCOUNTS RECEIVABLE

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

	<u>Gross Receivable</u>	<u>Allowance</u>	<u>Net Receivable</u>
UTILITIES RECEIVABLE			
Water Fund	\$ 190,466	\$ 1,023	\$ 189,443
Sewer Fund	82,232	671	81,561
	<u>\$ 272,698</u>	<u>\$ 1,694</u>	<u>\$ 271,004</u>

NOTE F – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

Long-term debt of the City of Bowling Green consists of the 2012 Refunding Certificates of Participation, the 2014 Certificates of Participation, the 2015 Certificates of Participation, a loan payable, one lease payable, and compensated absences.

Certificates of Participation

On October 3, 2012, the City issued \$1,335,000 in Refunding Certificates of Participation for the purpose of refunding the 2004A Leasehold Revenue Refunding Bonds and 2004B Leasehold Revenue Bonds issued by the Bowling Green Municipal Assistance Corporation. The Certificates of Participation bear interest at various rates ranging from 1.10% to 3.70% with principal payments due on November 1 and interest payments due on May 1 and November 1 of each year.

\$ 980,000

On October 1, 2014, the City issued \$651,800 in Certificates of Participation for the purpose of acquiring, constructing, reconstructing installing, repairing, and equipping certain road and street improvements within the City. The Certificates of Participation bear interest at a rate of 1.65% with principal payments due on June 1 and interest payments due on December 1 and June 1 of each year.

522,100

CITY OF BOWLING GREEN, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

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

On July 29, 2015, the City issued \$1,235,000 in Certificates of Participation for the purpose of acquiring, constructing, reconstructing installing, repairing, and equipping certain road and street improvements within the City. The Certificates of Participation bear interest at a rate of 3.60% with principal payments due on August 1 and interest payments due on February 1 and August 1 of each year.

1,235,000
<u>\$ 2,737,100</u>

The 2012 Refunding Certificates of Participation outstanding at September 30, 2015, are due as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 85,000	\$ 28,040	\$ 113,040
2017	85,000	26,510	111,510
2018	85,000	24,768	109,768
2019	85,000	22,770	107,770
2020	90,000	20,425	110,425
2021	95,000	17,670	112,670
2022	95,000	14,606	109,606
2023	100,000	11,265	111,265
2024	105,000	7,625	112,625
2025	155,000	2,867	157,867
	<u>\$ 980,000</u>	<u>\$ 176,546</u>	<u>\$ 1,156,546</u>

CITY OF BOWLING GREEN, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

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

The 2014 Certificates of Participation outstanding at September 30, 2015, are due as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 127,300	\$ 8,615	\$ 135,915
2017	129,400	6,514	135,914
2018	131,600	4,379	135,979
2019	133,800	2,208	136,008
	<u>\$ 522,100</u>	<u>\$ 21,716</u>	<u>\$ 543,816</u>

The 2015 Certificates of Participation outstanding at September 30, 2015, are due as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 105,000	\$ 44,707	\$ 149,707
2017	110,000	40,680	150,680
2018	110,000	36,720	146,720
2019	115,000	32,760	147,760
2020	120,000	28,620	148,620
2021	125,000	24,300	149,300
2022	130,000	19,800	149,800
2023	135,000	15,120	150,120
2024	140,000	10,260	150,260
2025	145,000	5,220	150,220
	<u>\$ 1,235,000</u>	<u>\$ 258,187</u>	<u>\$ 1,493,187</u>

Loan Payable

During 2008, the City entered into a Sales Tax Reimbursement Agreement with Bowling Green Town Center, LLC (“Developer”). During the year ended September 30, 2010, the project was completed and the City began repayment. The purpose of the agreement is to have the Developer construct a shopping center, which will improve the economic welfare of the City by enhancing the tax base, and improve certain public infrastructure within the City. Per the agreement, the City is to reimburse the Developer for a predetermined portion of the costs of such improvements. Quarterly payments are the lesser of 85% of tax revenue generated from Wal-Mart or 140% of the rental payments due under the lease. Five year maturities for principal and interest are not presented since the future revenue from taxes and principal payments will vary from year to year. As of September 30, 2015, the total outstanding balance on the loan is \$2,251,538.

CITY OF BOWLING GREEN, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

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

Capital Lease Obligation

In September 2014, the City entered into a lease obligation to purchase three police cars. The lease requires semi-annual payments through 2017; with interest at 2.12%.

The City’s lease/purchase agreement provides for cancellation of the lease at the City’s option on the renewal date each year, per State statute, however, the City does not foresee exercising its option to cancel. Therefore, the lease is accounted for as a noncancellable capital lease in accordance with FASB Accounting Standards Codification ASC Topic No. 840-30-30, “*Accounting for Capital Leases.*”

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

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 20,097	\$ 539	\$ 20,636
2017	10,209	109	10,318
	<u>\$ 30,306</u>	<u>\$ 648</u>	<u>\$ 30,954</u>

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

	<u>Balance September 30, 2014</u>	<u>New Obligations</u>	<u>Retirements</u>	<u>Balance September 30, 2015</u>	<u>Amounts Due Within One Year</u>
Certificates of Participation	\$ 1,160,000	\$ 1,886,800	\$ 309,700	\$ 2,737,100	\$ 317,300
Loan Payable	2,538,428	-	286,890	2,251,538	-
Leases Payable	135,562	-	105,256	30,306	20,097
Compensated Absences	25,667	2,872	-	28,539	-
	<u>\$ 3,859,657</u>	<u>\$ 1,889,672</u>	<u>\$ 701,846</u>	<u>\$ 5,047,483</u>	<u>\$ 337,397</u>



CITY OF BOWLING GREEN, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

NOTE G – LONG-TERM DEBT – BUSINESS TYPE ACTIVITIES

Long-term debt in the Water and Sewer Funds consists of the 2003B Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program), 2003C Combined Waterworks and Sewerage System Refunding Revenue Bonds (State Revolving Fund Program), 2012A, B and C Combined Waterworks and Sewerage System Revenue Bonds, and a loan payable.

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, 2015, are listed in the following table:

Year Ended September 30,	Principal	Interest	Administrative Fee	Total
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>\$ 3,040,000</u>	<u>\$ 838,090</u>	<u>\$ 123,844</u>	<u>\$ 4,001,934</u>

CITY OF BOWLING GREEN, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

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

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.

The annual debt service requirements to amortize the principal on the 2003C revenue bonds outstanding at September 30, 2015, are listed in the following table:

Year Ended September 30,	Principal	Interest	Administrative Fee	Total
2016	\$ 255,000	\$ 23,450	\$ 5,200	\$ 283,650
2017	265,000	13,250	2,650	280,900
	<u>\$ 520,000</u>	<u>\$ 36,700</u>	<u>\$ 7,850</u>	<u>\$ 564,550</u>

2012 Combined Waterworks and Sewerage System Revenue Bonds

In January 2012, the City entered into an agreement with the United States Department of Agriculture to issue \$2,019,000, \$500,000 and \$979,000 in Combined Waterworks and Sewerage System Revenue Bonds Series A, Series B, and Series C, respectively. The bonds bear interest at 2.375% to 4.0%. Principal and interest payments are due monthly each year.

CITY OF BOWLING GREEN, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

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

The annual debt service requirements to amortize the principal on the bonds outstanding at September 30, 2015, are listed in the following tables:

**Series 2012A**

Year Ended September 30,	Principal	Interest	Total
2016	\$ 34,356	\$ 76,920	\$ 111,276
2017	35,755	75,521	111,276
2018	37,212	74,064	111,276
2019	38,728	72,548	111,276
2020	40,306	70,970	111,276
2021	41,948	69,328	111,276
2022	43,657	67,619	111,276
2023	45,436	65,840	111,276
2024	47,287	63,989	111,276
2025	49,214	62,062	111,276
2026	51,219	60,057	111,276
2027	53,305	57,971	111,276
2028	55,477	55,799	111,276
2029	57,737	53,539	111,276
2030	60,090	51,186	111,276
2031	62,538	48,738	111,276
2032	65,086	46,190	111,276
2033	67,737	43,539	111,276
2034	70,497	40,779	111,276
2035	73,369	37,907	111,276
2036	76,359	34,917	111,276
2037	79,470	31,806	111,276
2038	82,707	28,569	111,276
2039	86,077	25,199	111,276
2040	89,584	21,692	111,276
2041	93,234	18,042	111,276
2042	97,032	14,244	111,276
2043	100,985	10,291	111,276
2044	105,100	6,176	111,276
2045	97,136	1,904	99,040
	<u>\$ 1,938,638</u>	<u>\$ 1,387,406</u>	<u>\$ 3,326,044</u>

CITY OF BOWLING GREEN, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

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

**Series 2012B**

Year Ended September 30,	Principal	Interest	Total
2016	\$ 8,516	\$ 19,048	\$ 27,564
2017	8,863	18,701	27,564
2018	9,224	18,340	27,564
2019	9,600	17,964	27,564
2020	9,991	17,573	27,564
2021	10,398	17,166	27,564
2022	10,822	16,742	27,564
2023	11,262	16,302	27,564
2024	11,721	15,843	27,564
2025	12,199	15,365	27,564
2026	12,696	14,868	27,564
2027	13,213	14,351	27,564
2028	13,751	13,813	27,564
2029	14,312	13,252	27,564
2030	14,895	12,669	27,564
2031	15,502	12,062	27,564
2032	16,133	11,431	27,564
2033	16,790	10,774	27,564
2034	17,475	10,089	27,564
2035	18,186	9,378	27,564
2036	18,927	8,637	27,564
2037	19,699	7,865	27,564
2038	20,501	7,063	27,564
2039	21,336	6,228	27,564
2040	22,206	5,358	27,564
2041	23,110	4,454	27,564
2042	24,052	3,512	27,564
2043	25,032	2,532	27,564
2044	26,052	1,512	27,564
2045	23,612	455	24,067
	<u>\$ 480,076</u>	<u>\$ 343,347</u>	<u>\$ 823,423</u>

CITY OF BOWLING GREEN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

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

**Series 2012C**

Year Ended September 30,	Principal	Interest	Total
2016	\$ 21,337	\$ 21,803	\$ 43,140
2017	21,850	21,290	43,140
2018	22,374	20,766	43,140
2019	22,911	20,229	43,140
2020	23,461	19,679	43,140
2021	24,025	19,115	43,140
2022	24,602	18,538	43,140
2023	25,192	17,948	43,140
2024	25,797	17,343	43,140
2025	26,417	16,723	43,140
2026	27,051	16,089	43,140
2027	27,700	15,440	43,140
2028	28,365	14,775	43,140
2029	29,047	14,093	43,140
2030	29,744	13,396	43,140
2031	30,458	12,682	43,140
2032	31,189	11,951	43,140
2033	31,938	11,202	43,140
2034	32,705	10,435	43,140
2035	33,490	9,650	43,140
2036	34,295	8,845	43,140
2037	35,118	8,022	43,140
2038	35,961	7,179	43,140
2039	36,825	6,315	43,140
2040	37,709	5,431	43,140
2041	38,614	4,526	43,140
2042	39,541	3,599	43,140
2043	40,491	2,649	43,140
2044	41,463	1,677	43,140
2045	42,458	682	43,140
2046	5,621	15	5,636
	<u>\$ 927,749</u>	<u>\$ 372,087</u>	<u>\$ 1,299,836</u>

CITY OF BOWLING GREEN, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

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

Loan Payable

In September 2009, the City entered into an agreement with Alliance Water Resources, Inc. for upgrades to the aeration system at the City’s waste water treatment plant in the amount of \$114,650. The agreement requires annual payments with interest of 4.0%.

Principal and interest payments are due as follows:

Year Ended September 30,	Principal	Interest	Total
2016	\$ 11,465	\$ 1,834	\$ 13,299
2017	11,465	1,376	12,841
2018	11,465	917	12,382
2019	11,465	459	11,924
	<u>\$ 45,860</u>	<u>\$ 4,586</u>	<u>\$ 50,446</u>

The following table is a summary of the changes in the business-type activities long-term debt for the year ended September 30, 2015:

	Balance September 30, 2014	New Obligations	Retirements	Balance September 30, 2015	Amounts Due Within One Year
<b>WATER FUND</b>					
Revenue Bonds Payable	\$ 4,178,502	\$ -	\$ 312,039	\$ 3,866,463	\$ 319,209
Less: Deferred loss on bond refunding	(18,870)	-	(6,290)	(12,580)	-
	<u>4,159,632</u>	<u>-</u>	<u>305,749</u>	<u>3,853,883</u>	<u>319,209</u>
<b>SEWER FUND</b>					
Revenue Bonds Payable	3,305,000	-	265,000	3,040,000	275,000
Loan Payable	57,325	-	11,465	45,860	11,465
	<u>3,362,325</u>	<u>-</u>	<u>276,465</u>	<u>3,085,860</u>	<u>286,465</u>
	<u>\$ 7,521,957</u>	<u>\$ -</u>	<u>\$ 582,214</u>	<u>\$ 6,939,743</u>	<u>\$ 605,674</u>

CITY OF BOWLING GREEN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015, was as follows:

	Balance September 30, 2014	Additions	Deletions	Balance September 30, 2015
<b>GOVERNMENTAL ACTIVITIES</b>				
Non-depreciable capital assets:				
Land	\$ 1,103,673	\$ -	\$ -	\$ 1,103,673
Construction in progress	-	551,723	-	551,723
Total Non-depreciable Capital Assets	1,103,673	<u>\$ 551,723</u>	<u>\$ -</u>	1,655,396
Depreciable capital assets				
Building and improvements	2,383,630	\$ -	\$ -	2,383,630
Machinery and equipment	1,299,682	38,299	72,646	1,265,335
Infrastructure	8,234,462	48,425	-	8,282,887
Total Depreciable Capital Assets	11,917,774	<u>\$ 86,724</u>	<u>\$ 72,646</u>	11,931,852
Less Accumulated Depreciation				
Buildings and improvements	511,912	\$ 50,637	\$ -	562,549
Machinery and equipment	863,333	67,870	72,646	858,557
Infrastructure	1,791,181	167,412	-	1,958,593
Total Accumulated Depreciation	3,166,426	<u>\$ 285,919</u>	<u>\$ 72,646</u>	3,379,699
Total Depreciable Capital Assets, net	<u>8,751,348</u>			<u>8,552,153</u>
Total Governmental Activities Capital Assets, net	<u>\$ 9,855,021</u>			<u>\$ 10,207,549</u>

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

Administrative	\$ 9,540
Community center	2,457
Library	1,732
Public safety	20,585
Fire	10,543
Park	28,354
Airport	28,096
Street	183,976
Cemetery	636
	<u>\$ 285,919</u>

CITY OF BOWLING GREEN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

NOTE H – CAPITAL ASSETS (continued)

	Balance September 30, 2014	Additions	Deletions	Balance September 30, 2015
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>Water Fund</b>				
Non-depreciable Capital Assets				
Land	\$ 57,354	\$ -	\$ -	\$ 57,354
Depreciable Capital Assets				
Water system	9,684,160	\$ 72,000	\$ -	9,756,160
Pumping and purification	1,805,826	-	-	1,805,826
Lake	1,395,761	-	-	1,395,761
Total Depreciable Capital Assets	12,885,747	\$ 72,000	\$ -	12,957,747
Less Accumulated Depreciation	5,509,660	\$ 299,274	\$ -	5,808,934
Depreciable Capital Assets, net	7,376,087			7,148,813
<b>Sewer Fund</b>				
Non-depreciable Capital Assets				
Land	146,276	\$ -	\$ -	146,276
Construction in progress	-	12,050	-	12,050
Total Non-depreciable Capital Assets	146,276	\$ 12,050	\$ -	158,326
Depreciable Capital Assets				
Sewer system	13,365,076	\$ 17,035	\$ -	13,382,111
Less Accumulated Depreciation	4,093,230	\$ 249,502	\$ -	4,342,732
Depreciable Capital Assets, net	9,271,846			9,039,379
Total Capital Assets				
Business-Type Activities, net	\$ 16,851,563			\$ 16,403,872



NOTE I – EMPLOYEE PENSION PLAN

**General Information about the Pension Plan**

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

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

	<u>2015 Valuation</u>
Benefit Multiplier	1.50%
Final Average Salary	5 Years
Member Contributions	0%

Benefit terms provide for annual post retirement adjustments to each member’s retirement allowance subsequent to the member’s retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

**Employees Covered by Benefit Terms.** At June 30, 2015, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>
Inactive employees or beneficiaries currently receiving benefits	14	6
Inactive employees entitled to but not yet receiving benefits	9	9
Active employees	<u>10</u>	<u>11</u>
	<u>33</u>	<u>26</u>

NOTE I – EMPLOYEE PENSION PLAN (continued)

**Contributions.** The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year. With an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 5.3% for General and 5.2% for Police of annual covered payroll.

**Net Pension Asset.** The employer’s net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2015.

**Actuarial Assumptions.** The total pension asset in the February 28, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% wage inflation; 3.0% price inflation
Salary Increase	3.5% to 6.8% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses

Mortality rates were based on the 1994 Group Annuity Mortality Table set back 3 years for both males and females.

The actuarial assumptions used in the February 28, 2015, valuation were based on the results of an actuarial experience study for the period March 1, 2005, through February 28, 2010.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	48.50%	5.50%
Fixed Income	25.00%	2.25%
Real Assets	20.00%	4.50%
Strategic Assets	6.50%	7.50%

CITY OF BOWLING GREEN, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE I – EMPLOYEE PENSION PLAN (continued)

**Discount Rate.** The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**Changes in the Net Pension Asset**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
<b>General</b>			
<b>Balance at June 30, 2014</b>	\$ 1,167,773	\$ 1,552,163	\$ (384,390)
<b>Changes for the year:</b>			
Service Cost	32,833	-	32,833
Interest	84,273	-	84,273
Difference between expected and actual experiences	(6,759)	-	(6,759)
Contributions - employer	-	19,667	(19,667)
Net investment income	-	29,693	(29,693)
Benefits paid, including refunds	(43,791)	(43,791)	-
Administrative expenses	-	(2,330)	2,330
Other changes	-	15,601	(15,601)
<b>Net Changes</b>	<u>66,556</u>	<u>18,840</u>	<u>47,716</u>
<b>Balance at June 30, 2015</b>	<u>\$ 1,234,329</u>	<u>\$ 1,571,003</u>	<u>\$ (336,674)</u>

CITY OF BOWLING GREEN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE I – EMPLOYEE PENSION PLAN (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
<b>Police</b>			
<b>Balance at June 30, 2014</b>	\$ 602,128	\$ 862,578	\$ (260,450)
<b>Changes for the year:</b>			
Service Cost	29,857	-	29,857
Interest	43,673	-	43,673
Difference between expected and actual experiences	(1,986)	-	(1,986)
Contributions - employer	-	18,535	(18,535)
Net investment income	-	16,544	(16,544)
Benefits paid, including refunds	(29,336)	(29,336)	-
Administrative expenses	-	(1,678)	1,678
Other changes	-	15,749	(15,749)
<b>Net Changes</b>	<b>42,208</b>	<b>19,814</b>	<b>22,394</b>
<b>Balance at June 30, 2015</b>	<b>\$ 644,336</b>	<b>\$ 882,392</b>	<b>\$ (238,056)</b>

*Sensitivity of the Net Pension Asset to Changes in the Discount Rate.* The following present the Net Pension Asset of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Asset would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	Current Single Discount Rate		
	1% Decrease 6.25%	Assumption 7.25%	1% Increase 8.25%
<b>General</b>			
Total Pension Liability	\$ 1,402,375	\$ 1,234,329	\$ 1,096,051
Fiduciary Net Position	1,571,003	1,571,003	1,571,003
Net Pension (Asset)	<b>\$ (168,628)</b>	<b>\$ (336,674)</b>	<b>\$ (474,952)</b>

CITY OF BOWLING GREEN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE I – EMPLOYEE PENSION PLAN (continued)

<b>Police</b>	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	6.25%	7.25%	8.25%
Total Pension Liability	\$ 743,853	\$ 644,336	\$ 563,719
Fiduciary Net Position	882,392	882,392	882,392
Net Pension (Asset)	<u>\$ (138,539)</u>	<u>\$ (238,056)</u>	<u>\$ (318,673)</u>

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

For the year ended September 30, 2015, the employer recognized pension expense of \$790 in the general division and \$1,325 in the police division. The employer reported deferred outflows and inflows of resources related to pensions from the following sources.

	General		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences in experiences	\$ -	\$ (3,825)	\$ (3,825)
Excess investment returns	65,962	-	65,962
Contributions subsequent to the measurement date	4,927	-	4,927
	<u>\$ 70,889</u>	<u>\$ (3,825)</u>	<u>\$ 67,064</u>

CITY OF BOWLING GREEN, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

NOTE I – EMPLOYEE PENSION PLAN (continued)

	Police		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences in experiences	\$ -	\$ (1,496)	\$ (1,496)
Excess investment returns	36,887	-	36,887
Contributions subsequent to the measurement date	4,790	-	4,790
	<u>\$ 41,677</u>	<u>\$ (1,496)</u>	<u>\$ 40,181</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition in the Net Pension Asset for the year ending September 30, 2016.

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

Year Ending September 30,	General	Police	Total
	Net Deferred Outflows of Resources	Net Deferred Outflows of Resources	Net Deferred Outflows of Resources
2016	\$ 18,483	\$ 13,522	\$ 32,005
2017	15,599	8,732	24,331
2018	16,490	8,732	25,222
2019	16,492	9,195	25,687
2020	-	-	-
Thereafter	-	-	-
Total	<u>\$ 67,064</u>	<u>\$ 40,181</u>	<u>\$ 107,245</u>

**Payable to the Pension Plan**

At September 30, 2015, the City had no outstanding contributions reported as payable to the pension plan.

CITY OF BOWLING GREEN, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

NOTE J – RESTATEMENT

Net position as of October 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, as amended by GASB Statement No. 71.

	<u>Governmental Funds</u>
NET POSITION, as previously stated September 30, 2014	\$ 7,284,658
Deferred pension outflows	38,202
Deferred pension inflows	(8,669)
Net pension asset	<u>644,840</u>
NET POSITION, as restated October 1, 2014	<u><u>\$ 7,959,031</u></u>

NOTE K – 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:

	<u>2014</u>
Assessed Valuation	
Real estate	\$ 32,486,549
Personal property	<u>8,701,562</u>
TOTAL	<u><u>\$ 41,188,111</u></u>
Tax Rates Per \$100 of Assessed Valuation	
General Fund	\$ .6165
Cemetery Fund	.0951
Library Fund	<u>.1902</u>
TOTAL	<u><u>\$ .9018</u></u>

CITY OF BOWLING GREEN, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

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

The legal debt margin at September 30, 2015, was computed as follows:

	<u>General Obligation Bonds</u>		
	<u>Ordinary (1)</u>	<u>Additional (2)</u>	<u>Total</u>
Constitutional debt limit	\$ 4,118,811	\$ 4,118,811	\$ 8,237,622
General Obligation Bonds payable	-	-	-
<b>LEGAL DEBT MARGIN</b>	<u>\$ 4,118,811</u>	<u>\$ 4,118,811</u>	<u>\$ 8,237,622</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 L – DEFERRED COURT FINES

Revenues from receivables not expected to be collected in time to pay current operating expenses are deferred until received in the governmental funds. These deferred court fines are to be collected over several years. All of the deferred court fines at September 30, 2015, are accounted for as follows:

General Fund	
Deferred court fines	<u>\$ 37,981</u>



CITY OF BOWLING GREEN, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2015

NOTE M – 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 N – INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2015, consisted of the following:

	Transfers In	Transfers Out
	<u>          </u>	<u>          </u>
General Fund	\$ -	\$ 60,228
Debt Service Fund	60,228	-
	<u>\$ 60,228</u>	<u>\$ 60,228</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, 2015, consisted of the following:

	General Fund	Park Fund
	<u>          </u>	<u>          </u>
Internal balances	\$ (24,000)	\$ 24,000

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, 2015, 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, 2015, 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 – BOND ORDINANCES

On August 7, 2007, the City 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, 2015, \$922,000 of the 2007 bond ordinance had not been issued.

NOTE R – COMMITMENTS

At September 30, 2015, the City had the following commitments:

- Alliance Water Resource, Inc. in the amount of \$1,154,145 for professional services which include providing management, operation, and maintenance of the water and sewer system during fiscal year 2016.
- Cochran in the amount of \$41,764 for the professional engineering services related to the City-Wide Paving Project.
- Mid-River Asphalt in the amount of \$538,015 for the construction related to the City-Wide Paving Project.

CITY OF BOWLING GREEN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

NOTE S – PLEDGED REVENUES

The City has pledged future water and sewer customer revenues to repay the 2003B and 2003C Combined Waterworks and Sewerage Bonds and 2012 Series A, B, and C Waterworks and Sewerage System Combined Revenue Bonds issued to improve and expand the water and sewer system. The bonds are payable solely from water and sewer customer net revenues and are payable through 2045. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is \$9,884,093. Principal and interest paid for the current year and total customer net revenues were \$891,790 and \$869,864, respectively. In addition, interest subsidies paid \$112,081 of the total interest expense.

NOTE T – CONDUIT DEBT

On December 20, 2002, the City authorized the issuance of \$103,400,000 of Taxable Industrial Development Revenue Bonds (AmerenUE Project), Series 2002. The issuance is Chapter 100 debt in order to provide economic financial assistance to a third-party private entity and the City has no obligation beyond the rents, revenues, and receipts derived by the City from the Project; therefore, the issue does not constitute a debt of the City and, accordingly, is not included in the City's statement of net position. At September 30, 2015, the amount outstanding was \$53,982,169.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF BOWLING GREEN, MISSOURI  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
Year Ended September 30, 2015

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

	June 30, 2015
	<u>                    </u>
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 62,690
Interest on the Total Pension Liability	127,946
Difference between expected and actual experience	(8,745)
Benefit Payments	<u>(73,127)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	108,764
TOTAL PENSION LIABILITY, BEGINNING	<u>1,769,901</u>
TOTAL PENSION LIABILITY, ENDING	1,878,665
 <b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - employer	38,202
Pension Plan Net Investment Income	46,237
Benefit Payments	(73,127)
Pension Plan Administrative Expense	(4,008)
Other	<u>31,350</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	38,654
PLAN FIDUCIARY NET POSITION, BEGINNING	<u>2,414,741</u>
PLAN FIDUCIARY NET POSITION, ENDING	<u>2,453,395</u>
EMPLOYER NET PENSION (ASSET)	<u><u>\$ (574,730)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	130.59%
Covered employee payroll	\$ 701,548
Employer's net pension asset as a percentage of covered employee payroll	(81.92)%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF BOWLING GREEN, MISSOURI  
 SCHEDULE OF CONTRIBUTIONS  
 Year Ended September 30, 2015

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 49,571	\$ 51,645	\$ 49,769	\$ 37,419	\$ 31,877	\$ 2,358	\$ 2,411	\$ 2,208	\$ 3,138	\$ 3,057
Contributions in relation to the actuarially determined contribution	39,182	31,212	22,226	16,212	9,813	2,358	2,411	2,204	3,138	3,057
Contribution deficiency (excess)	<u>\$ 10,389</u>	<u>\$ 20,433</u>	<u>\$ 27,543</u>	<u>\$ 21,207</u>	<u>\$ 22,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 725,604	\$ 709,363	\$ 653,709	\$ 675,522	\$ 700,918	\$ 589,591	\$ 602,832	\$ 552,120	\$ 448,241	\$ 436,677
Contributions as a percentage of covered-employee payroll	5.40%	4.40%	3.40%	2.40%	1.40%	0.40%	0.40%	0.40%	0.70%	0.70%

See accompanying notes to the required schedules.

CITY OF BOWLING GREEN, MISSOURI  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
Year Ended September 30, 2015

NOTES TO SCHEDULE OF CONTRIBUTIONS

**Valuation Date:** February 28, 2015.

**Notes:** The roll-forward of total pension liability from February 28, 2015, to June 30, 2015, reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

**Methods and Assumptions Used to Determine Contribution Rates**

*Actuarial Cost Method* – Entry Age Normal

*Amortization Method* – Level Percentage of Payroll, Closed

*Remaining Amortization Period* – Multiple bases from 14 to 22 years

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

*Inflation* – 3.5% wage inflation; 3.0% price inflation

*Salary Increases* – 3.5% to 6.8% including wage inflation

*Investment Rate of Return* – 7.25%, net of investment and administrative expenses

*Retirement Age* – Experience-based table of rates that are specific to the type of eligibility condition

*Mortality* – 105% of the 1994 Group Annuity Mortality Table set back 0 years for men and 0 years for women. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement.

*Other Information* – None

CITY OF BOWLING GREEN, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
 Year Ended September 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes				
Ad valorem taxes	\$ 250,000	\$ 250,000	\$ 234,834	\$ (15,166)
City sales tax	846,600	846,600	852,243	5,643
Transportation sales tax	402,900	402,900	406,203	3,303
Financial institution tax	2,000	2,000	2,391	391
Railroad and utility tax	31,000	31,000	29,501	(1,499)
Surtax	4,000	4,000	3,890	(110)
Utility franchise tax	345,000	345,000	425,702	80,702
Motor vehicle tax	198,000	198,000	209,019	11,019
Payment in lieu of taxes	200,000	200,000	200,000	-
Lodging tax	48,000	48,000	56,454	8,454
Cigarette tax	21,000	21,000	22,127	1,127
	<u>2,348,500</u>	<u>2,348,500</u>	<u>2,442,364</u>	<u>93,864</u>
Licenses and Permits				
Occupational licenses	10,500	10,500	11,275	775
Building permits	6,500	6,500	3,598	(2,902)
Animal license and fees	650	650	755	105
	<u>17,650</u>	<u>17,650</u>	<u>15,628</u>	<u>(2,022)</u>
Intergovernmental Revenues				
Airport grant	4,950	4,950	26,971	22,021
Police grants	9,000	9,000	5,553	(3,447)
	<u>13,950</u>	<u>13,950</u>	<u>32,524</u>	<u>18,574</u>
Charges for Services				
Printing	-	-	380	380
Airport fuel	65,000	65,000	11,049	(53,951)
Trash billing	142,000	142,000	4,464	(137,536)
	<u>207,000</u>	<u>207,000</u>	<u>15,893</u>	<u>(191,107)</u>
Fines and Forfeitures				
City court fines	43,500	43,500	42,198	(1,302)
Miscellaneous				
Rents and royalties	20,850	20,850	21,852	1,002
Interest	3,000	3,000	3,316	316
Other	5,600	5,600	30,717	25,117
	<u>29,450</u>	<u>29,450</u>	<u>55,885</u>	<u>26,435</u>
<b>TOTAL REVENUES</b>	<u>2,660,050</u>	<u>2,660,050</u>	<u>2,604,492</u>	<u>(55,558)</u>



CITY OF BOWLING GREEN, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)  
 Year Ended September 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>EXPENDITURES</b>				
Current				
Administrative	479,205	479,205	305,069	174,136
Public safety	936,914	936,914	887,669	49,245
Fire	44,890	44,890	36,089	8,801
Community center	18,818	18,818	17,611	1,207
Airport	83,349	83,349	61,419	21,930
Street	406,234	406,234	398,351	7,883
Municipal court	9,651	9,651	9,240	411
Planning and zoning	73,268	73,268	69,959	3,309
Other	3,500	3,500	3,685	(185)
Debt Service				
Principal and interest	595,621	595,621	612,609	(16,988)
TOTAL EXPENDITURES	<u>2,651,450</u>	<u>2,651,450</u>	<u>2,401,701</u>	<u>249,749</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>				
	8,600	8,600	202,791	194,191
<b>OTHER FINANCING (USES)</b>				
Operating transfers (out)				
Debt Service Fund	(8,600)	(8,600)	(60,228)	(51,628)
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER (USES)</b>				
	-	-	142,563	142,563
FUND BALANCE, October 1	<u>842,739</u>	<u>842,739</u>	<u>842,739</u>	<u>-</u>
FUND BALANCE, September 30	<u>\$ 842,739</u>	<u>\$ 842,739</u>	<u>\$ 985,302</u>	<u>\$ 142,563</u>

CITY OF BOWLING GREEN, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – CEMETERY FUND  
 Year Ended September 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes				
Ad valorem taxes and penalties	\$ 38,800	\$ 38,800	\$ 36,384	\$ (2,416)
Financial institution tax	200	200	387	187
Railroad and utility tax	4,800	4,800	4,772	(28)
Surtax	700	700	629	(71)
	<u>44,500</u>	<u>44,500</u>	<u>42,172</u>	<u>(2,328)</u>
Charges for services				
Sale of lots	4,500	4,500	7,800	3,300
Miscellaneous				
Donations	350	350	11,739	11,389
Interest	412	412	565	153
	<u>762</u>	<u>762</u>	<u>12,304</u>	<u>11,542</u>
TOTAL REVENUES	49,762	49,762	62,276	12,514
<b>EXPENDITURES</b>				
Cemetery	49,762	61,501	58,506	2,995
TOTAL EXPENDITURES	<u>49,762</u>	<u>61,501</u>	<u>58,506</u>	<u>2,995</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>				
	-	(11,739)	3,770	15,509
FUND BALANCE, October 1	118,292	118,292	118,292	-
FUND BALANCE, September 30	<u>\$ 118,292</u>	<u>\$ 106,553</u>	<u>\$ 122,062</u>	<u>\$ 15,509</u>

CITY OF BOWLING GREEN, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – PARK FUND  
 Year Ended September 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes				
Sales taxes	\$ 196,000	\$ 196,000	\$ 203,102	\$ 7,102
Charges for Services				
Park rental	1,700	1,700	1,100	(600)
Miscellaneous				
Interest	800	800	785	(15)
Other	21,800	21,800	17,463	(4,337)
	<u>22,600</u>	<u>22,600</u>	<u>18,248</u>	<u>(4,352)</u>
TOTAL REVENUES	220,300	220,300	222,450	2,150
<b>EXPENDITURES</b>				
Current				
Park	146,600	146,600	126,142	20,458
Pool	48,000	48,000	46,959	1,041
Debt Service				
Principal and interest	25,700	25,700	25,598	102
TOTAL EXPENDITURES	<u>220,300</u>	<u>220,300</u>	<u>198,699</u>	<u>21,601</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	23,751	23,751
FUND BALANCE, October 1	<u>254,085</u>	<u>254,085</u>	<u>254,085</u>	-
FUND BALANCE, September 30	<u><u>\$ 254,085</u></u>	<u><u>\$ 254,085</u></u>	<u><u>\$ 277,836</u></u>	<u><u>\$ 23,751</u></u>

CITY OF BOWLING GREEN, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – LIBRARY FUND  
 Year Ended September 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes				
Ad valorem taxes and penalties	\$ 77,300	\$ 77,300	\$ 72,751	\$ (4,549)
Financial institution tax	800	800	739	(61)
Railroad and utility tax	9,750	9,750	9,111	(639)
Surtax	1,400	1,400	1,201	(199)
Other taxes	1,668	1,668	1,641	(27)
	<u>90,918</u>	<u>90,918</u>	<u>85,443</u>	<u>(5,475)</u>
Intergovernmental Revenues				
State grants	-	-	2,738	2,738
Federal grants	-	-	10,872	10,872
	<u>-</u>	<u>-</u>	<u>13,610</u>	<u>13,610</u>
Charges for Services				
Fines, fees and memberships	3,850	3,850	3,971	121
Miscellaneous				
Donations	8,500	8,500	3,265	(5,235)
Interest	250	250	272	22
Other	350	350	4,637	4,287
	<u>9,100</u>	<u>9,100</u>	<u>8,174</u>	<u>(926)</u>
<b>TOTAL REVENUES</b>	<b>103,868</b>	<b>103,868</b>	<b>111,198</b>	<b>7,330</b>
<b>EXPENDITURES</b>				
Current				
Library	97,868	104,609	103,655	954
Debt Service				
Principal and interest	6,000	6,000	5,892	108
<b>TOTAL EXPENDITURES</b>	<b>103,868</b>	<b>110,609</b>	<b>109,547</b>	<b>1,062</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>				
	-	(6,741)	1,651	8,392
FUND BALANCE, October 1	47,876	47,876	47,876	-
FUND BALANCE, September 30	<u>\$ 47,876</u>	<u>\$ 41,135</u>	<u>\$ 49,527</u>	<u>\$ 8,392</u>

CITY OF BOWLING GREEN, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – STREET CIP FUND  
 Year Ended September 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>REVENUES</b>				
Taxes				
Sales taxes	\$ 402,900	\$ 402,900	\$ 394,916	\$ (7,984)
TOTAL REVENUES	402,900	402,900	394,916	(7,984)
<b>EXPENDITURES</b>				
Current				
Street	113,900	636,590	640,294	(3,704)
Debt Service				
Principal, interest and fees	289,000	289,000	173,369	115,631
TOTAL EXPENDITURES	402,900	925,590	813,663	111,927
(DEFICIT) OF REVENUES OVER EXPENDITURES	-	(522,690)	(418,747)	103,943
<b>OTHER FINANCING SOURCES</b>				
Certificate of Participation proceeds	-	1,886,800	1,886,800	-
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	1,364,110	1,468,053	103,943
FUND BALANCE, October 1	-	-	-	-
FUND BALANCE, September 30	\$ -	\$ 1,364,110	\$ 1,468,053	\$ 103,943

CITY OF BOWLING GREEN, MISSOURI  
NOTE TO BUDGETARY COMPARISON SCHEDULES  
Year Ended September 30, 2015

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**



**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, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Bowling Green, Missouri, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Bowling Green, Missouri's basic financial statements, and have issued our report thereon, dated January 21, 2016.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.



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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. The deficiency is identified as item 2015-001.

### **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*.

### **City of Bowling Green, Missouri's Response to Finding**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We noted certain other matters that we have reported to management of the City in a separate letter dated January 21, 2016.

### **Purpose of This Report**

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

KPM CPAs, PC

KPM CPAs, PC  
Springfield, Missouri  
January 21, 2016

CITY OF BOWLING GREEN, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended September 30, 2015

2015-001 Segregation of duties

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

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

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

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

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