

CITY OF BOWLING GREEN, MISSOURI

BASIC FINANCIAL STATEMENTS

Year Ended September 30, 2016

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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, 2016, 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.

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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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2017, 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 24, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MANAGEMENT’S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2016**

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, 2016. Please read it in conjunction with the City’s financial statements, which begin on page 14.

Financial Highlights

- The net position of the City’s governmental activities increased by \$865,327 for the year as a result of current year activities. The net position of the City’s business activities increased by \$378,791 for the year.
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of September 30, 2016, by \$20.2 million (net position). Of this amount \$2,475,855 was unrestricted and may be used to meet future obligations of the City.
- Total long-term liabilities of the City decreased by \$1,254,606 during the year.
- Total revenues increased 5% compared to prior year revenues, while total expenses decreased 1%.

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, 2016**

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, 2016**

Government-Wide Financial Analysis

NET POSITION

The following table presents the condensed Statement of Net Position for the City as of September 30, 2016 and 2015:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total September 30, 2016</u>	<u>Total September 30, 2015</u>
ASSETS				
Current and other assets	\$ 2,235,773	\$ 1,145,509	\$ 3,381,282	\$ 3,886,159
Net pension asset	311,385	-	311,385	574,730
Capital assets	<u>11,235,681</u>	<u>15,904,767</u>	<u>27,140,448</u>	<u>26,611,421</u>
TOTAL ASSETS	13,782,839	17,050,276	30,833,115	31,072,310
DEFERRED OUTFLOW OF RESOURCES				
Deferred pension outflows	304,355	-	304,355	112,566
LIABILITIES				
Other liabilities	387,442	779,178	1,166,620	1,205,057
Long-term liabilities outstanding	<u>4,067,131</u>	<u>5,722,418</u>	<u>9,789,549</u>	<u>11,044,155</u>
TOTAL LIABILITIES	4,454,573	6,501,596	10,956,169	12,249,212
DEFERRED INFLOW OF RESOURCES				
Deferred pension inflows	<u>6,840</u>	<u>-</u>	<u>6,840</u>	<u>5,321</u>
NET POSITION				
Net investment in capital assets	6,934,137	9,564,416	16,498,553	15,982,394
Restricted				
Non-expendable	29,321	-	29,321	29,321
Expendable	802,493	439,494	1,241,987	946,309
Unrestricted	<u>1,859,830</u>	<u>544,770</u>	<u>2,404,600</u>	<u>1,972,319</u>
TOTAL NET POSITION	<u>\$ 9,625,781</u>	<u>\$ 10,548,680</u>	<u>\$ 20,174,461</u>	<u>\$ 18,930,343</u>

Total net position of the City increased by \$1,244,118 for the year due to current year activity. Total liabilities for the City decreased \$1,293,043.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2016**

CHANGE IN NET POSITION

	Governmental Activities	Business-Type Activities	Total Year Ended September 30, 2016	Total Year Ended September 30, 2015
REVENUES				
Program Revenues				
Charges for services	\$ 112,481	\$ 3,087,987	\$ 3,200,468	\$ 2,826,593
Operating grants and contributions	11,486	-	11,486	35,461
Capital grants and contributions	59,182	-	59,182	26,971
General Revenues				
Property taxes	346,680	-	346,680	343,970
Sales taxes	1,897,059	-	1,897,059	1,856,463
Motor vehicle taxes	210,428	-	210,428	209,019
Other taxes	336,477	-	336,477	332,843
Franchise fees	327,739	-	327,739	425,702
Interest	9,913	99,187	109,100	117,331
Other revenue	50,591	-	50,591	56,246
TOTAL REVENUES	3,362,036	3,187,174	6,549,210	6,230,599
EXPENSES				
Administrative	292,138	-	292,138	314,009
Public safety	824,101	-	824,101	905,129
Fire	66,417	-	66,417	46,632
Community center	18,965	-	18,965	20,068
Airport	56,665	-	56,665	58,581
Street	666,475	-	666,475	637,332
Municipal court	9,206	-	9,206	9,240
Planning and zoning	87,697	-	87,697	69,467
Cemetery	37,494	-	37,494	59,142
Park	123,088	-	123,088	137,565
Pool	43,676	-	43,676	41,459
Library	96,850	-	96,850	105,081
Other	3,542	-	3,542	3,685
Debt service	170,395	-	170,395	184,620
Water	-	1,827,611	1,827,611	1,752,705
Sewer	-	980,772	980,772	990,496
TOTAL EXPENSES	2,496,709	2,808,383	5,305,092	5,335,211
INCREASE IN NET POSITION	\$ 865,327	\$ 378,791	\$ 1,244,118	\$ 895,388

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2016**

Governmental Activities

Governmental activities increased the net position of the City by \$865,327. Tax revenues for the City were \$3,118,383 which represents 93% of the financing of these activities. Program revenues for the functions totaled \$183,149. 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	\$ 292,138	\$ 275,694
Public safety	824,101	760,855
Fire	66,417	66,417
Airport	56,665	(20,929)
Street	666,475	666,475
Planning and zoning	87,697	81,024
Park	123,088	117,063
Community center	18,965	18,965
Library	96,850	88,083
Debt service	170,395	170,395
Other government activities	93,918	89,518
	\$ 2,496,709	\$ 2,313,560

Business-Type Activities

Business-type activities increased the City's net position by \$378,791.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of September 30, 2016, were \$2,154,386. The General Fund increased by \$336,534. The Cemetery Fund increased by \$11,364. The Park Fund increased by \$48,430. The Library Fund decreased by \$1,231. The Street CIP Fund decreased by \$1,143,491.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2016**

General Fund Budgetary Highlights

Revenues

The original revenue budget of \$2,737,877 did not change during the year.

Expenditures

The original expenditure budget of \$2,737,877 did not change during the year.

Capital Asset and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$11,235,681 (net of accumulated depreciation) as of September 30, 2016. Net capital assets for business-type activities were \$15,904,767 as of September 30, 2016.

Debt

Total debt of the governmental activities as of September 30, 2016, was \$4,391,531, which is down from \$5,047,483 in the prior year.

Total long-term debt of the business-type activities as of September 30, 2016, was \$6,340,351, which is down from \$6,939,743 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 2016-2017 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 in 2014 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 2016-2017 fiscal year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2016**

Economic Factors and Next Year's Budget (continued)

- There are a number of capital items which were approved in the 2016-2017 budget. The major budgeted items include the purchase of a 2017 Explorer for the Police Department, a used roller and trailer for the Street Department, a milling machine and new parking lot at City Hall. A monochloramine machine; transfer pump; blowdown electric panel; 2" water line relocate; air compressor dryer; pulsating blowdown blower and ¾ or 1 ton truck for the Water Plant. A portable restroom and pad is scheduled at the Lake area. The Lagoon has a dry pit submersible pump budgeted along with possible replacement of the fence at the "C" and "D" Lift Stations. The SBR is scheduled for a replacement pump for "C" Lift Station; sludge truck repairs; and return pump. The budget also includes a new copier/scanner for City Hall.
- The operational budget also included various enhancements throughout the community. These enhancements include air conditioners at City Hall and the Code Enforcement Office along with new computers and a monitor. The Police Department budget includes ammo for training; four new camera systems plus recording; flooring; new tires; four active shooter vest and duty ammo. The Fire Department budget includes firefighting boots; pagers; turn out gear and various tools for the fire truck. The Airport budget includes repairs and upkeep of equipment; amendment of the master plan and tree removal.
- City staff, the Mayor and members of the Board of Aldermen receive and review the financial status of the City throughout the 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, 2016

	Governmental Activities	Business-Type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current			
Cash and cash equivalents - unrestricted	\$ 859,192	\$ 248,735	\$ 1,107,927
Investments - unrestricted	805,970	-	805,970
Ad valorem taxes receivable	21,070	-	21,070
Sales tax receivable	286,061	-	286,061
Utilities receivable, net	-	257,816	257,816
Other accounts receivable	87,176	22	87,198
Court fines receivable	40,659	-	40,659
Accrued interest receivable	1,857	-	1,857
Inventory	-	109,934	109,934
Prepaid expenses	27,835	13,428	41,263
Noncurrent			
Restricted cash and cash equivalents	77,755	400,474	478,229
Restricted investments	28,198	115,100	143,298
Net pension asset	311,385	-	311,385
Capital Assets:			
Non-depreciable	1,103,673	203,630	1,307,303
Depreciable, net	10,132,008	15,701,137	25,833,145
TOTAL ASSETS	<u>13,782,839</u>	<u>17,050,276</u>	<u>30,833,115</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred pension outflows	304,355	-	304,355

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF NET POSITION (continued)
September 30, 2016

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current			
Accounts payable	28,944	38,619	67,563
Accrued expenses	11,110	-	11,110
Deposits payable	1,610	76,080	77,690
Court bonds payable	1,044	-	1,044
Accrued interest payable	20,334	46,546	66,880
Current maturities of long-term debt	324,400	617,933	942,333
	<u>387,442</u>	<u>779,178</u>	<u>1,166,620</u>
Noncurrent			
Revenue bonds payable, net	-	5,699,488	5,699,488
Certificates of participation payable	2,095,400	-	2,095,400
Loan payable	1,952,999	22,930	1,975,929
Compensated absences	18,732	-	18,732
	<u>4,067,131</u>	<u>5,722,418</u>	<u>9,789,549</u>
TOTAL LIABILITIES	4,454,573	6,501,596	10,956,169
DEFERRED INFLOW OF RESOURCES			
Deferred pension inflows	6,840	-	6,840
NET POSITION			
Net investment in capital assets	6,934,137	9,564,416	16,498,553
Restricted			
Non-expendable	29,321	-	29,321
Expendable	802,493	439,494	1,241,987
Unrestricted	1,859,830	544,770	2,404,600
TOTAL NET POSITION	\$ 9,625,781	\$ 10,548,680	\$ 20,174,461

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF ACTIVITIES
Year Ended September 30, 2016

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	\$ (292,138)	\$ 16,444	\$ -	\$ -	\$ (275,694)	\$ -	\$ (275,694)
Public safety	(824,101)	56,248	6,998	-	(760,855)	-	(760,855)
Fire	(66,417)	-	-	-	(66,417)	-	(66,417)
Community center	(18,965)	-	-	-	(18,965)	-	(18,965)
Airport	(56,665)	18,412	-	59,182	20,929	-	20,929
Street	(666,475)	-	-	-	(666,475)	-	(666,475)
Municipal court	(9,206)	-	-	-	(9,206)	-	(9,206)
Planning and zoning	(87,697)	6,673	-	-	(81,024)	-	(81,024)
Cemetery	(37,494)	4,400	-	-	(33,094)	-	(33,094)
Park	(123,088)	6,025	-	-	(117,063)	-	(117,063)
Pool	(43,676)	-	-	-	(43,676)	-	(43,676)
Library	(96,850)	4,279	4,488	-	(88,083)	-	(88,083)
Other	(3,542)	-	-	-	(3,542)	-	(3,542)
Debt service	(170,395)	-	-	-	(170,395)	-	(170,395)
TOTAL GOVERNMENTAL ACTIVITIES	(2,496,709)	112,481	11,486	59,182	(2,313,560)	-	(2,313,560)
Business-Type Activities							
Water	(1,827,611)	2,100,483	-	-	-	272,872	272,872
Sewer	(980,772)	987,504	-	-	-	6,732	6,732
TOTAL BUSINESS-TYPE ACTIVITIES	(2,808,383)	3,087,987	-	-	-	279,604	279,604
TOTAL GOVERNMENT	\$ (5,305,092)	\$ 3,200,468	\$ 11,486	\$ 59,182	(2,313,560)	279,604	(2,033,956)
		General Revenues:					
					346,680	-	346,680
					1,897,059	-	1,897,059
					210,428	-	210,428
					336,477	-	336,477
					327,739	-	327,739
					9,913	99,187	109,100
					50,591	-	50,591
				Total General Revenues	3,178,887	99,187	3,278,074
				Changes in Net Position	865,327	378,791	1,244,118
				Net Position, Beginning of year	8,760,454	10,169,889	18,930,343
				Net Position, End of year	\$ 9,625,781	\$ 10,548,680	\$ 20,174,461

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2016

	Special Revenue Funds					Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Street CIP Fund	
ASSETS						
Cash and cash equivalents - unrestricted	\$ 424,342	\$ 50,887	\$ 147,645	\$ 37,804	\$ 198,514	\$ 859,192
Investments - unrestricted	600,000	50,000	150,000	5,970	-	805,970
Ad valorem taxes receivable	14,327	2,318	-	4,425	-	21,070
Sales tax receivable	203,871	-	27,397	-	54,793	286,061
Other accounts receivable	87,176	-	-	-	-	87,176
Court fines receivable	40,659	-	-	-	-	40,659
Accrued interest receivable	1,833	21	-	3	-	1,857
Prepaid expenses	24,526	729	1,639	941	-	27,835
Restricted cash and cash equivalents	5,227	1,273	-	-	71,255	77,755
Restricted investments	-	28,198	-	-	-	28,198
TOTAL ASSETS	\$ 1,401,961	\$ 133,426	\$ 326,681	\$ 49,143	\$ 324,562	\$ 2,235,773
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 28,898	\$ -	\$ -	\$ 46	\$ -	\$ 28,944
Accrued expenses	9,894	-	415	801	-	11,110
Court bonds payable	1,044	-	-	-	-	1,044
Deposits payable	1,610	-	-	-	-	1,610
TOTAL LIABILITIES	41,446	-	415	847	-	42,708

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS (continued)
September 30, 2016

	Special Revenue Funds					Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Street CIP Fund	
Deferred Inflow of Resources						
Deferred court fines	38,679	-	-	-	-	38,679
TOTAL DEFERRED INFLOW OF RESOURCES	38,679	-	-	-	-	38,679
Fund Balances						
Nonspendable:						
Cemetery perpetual care	-	29,321	-	-	-	29,321
Prepaid items	24,526	729	1,639	941	-	27,835
Restricted for:						
Flag reserves	2,573	-	-	-	-	2,573
Cemetery donations	-	150	-	-	-	150
Cemetery	-	103,226	-	-	-	103,226
Park	-	-	324,627	-	-	324,627
Library	-	-	-	47,355	-	47,355
Street	-	-	-	-	324,562	324,562
Unassigned	1,294,737	-	-	-	-	1,294,737
TOTAL FUND BALANCES	1,321,836	133,426	326,266	48,296	324,562	2,154,386
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	\$ 1,401,961	\$ 133,426	\$ 326,681	\$ 49,143	\$ 324,562	\$ 2,235,773

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET POSITION
September 30, 2016

Fund balance - total governmental funds	\$ 2,154,386
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	14,898,732
Less accumulated depreciation	<u>(3,663,051)</u>
	11,235,681
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	311,385
Deferred outflows due to pensions	304,355
Deferred inflows due to pensions	<u>(6,840)</u>
	608,900
Adjustment of deferred court fines	38,679
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(20,334)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(4,391,531)</u>
Net position of governmental activities	<u><u>\$ 9,625,781</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, 2016

	Special Revenue Funds					Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Street CIP Fund	
REVENUES						
Taxes	\$ 2,367,527	\$ 43,062	\$ 207,037	\$ 87,017	\$ 413,740	\$ 3,118,383
Licenses and permits	19,208	-	-	-	-	19,208
Intergovernmental revenues	65,580	-	-	3,291	-	68,871
Charges for services	7,061	4,400	6,025	4,279	-	21,765
Fines and forfeitures	53,520	-	-	-	-	53,520
Miscellaneous	59,437	761	7,208	1,568	10,617	79,591
TOTAL REVENUES	2,572,333	48,223	220,270	96,155	424,357	3,361,338
EXPENDITURES						
Current						
Administrative	258,509	-	-	-	-	258,509
Public safety	810,263	-	-	-	-	810,263
Fire	47,547	-	-	-	-	47,547
Community center	16,508	-	-	-	-	16,508
Airport	81,778	-	-	-	-	81,778
Street	435,079	-	-	-	1,279,726	1,714,805
Municipal court	9,206	-	-	-	-	9,206
Planning and zoning	79,031	-	-	-	-	79,031
Cemetery	-	36,859	-	-	-	36,859
Park	-	-	99,879	-	-	99,879
Pool	-	-	43,676	-	-	43,676
Library	-	-	-	89,575	-	89,575
Other	3,542	-	-	-	-	3,542
Debt Service						
Principal and interest	494,336	-	28,285	7,811	288,122	818,554
TOTAL EXPENDITURES	2,235,799	36,859	171,840	97,386	1,567,848	4,109,732
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	336,534	11,364	48,430	(1,231)	(1,143,491)	(748,394)
FUND BALANCE, October 1	985,302	122,062	277,836	49,527	1,468,053	2,902,780
FUND BALANCE, September 30	<u>\$ 1,321,836</u>	<u>\$ 133,426</u>	<u>\$ 326,266</u>	<u>\$ 48,296</u>	<u>\$ 324,562</u>	<u>\$ 2,154,386</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, 2016

Net change in fund balances - total governmental funds \$ (748,394)

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

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

Capital assets	1,311,484
Depreciation	<u>(283,352)</u>
	1,028,132

Some revenues reported in the governmental funds represent current financial resources and were recognized in the Statement of Activities when earned.	698
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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:

Repayment of principal on bonds, loans and leases	646,145
Accrued interest payable	<u>2,014</u>
	648,159

Some expenditures reported in the governmental funds represent the use of current financial resources and were recognized in the Statement of Activities when incurred.	<u>(63,268)</u>
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Change in net position of governmental activities	<u><u>\$ 865,327</u></u>
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See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
September 30, 2016

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 219,288	\$ 29,447	\$ 248,735
Utilities receivable, net	184,696	73,120	257,816
Other accounts receivable	22	-	22
Inventory	68,938	40,996	109,934
Prepaid expenses	8,069	5,359	13,428
TOTAL CURRENT ASSETS	481,013	148,922	629,935
Restricted Assets			
Cash and cash equivalents	318,030	82,444	400,474
Investments	57,550	57,550	115,100
TOTAL RESTRICTED ASSETS	375,580	139,994	515,574
Property, Plant and Equipment			
Land	57,354	146,276	203,630
Sewer system	-	13,424,826	13,424,826
Water system	9,769,644	-	9,769,644
Pumping and purification	1,805,826	-	1,805,826
Lake	1,395,761	-	1,395,761
	13,028,585	13,571,102	26,599,687
Less accumulated depreciation	(6,108,627)	(4,586,293)	(10,694,920)
TOTAL PROPERTY, PLANT AND EQUIPMENT	6,919,958	8,984,809	15,904,767
TOTAL ASSETS	7,776,551	9,273,725	17,050,276
LIABILITIES			
Current Liabilities			
Accounts payable	38,619	-	38,619
Deposits payable	76,080	-	76,080
Accrued interest payable	12,893	33,653	46,546
Current maturities of long-term debt	331,468	286,465	617,933
TOTAL CURRENT LIABILITIES	459,060	320,118	779,178
Long-Term Liabilities			
Revenue bonds payable, net	3,209,488	2,490,000	5,699,488
Loan payable	-	22,930	22,930
TOTAL LONG-TERM LIABILITIES	3,209,488	2,512,930	5,722,418
TOTAL LIABILITIES	3,668,548	2,833,048	6,501,596
NET POSITION			
Net investment in capital assets	3,379,002	6,185,414	9,564,416
Restricted	299,500	139,994	439,494
Unrestricted	429,501	115,269	544,770
TOTAL NET POSITION	\$ 4,108,003	\$ 6,440,677	\$ 10,548,680

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY
FUNDS
Year Ended September 30, 2016

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services	\$ 2,091,581	\$ 973,252	\$ 3,064,833
Miscellaneous	8,902	14,252	23,154
TOTAL OPERATING REVENUES	2,100,483	987,504	3,087,987
OPERATING EXPENSES			
Administration	77,000	89,000	166,000
Legal and professional	37,504	13,457	50,961
Service agreement	539,641	273,944	813,585
Purchased services	608	590	1,198
Utilities	61,091	110,915	172,006
Maintenance	27,472	34,333	61,805
Supplies	193,794	37,234	231,028
Water purchased	414,449	-	414,449
Insurance	28,256	14,218	42,474
Depreciation	299,693	243,561	543,254
Miscellaneous	-	2,265	2,265
TOTAL OPERATING EXPENSES	1,679,508	819,517	2,499,025
OPERATING INCOME	420,975	167,987	588,962
NONOPERATING REVENUES (EXPENSES)			
Interest income	11,169	88,018	99,187
Interest expense	(148,103)	(161,255)	(309,358)
TOTAL NONOPERATING REVENUES (EXPENSES)	(136,934)	(73,237)	(210,171)
NET INCOME	284,041	94,750	378,791
NET POSITION, October 1	3,823,962	6,345,927	10,169,889
NET POSITION, September 30	\$ 4,108,003	\$ 6,440,677	\$ 10,548,680

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
Year Ended September 30, 2016

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,109,790	\$ 995,945	\$ 3,105,735
Cash paid to suppliers	(1,378,762)	(587,282)	(1,966,044)
NET CASH PROVIDED BY OPERATING ACTIVITIES	731,028	408,663	1,139,691
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of fixed assets	(13,484)	(30,665)	(44,149)
Payment of bond and loan principal	(319,217)	(286,465)	(605,682)
Payment of interest expense	(144,681)	(164,005)	(308,686)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(477,382)	(481,135)	(958,517)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	11,169	88,018	99,187
NET CASH PROVIDED BY INVESTING ACTIVITIES	11,169	88,018	99,187
NET INCREASE IN CASH AND CASH EQUIVALENTS	264,815	15,546	280,361
CASH AND CASH EQUIVALENTS, Beginning of year	272,503	96,345	368,848
CASH AND CASH EQUIVALENTS, End of year	537,318	111,891	649,209
LESS RESTRICTED CASH AND CASH EQUIVALENTS	318,030	82,444	400,474
UNRESTRICTED CASH AND CASH EQUIVALENTS	\$ 219,288	\$ 29,447	\$ 248,735
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 420,975	\$ 167,987	\$ 588,962
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	299,693	243,561	543,254
(Increase) decrease in:			
Utilities receivable	4,747	8,441	13,188
Inventory	3,475	771	4,246
Prepaid expenses	(95)	(47)	(142)
Increase (decrease) in:			
Accounts payable	(2,327)	(12,050)	(14,377)
Deposits payable	4,560	-	4,560
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 731,028	\$ 408,663	\$ 1,139,691

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 City is organized under the laws of the State of Missouri and is a primary government, which is governed by an elected Board of Aldermen. As required by accounting principles generally accepted in the United States of America, the City has evaluated the 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 no other outside entity meets the criteria and therefore, no other entity has been included as a component unit in the financial statements. In addition, the City is not aware of any entity for which the City would be considered as a component unit of that entity.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

FUND FINANCIAL STATEMENTS

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

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

The City reports the following major governmental funds:

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

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Historically, governmental infrastructure assets have not been capitalized and reported in the financial statements. In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the city elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

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

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

Pooled Cash and Cash Equivalents

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interest Capitalization

Interest expense that relates to the cost of acquiring or constructing fixed assets in the Enterprise Fund is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction in accordance with 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of 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.

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

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, 2016, all bank balances on deposit are entirely insured or collateralized.

NOTE C – INVESTMENTS

Investments of the City as of September 30, 2016, consist of the following:

<u>Investment Type</u>	<u>Maturity</u>	<u>Total</u>
Certificates of Deposit	10/23/2016 - 3/22/2021	<u>\$ 949,268</u>

Certificates of Deposit

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. State statutes require that the City’s deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of September 30, 2016, all certificates of deposit are entirely insured or collateralized with securities.

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

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

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	\$ 1,044	\$ -
Excavation permit bond	1,000	-
Airport fuel deposits	160	-
Community center deposits	450	-
Flag reserves	2,573	2,573
	<u>\$ 5,227</u>	<u>\$ 2,573</u>
CEMETERY FUND		
Nonspendable:		
Perpetual care	\$ 29,321	\$ 29,321
Restricted:		
Cemetery tax	-	103,226
Cemetery donations	150	150
	<u>\$ 29,471</u>	<u>\$ 132,697</u>
PARK FUND		
Park sales tax	<u>\$ -</u>	<u>\$ 324,627</u>
LIBRARY FUND		
Library tax	<u>\$ -</u>	<u>\$ 47,355</u>
STREET CIP FUND		
2015 Certificates of Participation		
Project Fund	\$ 71,255	\$ -
Street	-	324,562
	<u>\$ 71,255</u>	<u>\$ 324,562</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

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>
WATER FUND		
2003C Revenue Bonds		
Principal and interest	\$ 68,197	\$ 68,197
USDA Revenue Bonds		
Debt service reserve	83,490	83,490
Short lived asset reserve	147,813	147,813
Customer Deposits	76,080	-
	<u>\$ 375,580</u>	<u>\$ 299,500</u>
SEWER FUND		
2003B Revenue Bonds		
Principal and interest	\$ 82,444	\$ 82,444
Depreciation and replacement	57,550	57,550
	<u>\$ 139,994</u>	<u>\$ 139,994</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

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	\$ 185,719	\$ 1,023	\$ 184,696
Sewer Fund	73,791	671	73,120
	<u>\$ 259,510</u>	<u>\$ 1,694</u>	<u>\$ 257,816</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 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.

\$ 895,000

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.

394,800

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

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.

<u>1,130,000</u>
<u>\$ 2,419,800</u>

The 2012 Refunding Certificates of Participation outstanding at September 30, 2016, are due as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 895,000</u>	<u>\$ 148,506</u>	<u>\$ 1,043,506</u>

The 2014 Certificates of Participation outstanding at September 30, 2016, are due as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 129,400	\$ 6,514	\$ 135,914
2018	131,600	4,379	135,979
2019	133,800	2,208	136,008
	<u>\$ 394,800</u>	<u>\$ 13,101</u>	<u>\$ 407,901</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

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

The 2015 Certificates of Participation outstanding at September 30, 2016, are due as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 1,130,000</u>	<u>\$ 213,480</u>	<u>\$ 1,343,480</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, 2016, the total outstanding balance on the loan is \$1,952,999.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

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

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

	Balance September 30, 2015	New Obligations	Retirements	Balance September 30, 2016	Amounts Due Within One Year
2012 Certificates of Participation	\$ 980,000	\$ -	\$ 85,000	\$ 895,000	\$ 85,000
2014 Certificates of Participation	522,100	-	127,300	394,800	129,400
2015 Certificates of Participation	1,235,000	-	105,000	1,130,000	110,000
Loan Payable	2,251,538	-	298,539	1,952,999	-
Lease Payable	30,306	-	30,306	-	-
Compensated Absences	28,539	-	9,807	18,732	-
	<u>\$ 5,047,483</u>	<u>\$ -</u>	<u>\$ 655,952</u>	<u>\$ 4,391,531</u>	<u>\$ 324,400</u>

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.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

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

The annual debt service requirements to amortize the principal on the 2003B revenue bonds outstanding at September 30, 2016, are listed in the following table:

Year Ended September 30,	Principal	Interest	Administrative Fee	Total
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>\$ 2,765,000</u>	<u>\$ 692,480</u>	<u>\$ 102,138</u>	<u>\$ 3,559,618</u>

2003C Combined Waterworks and Sewerage System Refunding Revenue Bonds

In November 2003, the City entered into an agreement with the Missouri Leveraged State Water Pollution Control Revolving Fund Program to sell \$3,160,000 in Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2003C. The bonds bear interest at 2.0% to 5.0%. The interest paid is offset by an interest subsidy from the State of Missouri's 50% bond reserves. Interest payments are due semi-annually on January 1 and July 1 of each year with annual principal payments due July 1 of each year. The bonds also require an administrative fee payable annually on January 1 of each year at 1.0% of the outstanding principal balance.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

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

The annual debt service requirements to amortize the principal on the 2003C revenue bonds outstanding at September 30, 2016, are listed in the following table:

<u>Year Ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Administrative</u> <u>Fee</u>	<u>Total</u>
2017	<u>\$ 265,000</u>	<u>\$ 13,250</u>	<u>\$ 2,650</u>	<u>\$ 280,900</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.

The annual debt service requirements to amortize the principal on the bonds outstanding at September 30, 2016, are listed in the following tables:

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

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

Series 2012A

Year Ended September 30,	Principal	Interest	Total
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	97,131	1,909	99,040
	<u>\$ 1,904,277</u>	<u>\$ 1,310,491</u>	<u>\$ 3,214,768</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

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

Series 2012B

Year Ended September 30,	Principal	Interest	Total
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	23,611	456	24,067
	<u>\$ 471,559</u>	<u>\$ 324,300</u>	<u>\$ 795,859</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

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

Series 2012C

Year Ended September 30,	Principal	Interest	Total
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	5,619	17	5,636
	<u>\$ 906,410</u>	<u>\$ 350,286</u>	<u>\$ 1,256,696</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

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
2017	\$ 11,465	\$ 1,376	\$ 12,841
2018	11,465	917	12,382
2019	11,465	459	11,924
	<u>\$ 34,395</u>	<u>\$ 2,752</u>	<u>\$ 37,147</u>

The following table is a summary of the changes in the business-type activities long-term debt for the year ended September 30, 2016:

	Balance September 30, 2015	New Obligations	Retirements	Balance September 30, 2016	Amounts Due Within One Year
WATER FUND					
2003C Revenue Bonds Payable	\$ 520,000	\$ -	\$ 255,000	\$ 265,000	\$ 265,000
Less: Deferred loss on bond refunding	(12,580)	-	(6,290)	(6,290)	-
	507,420	-	248,710	258,710	265,000
2012A Revenue Bonds Payable	1,938,638	-	34,361	1,904,277	35,755
2012B Revenue Bonds Payable	480,076	-	8,517	471,559	8,863
2012C Revenue Bonds Payable	927,749	-	21,339	906,410	21,850
	3,853,883	-	312,927	3,540,956	331,468
SEWER FUND					
2003B Revenue Bonds Payable	3,040,000	-	275,000	2,765,000	275,000
Alliance Loan Payable	45,860	-	11,465	34,395	11,465
	3,085,860	-	286,465	2,799,395	286,465
	<u>\$ 6,939,743</u>	<u>\$ -</u>	<u>\$ 599,392</u>	<u>\$ 6,340,351</u>	<u>\$ 617,933</u>

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016, was as follows:

	Balance September 30, 2015	Additions	Deletions	Balance September 30, 2016
GOVERNMENTAL ACTIVITIES				
Non-depreciable capital assets:				
Land	\$ 1,103,673	\$ -	\$ -	\$ 1,103,673
Construction in progress	551,723	1,207,765	1,759,488	-
Total Non-depreciable Capital Assets	1,655,396	<u>\$ 1,207,765</u>	<u>\$ 1,759,488</u>	1,103,673
Depreciable capital assets				
Building and improvements	2,383,630	\$ 61,591	\$ -	2,445,221
Machinery and equipment	1,265,335	56,622	36,275	1,285,682
Infrastructure	8,282,887	1,781,269	-	10,064,156
Total Depreciable Capital Assets	11,931,852	<u>\$ 1,899,482</u>	<u>\$ 36,275</u>	13,795,059
Less Accumulated Depreciation				
Buildings and improvements	562,549	\$ 51,834	\$ -	614,383
Machinery and equipment	858,557	71,243	31,348	898,452
Infrastructure	1,958,593	191,623	-	2,150,216
Total Accumulated Depreciation	3,379,699	<u>\$ 314,700</u>	<u>\$ 31,348</u>	3,663,051
Total Depreciable Capital Assets, net	8,552,153			10,132,008
Total Governmental Activities Capital Assets, net	<u>\$ 10,207,549</u>			<u>\$ 11,235,681</u>

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

Administrative	\$ 9,540
Community center	2,457
Library	1,731
Public safety	20,217
Fire	9,470
Park	30,531
Airport	30,544
Street	209,575
Cemetery	635
	<u>\$ 314,700</u>

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE H – CAPITAL ASSETS (continued)

	Balance September 30, 2015	Additions	Deletions	Balance September 30, 2016
BUSINESS-TYPE ACTIVITIES				
Water Fund				
Non-depreciable Capital Assets				
Land	\$ 57,354	\$ -	\$ -	\$ 57,354
Depreciable Capital Assets				
Water system	9,756,160	\$ 13,484	\$ -	9,769,644
Pumping and purification	1,805,826	-	-	1,805,826
Lake	1,395,761	-	-	1,395,761
Total Depreciable Capital Assets	12,957,747	\$ 13,484	\$ -	12,971,231
Less Accumulated Depreciation	5,808,934	\$ 299,693	\$ -	6,108,627
Depreciable Capital Assets, net	7,148,813			6,862,604
Sewer Fund				
Non-depreciable Capital Assets				
Land	146,276	\$ -	\$ -	146,276
Construction in progress	12,050	-	12,050	-
Total Non-depreciable Capital Assets	158,326	\$ -	\$ 12,050	146,276
Depreciable Capital Assets				
Sewer system	13,382,111	\$ 42,715	\$ -	13,424,826
Less Accumulated Depreciation	4,342,732	\$ 243,561	\$ -	4,586,293
Depreciable Capital Assets, net	9,039,379			8,838,533
Total Capital Assets				
Business-Type Activities, net	\$ 16,403,872			\$ 15,904,767

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.

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>2016 Valuation</u>
Benefit Multiplier	1.50% for life
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, 2016, 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	10	11
Active employees	<u>10</u>	<u>9</u>
	<u>34</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 3.9% for General and 5.7% for Police of annual covered payroll.

Net Pension Asset. The employer’s net pension asset was measured as of June 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 29, 2016.

Actuarial Assumptions. The total pension asset in the February 29, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.5% price inflation
Salary Increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses

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

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

The actuarial assumptions used in the February 29, 2016, valuation were based on the results of an actuarial experience study for the period March 1, 2010, through February 28, 2015.

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

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE I – EMPLOYEE PENSION PLAN (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	43.00%	5.29%
Fixed Income	26.00%	2.23%
Real Assets	21.00%	3.31%
Strategic Assets	10.00%	5.73%

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

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> (a)	<u>Plan Fiduciary Net Position</u> (b)	<u>Net Pension (Asset)</u> (a) - (b)
<i>General Division</i>			
Balance at June 30, 2015	\$ 1,234,329	\$ 1,571,003	\$ (336,674)
Changes for the year:			
Service Cost	32,877	-	32,877
Interest	89,091	-	89,091
Difference between expected and actual experiences	40,128	-	40,128
Changes of assumptions	56,461	-	56,461
Contributions - employer	-	18,387	(18,387)
Net investment income	-	(4,088)	4,088
Benefits paid, including refunds	(44,055)	(44,055)	-
Administrative expenses	-	(2,186)	2,186
Other (net transfer)	-	7,705	(7,705)
Net Changes	174,502	(24,237)	198,739
Balance at June 30, 2016	1,408,831	1,546,766	(137,935)

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE I – EMPLOYEE PENSION PLAN (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
<i>Police Division</i>			
Balance at June 30, 2015	644,336	882,392	(238,056)
Changes for the year:			
Service Cost	32,671	-	32,671
Interest	46,825	-	46,825
Difference between expected and actual experiences	(6,504)	-	(6,504)
Changes of assumptions	23,423	-	23,423
Contributions - employer	-	16,345	(16,345)
Net investment income	-	(870)	870
Benefits paid, including refunds	(29,572)	(29,572)	-
Administrative expenses	-	(1,430)	1,430
Other (net transfer)	-	17,764	(17,764)
Net Changes	66,843	2,237	64,606
Balance at June 30, 2016	711,179	884,629	(173,450)
Total Plan Balances at June 30, 2016	\$ 2,120,010	\$ 2,431,395	\$ (311,385)

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%
<i>General Division</i>			
Total Pension Liability	\$ 1,609,005	\$ 1,408,831	\$ 1,245,620
Fiduciary Net Position	1,546,766	1,546,766	1,546,766
Net Pension Liability (Asset)	62,239	(137,935)	(301,146)

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

NOTE I – EMPLOYEE PENSION PLAN (continued)

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
<i>Police Division</i>			
Total Pension Liability	825,857	711,179	619,429
Fiduciary Net Position	884,629	884,629	884,629
Net Pension (Asset)	(58,772)	(173,450)	(265,200)
Total Net Pension Liability (Asset)	<u>\$ 3,467</u>	<u>\$ (311,385)</u>	<u>\$ (566,346)</u>

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

For the year ended September 30, 2016, the employer recognized pension expense of \$82,108 in the general division and \$25,699 in the police division. The employer reported deferred outflows and inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
<i>General Division</i>			
Differences in experiences	\$ 22,945	\$ (891)	\$ 22,054
Differences in assumptions	32,284	-	32,284
Excess investment returns	143,286	-	143,286
Contributions subsequent to the measurement date	4,458	-	4,458
	<u>202,973</u>	<u>(891)</u>	<u>202,082</u>
<i>Police Division</i>			
Differences in experiences	-	(5,949)	(5,949)
Differences in assumptions	17,801	-	17,801
Excess investment returns	79,628	-	79,628
Contributions subsequent to the measurement date	3,953	-	3,953
	<u>101,382</u>	<u>(5,949)</u>	<u>95,433</u>
Total	<u>\$ 304,355</u>	<u>\$ (6,840)</u>	<u>\$ 297,515</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, 2017.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

NOTE I – EMPLOYEE PENSION PLAN (continued)

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 Net Deferred Outflows of Resources	Police Net Deferred Outflows of Resources	Total Net Deferred Outflows of Resources
2017	\$ 84,871	\$ 29,737	\$ 114,608
2018	53,813	25,784	79,597
2019	39,946	26,247	66,193
2020	23,452	13,665	37,117
Total	\$ 202,082	\$ 95,433	\$ 297,515

Payable to the Pension Plan

At September 30, 2016, the City had no outstanding contributions reported as payable to the pension plan.

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

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

Assessed Valuation	2015
Real estate	\$ 29,911,970
Personal property	8,099,030
TOTAL	\$ 38,011,000
Tax Rates Per \$100 of Assessed Valuation	
General Fund	\$.6165
Cemetery Fund	.0951
Library Fund	.1902
TOTAL	\$.9018

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016

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

The legal debt margin at September 30, 2016, was computed as follows:

	<u>General Obligation Bonds</u>		
	<u>Ordinary (1)</u>	<u>Additional (2)</u>	<u>Total</u>
Constitutional debt limit	\$ 3,801,100	\$ 3,801,100	\$ 7,602,200
General Obligation Bonds payable	-	-	-
LEGAL DEBT MARGIN	<u>\$ 3,801,100</u>	<u>\$ 3,801,100</u>	<u>\$ 7,602,200</u>

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

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

NOTE K – DEFERRED 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, 2016, are accounted for as follows:

General Fund	
Deferred court fines	<u>\$ 38,679</u>

NOTE L – RISK MANAGEMENT

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

NOTE M – 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, 2016, 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 N – 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, 2016, \$922,000 of the 2007 bond ordinance had not been issued.

NOTE O – COMMITMENTS

At September 30, 2016, the City had the following commitment:

- Alliance Water Resource, Inc. in the amount of \$1,192,259 for professional services which include providing management, operation, and maintenance of the water and sewer system during fiscal year 2017.

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE P – 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 2046. 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 \$9,003,053. Principal and interest paid for the current year and total customer net revenues were \$881,040 and \$1,132,216, respectively. In addition, interest subsidies paid \$98,716 of the total interest expense.

NOTE Q – 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, 2016, the amount outstanding was \$48,359,315.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BOWLING GREEN, MISSOURI
SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS
Year Ended September 30, 2016

Missouri Local Government Employees Retirement System (LAGERS)

	June 30, 2016	June 30, 2015
	<u> </u>	<u> </u>
TOTAL PENSION LIABILITY		
Service Cost	\$ 65,548	\$ 62,690
Interest on the Total Pension Liability	135,916	127,946
Difference between expected and actual experience	33,624	(8,745)
Changes of Assumptions	79,884	-
Benefit Payments	<u>(73,627)</u>	<u>(73,127)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	241,345	108,764
TOTAL PENSION LIABILITY, BEGINNING	<u>1,878,665</u>	<u>1,769,901</u>
TOTAL PENSION LIABILITY, ENDING	2,120,010	1,878,665
 PLAN FIDUCIARY NET POSITION		
Contributions - employer	34,732	38,202
Pension Plan Net Investment Income	(4,958)	46,237
Benefit Payments	(73,627)	(73,127)
Pension Plan Administrative Expense	(3,616)	(4,008)
Other (Net Transfer)	<u>25,469</u>	<u>31,350</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(22,000)	38,654
PLAN FIDUCIARY NET POSITION, BEGINNING	<u>2,453,395</u>	<u>2,414,741</u>
PLAN FIDUCIARY NET POSITION, ENDING	<u>2,431,395</u>	<u>2,453,395</u>
EMPLOYER NET PENSION (ASSET)	<u>\$ (311,385)</u>	<u>\$ (574,730)</u>
Plan fiduciary net position as a percentage of the total pension liability	114.69%	130.59%
Covered employee payroll	\$ 660,469	\$ 701,548
Employer's net pension asset as a percentage of covered employee payroll	(47.15)%	(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, 2016

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

	<u>2016</u>	<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>
Actuarially determined contribution	\$ 33,426	\$ 49,571	\$ 51,645	\$ 49,769	\$ 37,419	\$ 31,877	\$ 2,358	\$ 2,411	\$ 2,208	\$ 3,138
Contributions in relation to the actuarially determined contribution	33,426	39,182	31,212	22,226	16,212	9,813	2,358	2,411	2,208	3,138
Contribution deficiency (excess)	<u>\$ -</u>	<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>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 636,410	\$ 725,604	\$ 709,363	\$ 653,709	\$ 675,522	\$ 700,918	\$ 589,591	\$ 602,832	\$ 552,120	\$ 448,241
Contributions as a percentage of covered-employee payroll	5.25%	5.40%	4.40%	3.40%	2.40%	1.40%	0.40%	0.40%	0.40%	0.70%

See accompanying notes to the required schedules.

CITY OF BOWLING GREEN, MISSOURI
NOTES TO SCHEDULE OF CONTRIBUTIONS
Year Ended September 30, 2016

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: February 29, 2016

Notes: The roll-forward of total pension liability from February 29, 2016, to June 30, 2016, reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method – Entry Age Normal and Modified Terminal Funding

Amortization Method – Level Percentage of Payroll, Closed

Remaining Amortization Period – Multiple bases from 13 to 21 years

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

Inflation – 3.25% wage inflation; 2.5% price inflation

Salary Increases – 3.25% to 6.55% including wage inflation

Investment Rate of Return – 7.25%, net of investment

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

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

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

Other Information – New assumptions adopted based on the 5-year experience study for the period March 1, 2010, through February 28, 2015.

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes	\$ 237,000	\$ 237,000	\$ 237,003	\$ 3
City sales tax	846,600	846,600	862,207	15,607
Transportation sales tax	402,900	402,900	414,074	11,174
Financial institution tax	2,000	2,000	3,058	1,058
Railroad and utility tax	29,500	29,500	32,579	3,079
Surtax	4,000	4,000	4,284	284
Utility franchise tax	345,000	345,000	327,739	(17,261)
Motor vehicle tax	200,000	200,000	210,428	10,428
Payment in lieu of taxes	200,000	200,000	200,000	-
Lodging tax	50,000	50,000	54,265	4,265
Cigarette tax	21,500	21,500	21,890	390
	<u>2,338,500</u>	<u>2,338,500</u>	<u>2,367,527</u>	<u>29,027</u>
Licenses and Permits				
Occupational licenses	10,500	10,500	11,252	752
Building permits	2,700	2,700	6,966	4,266
Animal license and fees	650	650	990	340
	<u>13,850</u>	<u>13,850</u>	<u>19,208</u>	<u>5,358</u>
Intergovernmental Revenues				
Airport grant	43,827	43,827	59,182	15,355
Fire grant	102,250	102,250	-	(102,250)
Police grants	12,500	12,500	6,398	(6,102)
	<u>158,577</u>	<u>158,577</u>	<u>65,580</u>	<u>(92,997)</u>
Charges for Services				
Printing	-	-	440	440
Airport fuel	30,000	30,000	2,162	(27,838)
Trash billing	124,500	124,500	4,459	(120,041)
	<u>154,500</u>	<u>154,500</u>	<u>7,061</u>	<u>(147,439)</u>
Fines and Forfeitures				
City court fines	43,000	43,000	53,520	10,520
Miscellaneous				
Rents and royalties	20,850	20,850	22,353	1,503
Interest	3,000	3,000	6,218	3,218
Other	5,600	5,600	30,866	25,266
	<u>29,450</u>	<u>29,450</u>	<u>59,437</u>	<u>29,987</u>
TOTAL REVENUES	<u>2,737,877</u>	<u>2,737,877</u>	<u>2,572,333</u>	<u>(165,544)</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)
 Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
EXPENDITURES				
Current				
Administrative	447,929	447,929	258,509	189,420
Public safety	958,306	958,306	810,263	148,043
Fire	160,831	160,831	47,547	113,284
Community center	19,846	19,846	16,508	3,338
Airport	104,180	104,180	81,778	22,402
Street	453,250	453,250	435,079	18,171
Municipal court	9,751	9,751	9,206	545
Planning and zoning	85,986	85,986	79,031	6,955
Other	3,900	3,900	3,542	358
Debt Service				
Principal and interest	493,898	493,898	494,336	(438)
TOTAL EXPENDITURES	<u>2,737,877</u>	<u>2,737,877</u>	<u>2,235,799</u>	<u>502,078</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	336,534	336,534
FUND BALANCE, October 1	<u>985,302</u>	<u>985,302</u>	<u>985,302</u>	<u>-</u>
FUND BALANCE, September 30	<u>\$ 985,302</u>	<u>\$ 985,302</u>	<u>\$ 1,321,836</u>	<u>\$ 336,534</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – CEMETERY FUND
 Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes and penalties	\$ 36,400	\$ 36,400	\$ 36,604	\$ 204
Financial institution tax	350	350	495	145
Railroad and utility tax	4,800	4,800	5,270	470
Surtax	650	650	693	43
	<u>42,200</u>	<u>42,200</u>	<u>43,062</u>	<u>862</u>
Charges for services				
Sale of lots	5,800	5,800	4,400	(1,400)
Miscellaneous				
Interest	450	450	761	311
	<u>450</u>	<u>450</u>	<u>761</u>	<u>311</u>
TOTAL REVENUES	48,450	48,450	48,223	(227)
EXPENDITURES				
Cemetery	48,450	48,450	36,859	11,591
TOTAL EXPENDITURES	48,450	48,450	36,859	11,591
EXCESS OF REVENUES OVER EXPENDITURES				
	-	-	11,364	11,364
FUND BALANCE, October 1	122,062	122,062	122,062	-
FUND BALANCE, September 30	<u>\$ 122,062</u>	<u>\$ 122,062</u>	<u>\$ 133,426</u>	<u>\$ 11,364</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – PARK FUND
 Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Sales taxes	\$ 201,000	\$ 201,000	\$ 207,037	\$ 6,037
Charges for Services				
Park rental	1,700	1,700	6,025	4,325
Miscellaneous				
Interest	800	800	1,956	1,156
Other	24,000	24,000	5,252	(18,748)
	<u>24,800</u>	<u>24,800</u>	<u>7,208</u>	<u>(17,592)</u>
TOTAL REVENUES	227,500	227,500	220,270	(7,230)
EXPENDITURES				
Current				
Park	146,200	146,200	99,879	46,321
Pool	53,000	53,000	43,676	9,324
Debt Service				
Principal and interest	28,300	28,300	28,285	15
TOTAL EXPENDITURES	<u>227,500</u>	<u>227,500</u>	<u>171,840</u>	<u>55,660</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	48,430	48,430
FUND BALANCE, October 1	<u>277,836</u>	<u>277,836</u>	<u>277,836</u>	-
FUND BALANCE, September 30	<u>\$ 277,836</u>	<u>\$ 277,836</u>	<u>\$ 326,266</u>	<u>\$ 48,430</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – LIBRARY FUND
 Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes and penalties	\$ 73,300	\$ 73,300	\$ 73,074	\$ (226)
Financial institution tax	800	800	944	144
Railroad and utility tax	9,750	9,750	10,061	311
Surtax	1,400	1,400	1,323	(77)
Other taxes	1,668	1,668	1,615	(53)
	<u>86,918</u>	<u>86,918</u>	<u>87,017</u>	<u>99</u>
Intergovernmental Revenues				
State grants	2,738	2,738	705	(2,033)
Federal grants	-	-	2,586	2,586
	<u>2,738</u>	<u>2,738</u>	<u>3,291</u>	<u>553</u>
Charges for Services				
Fines, fees and memberships	4,000	4,000	4,279	279
Miscellaneous				
Donations	6,000	6,000	1,197	(4,803)
Interest	250	250	246	(4)
Other	350	350	125	(225)
	<u>6,600</u>	<u>6,600</u>	<u>1,568</u>	<u>(5,032)</u>
TOTAL REVENUES	<u>100,256</u>	<u>100,256</u>	<u>96,155</u>	<u>(4,101)</u>
EXPENDITURES				
Current				
Library	92,431	92,431	89,575	2,856
Debt Service				
Principal and interest	7,825	7,825	7,811	14
TOTAL EXPENDITURES	<u>100,256</u>	<u>100,256</u>	<u>97,386</u>	<u>2,870</u>
(DEFICIT) OF REVENUES OVER EXPENDITURES				
	-	-	(1,231)	(1,231)
FUND BALANCE, October 1				
	<u>49,527</u>	<u>49,527</u>	<u>49,527</u>	<u>-</u>
FUND BALANCE, September 30				
	<u>\$ 49,527</u>	<u>\$ 49,527</u>	<u>\$ 48,296</u>	<u>\$ (1,231)</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – STREET CIP FUND
 Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Sales taxes	\$ 400,000	\$ 400,000	\$ 413,740	\$ 13,740
Miscellaneous				
Interest	-	-	732	732
Other	-	-	9,885	9,885
	-	-	10,617	10,617
TOTAL REVENUES	400,000	400,000	424,357	24,357
EXPENDITURES				
Current				
Street	111,878	1,308,480	1,279,726	28,754
Debt Service				
Principal, interest and fees	288,122	288,122	288,122	-
TOTAL EXPENDITURES	400,000	1,596,602	1,567,848	28,754
(DEFICIT) OF REVENUES OVER EXPENDITURES	-	(1,196,602)	(1,143,491)	53,111
FUND BALANCE, October 1	1,468,053	1,468,053	1,468,053	-
FUND BALANCE, September 30	\$ 1,468,053	\$ 271,451	\$ 324,562	\$ 53,111

CITY OF BOWLING GREEN, MISSOURI
NOTE TO BUDGETARY COMPARISON SCHEDULES
Year Ended September 30, 2016

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 REPORTING REQUIREMENTS



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

Honorable Mayor and Board of 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, 2016, 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 24, 2017.

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.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a material weakness. It is identified as item 2016-001.

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, described in the accompanying schedule of findings and responses, was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of 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 24, 2017

CITY OF BOWLING GREEN, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended September 30, 2016

2016-001 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.