

City of Bowling Green, Missouri

BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

KPM
CPAS & ADVISORS

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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, 2018, 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, 2018, 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 February 11, 2019, 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
February 11, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MANAGEMENT’S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2018**

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, 2018. 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 \$708,760 for the year as a result of current year activities. The net position of the City’s business activities increased by \$557,233 for the year.
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of September 30, 2018, by \$22.8 million (net position). Of this amount \$3,701,017 was unrestricted and may be used to meet future obligations of the City.
- Total long-term liabilities of the City decreased by \$7,893 during the year.
- Total revenues increased \$30,299 or <1% compared to prior year revenues, while total expenses increased \$160,548 or 3%.

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, 2018**

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, 2018**

Government-Wide Financial Analysis

NET POSITION

The following table presents the condensed Statement of Net Position for the City as of September 30, 2018 and 2017:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total September 30, 2018</u>	<u>Total September 30, 2017</u>
ASSETS				
Current and other assets	\$ 2,841,581	\$ 2,992,835	\$ 5,834,416	\$ 3,881,070
Net pension asset	564,442	-	564,442	528,797
Capital assets	<u>10,963,829</u>	<u>15,417,919</u>	<u>26,381,748</u>	<u>26,832,176</u>
TOTAL ASSETS	14,369,852	18,410,754	32,780,606	31,242,043
DEFERRED OUTFLOW OF RESOURCES				
Deferred pension outflows	25,360	-	25,360	108,138
LIABILITIES				
Other liabilities	398,915	680,630	1,079,545	895,777
Long-term liabilities outstanding	<u>2,775,005</u>	<u>6,011,954</u>	<u>8,786,959</u>	<u>8,794,852</u>
TOTAL LIABILITIES	3,173,920	6,692,584	9,866,504	9,690,629
DEFERRED INFLOW OF RESOURCES				
Deferred pension inflows	<u>104,568</u>	-	<u>104,568</u>	<u>90,651</u>
NET POSITION				
Net investment in capital assets	7,875,968	9,818,054	17,694,022	17,365,740
Restricted				
Non-expendable	29,321	-	29,321	29,321
Expendable	936,658	473,876	1,410,534	1,222,176
Unrestricted	<u>2,274,777</u>	<u>1,426,240</u>	<u>3,701,017</u>	<u>2,951,664</u>
TOTAL NET POSITION	<u>\$ 11,116,724</u>	<u>\$ 11,718,170</u>	<u>\$ 22,834,894</u>	<u>\$ 21,568,901</u>

Total net position of the City increased by \$1,265,993 for the year due to current year activity. Total liabilities for the City increased \$175,875.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2018**

CHANGE IN NET POSITION

	Governmental Activities	Business-Type Activities	Total Year Ended September 30, 2018	Total Year Ended September 30, 2017
REVENUES				
Program Revenues				
Charges for services	\$ 132,558	\$ 3,257,170	\$ 3,389,728	\$ 3,336,196
Operating grants and contributions	9,840	-	9,840	256,945
General Revenues				
Property taxes	358,993	-	358,993	365,512
Sales taxes	2,093,499	-	2,093,499	1,923,510
Motor vehicle taxes	215,221	-	215,221	215,114
Other taxes	346,656	-	346,656	339,631
Franchise fees	351,851	-	351,851	322,134
Interest	16,018	79,441	95,459	102,003
Other revenue	69,271	-	69,271	39,174
TOTAL REVENUES	3,593,907	3,336,611	6,930,518	6,900,219
EXPENSES				
Administrative	567,756	-	567,756	557,351
Public safety	868,138	-	868,138	891,995
Fire	67,565	-	67,565	69,118
Community center	21,381	-	21,381	18,534
Airport	87,014	-	87,014	67,612
Street	770,186	-	770,186	707,417
Municipal court	-	-	-	5,503
Planning and zoning	81,160	-	81,160	78,614
Cemetery	42,444	-	42,444	38,841
Park	111,764	-	111,764	124,024
Pool	31,789	-	31,789	38,514
Library	98,675	-	98,675	91,793
Other	3,706	-	3,706	3,073
Debt service	129,461	-	129,461	149,937
Water	-	1,840,428	1,840,428	1,721,166
Sewer	-	944,860	944,860	942,287
TOTAL EXPENSES	2,881,039	2,785,288	5,666,327	5,505,779
Special Item				
Gain (loss) on sale of capital assets	(4,108)	5,910	1,802	-
INCREASE IN NET POSITION	<u>\$ 708,760</u>	<u>\$ 557,233</u>	<u>\$ 1,265,993</u>	<u>\$ 1,394,440</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2018**

Governmental Activities

Governmental activities increased the net position of the City by \$708,760. Tax revenues for the City were \$3,366,220 which represents 94% of the financing of these activities. Program revenues for the functions totaled \$142,398. The following table shows the cost of the City's programs as well as each program's 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**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Administrative	\$ 567,756	\$ 547,484
Public safety	868,138	822,909
Fire	67,565	67,565
Airport	87,014	44,657
Street	770,186	770,186
Planning and zoning	81,160	68,839
Park	111,764	105,126
Community center	21,381	21,381
Library	98,675	90,629
Debt service	129,461	129,461
Other government activities	77,939	70,404
	<u>\$ 2,881,039</u>	<u>\$ 2,738,641</u>

Business-Type Activities

Business-type activities increased the City's net position by \$557,233.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of September 30, 2018, were \$2,762,805. The General Fund increased by \$238,155. The Cemetery Fund increased by \$11,315. The Park Fund increased by \$33,618. The Library Fund decreased by \$941. The Street CIP Fund increased by \$93,515.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2018**

General Fund Budgetary Highlights

Revenues

The original revenue budget of \$2,680,000 remained unchanged. Actual revenues were \$2,749,200 which is a difference of \$69,200.

Expenditures

The original expenditure budget of \$2,680,000 was increased to \$2,750,000. Actual expenditures were \$2,520,290, which is a difference of \$229,710.

Capital Asset and Debt Administration

Capital Assets

Net capital assets of the governmental activities were \$10,963,829 as of September 30, 2018, which is a decrease of \$257,653 from the prior year. Net capital assets for business-type activities were \$15,417,919 as of September 30, 2018. This is a decrease of \$192,775 due to capital asset additions of \$383,564, capital asset deletions of \$8,500 and net depreciation of \$567,839.

Debt

Total debt of the governmental activities as of September 30, 2018, was \$3,108,390, which is down from \$3,758,028 in the prior year, primarily due to principal payments on debt.

Total long-term debt of the business-type activities as of September 30, 2018, was \$6,500,894, which is up from \$5,728,699 in the prior year, primarily due to capital lease additions totaling \$1,172,077 and principal payments on debt.

Economic Factors and Next Year's Budget

- New commercial and residential development continues to occur within the community to include a medical clinic, carwash, new Community State Bank branch and a new Visitor Center Building.
- Residential development continues to include several single-family residential dwellings.
- The 2018-2019 fiscal year budget consists of seven separate funds. These funds include the Library Fund, Cemetery Fund, Park Fund, Water Fund, Sewer Fund, General Fund, and the Street CIP Fund. All seven of the City's funds are balanced for the 2018-2019 fiscal year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2018**

Economic Factors and Next Year's Budget (continued)

- There are a number of capital items of which were approved in the 2018-2019 budget. The major budgeted items include a new furnace/ac for City Hall. The purchase of tasers, a siren and a new vehicle with required equipment for the Police Department. The Fire Department will be purchasing thermal imaging cameras, 2 new computers, storage cabinet, and completion of the cascade and explosion containment system and various other items. In the Grounds Maintenance Department, the Court Street sidewalk project will be added with the help of MoDOT monies, a leaf vacuum, and a 2019 Ford F250 to include utility bed. Water lines in the building and separate hangar electricity will be added at the Airport. The Cemetery will include engineering services to lay out burial plots. A mosquito fogger will be purchased for the Street Department. Additional electric lines will be added in the upper/lower park along with resealing the walking/parking lot. At the pool, purchases will be made for lounge chairs and umbrellas along with a Duramax RC vacuum. New computers will be purchased for the Library. Some of the more substantial projects at the water plant include painting the water tower, fascia/soffits, toc reactors and shaker with reagents for testing, 5-year owner/supervisor program, lightening arresters, 2 carbon feeders, ³/₄ ton regular cab truck, fire plugs, and GIS Asset Management to be installed. The Sewer Plant will include a new infrastructure project, auto dialers for lift stations, aeration basin flex-air membranes, a new bobcat to be shared with the Street Department, new DO probes, and lightening arresters.
- The operational budget also included various enhancements throughout the community. The Bobcat Water Tower is set to be repainted in the spring of 2019. South Court Street will be receiving a new sidewalk, partially funded by STP (MoDOT) money, set to take place in early spring 2019. The 5-year Owner Supervised Program continues, which will update our water lines and mains in the years to come. A Wastewater Study is also underway and goes hand-in-hand with the 5-year OSP (80/20 grant) with DNR.
- 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

Linda Luebrecht, City Clerk/Administrator
Kim Moore, Treasurer

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF NET POSITION
September 30, 2018

	Governmental Activities	Business-Type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current			
Cash and cash equivalents - unrestricted	\$ 1,552,866	\$ 1,101,548	\$ 2,654,414
Investments - unrestricted	806,090	-	806,090
Ad valorem taxes receivable	4,880	-	4,880
Sales tax receivable	330,376	-	330,376
Utilities receivable, net	-	280,027	280,027
Other accounts receivable	47,402	-	47,402
Court fines receivable	32,872	-	32,872
Intergovernmental receivable	2,325	-	2,325
Accrued interest receivable	1,857	22	1,879
Inventory	-	93,777	93,777
Prepaid expenses	27,619	13,353	40,972
Noncurrent			
Restricted cash and cash equivalents	7,096	1,389,008	1,396,104
Restricted investments	28,198	115,100	143,298
Net pension asset	564,442	-	564,442
Capital Assets:			
Non-depreciable	1,113,989	312,038	1,426,027
Depreciable, net	9,849,840	15,105,881	24,955,721
TOTAL ASSETS	<u>14,369,852</u>	<u>18,410,754</u>	<u>32,780,606</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred pension outflows	25,360	-	25,360

See accompanying notes

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF NET POSITION (continued)
September 30, 2018

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current			
Accounts payable	29,534	74,867	104,401
Accrued expenses	16,620	-	16,620
Deposits payable	3,250	80,875	84,125
Accrued interest payable	16,126	35,948	52,074
Current maturities of long-term debt	333,385	488,940	822,325
	<u>398,915</u>	<u>680,630</u>	<u>1,079,545</u>
Noncurrent			
Revenue bonds payable	-	4,990,711	4,990,711
Certificates of participation payable	1,438,524	-	1,438,524
Capital leases payable	-	1,021,243	1,021,243
Loan payable	1,319,061	-	1,319,061
Compensated absences	17,420	-	17,420
	<u>2,775,005</u>	<u>6,011,954</u>	<u>8,786,959</u>
TOTAL LIABILITIES	3,173,920	6,692,584	9,866,504
DEFERRED INFLOW OF RESOURCES			
Deferred pension inflows	104,568	-	104,568
	<u>104,568</u>	<u>-</u>	<u>104,568</u>
NET POSITION			
Net investment in capital assets	7,875,968	9,818,054	17,694,022
Restricted			
Non-expendable	29,321	-	29,321
Expendable	936,658	473,876	1,410,534
Unrestricted	2,274,777	1,426,240	3,701,017
TOTAL NET POSITION	<u>\$ 11,116,724</u>	<u>\$ 11,718,170</u>	<u>\$ 22,834,894</u>

See accompanying notes

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF ACTIVITIES
Year Ended September 30, 2018

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	\$ (567,756)	\$ 20,272	\$ -	\$ -	\$ (547,484)	\$ -	\$ (547,484)
Public safety	(868,138)	38,724	6,505	-	(822,909)	-	(822,909)
Fire	(67,565)	-	-	-	(67,565)	-	(67,565)
Community center	(21,381)	-	-	-	(21,381)	-	(21,381)
Airport	(87,014)	42,357	-	-	(44,657)	-	(44,657)
Street	(770,186)	-	-	-	(770,186)	-	(770,186)
Planning and zoning	(81,160)	12,321	-	-	(68,839)	-	(68,839)
Cemetery	(42,444)	7,510	25	-	(34,909)	-	(34,909)
Park	(111,764)	6,638	-	-	(105,126)	-	(105,126)
Pool	(31,789)	-	-	-	(31,789)	-	(31,789)
Library	(98,675)	4,736	3,310	-	(90,629)	-	(90,629)
Other	(3,706)	-	-	-	(3,706)	-	(3,706)
Debt service	(129,461)	-	-	-	(129,461)	-	(129,461)
TOTAL GOVERNMENTAL ACTIVITIES	(2,881,039)	132,558	9,840	-	(2,738,641)	-	(2,738,641)
Business-Type Activities							
Water	(1,840,428)	2,217,052	-	-	-	376,624	376,624
Sewer	(944,860)	1,040,118	-	-	-	95,258	95,258
TOTAL BUSINESS-TYPE ACTIVITIES	(2,785,288)	3,257,170	-	-	-	471,882	471,882
TOTAL GOVERNMENT	\$ (5,666,327)	\$ 3,389,728	\$ 9,840	\$ -	(2,738,641)	471,882	(2,266,759)
General Revenues:							
Ad Valorem taxes					358,993	-	358,993
Sales taxes					2,093,499	-	2,093,499
Motor vehicle taxes					215,221	-	215,221
Other taxes					346,656	-	346,656
Franchise fees					351,851	-	351,851
Interest					16,018	79,441	95,459
Other revenue					69,271	-	69,271
Total General Revenues					3,451,509	79,441	3,530,950
Special Item:							
Gain (loss) on sale of capital assets					(4,108)	5,910	1,802
Changes in Net Position					708,760	557,233	1,265,993
Net Position, Beginning of year					10,407,964	11,160,937	21,568,901
Net Position, End of year					<u>\$ 11,116,724</u>	<u>\$ 11,718,170</u>	<u>\$ 22,834,894</u>

See accompanying notes

CITY OF BOWLING GREEN, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2018

	Special Revenue Funds					Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Street CIP Fund	
ASSETS						
Cash and cash equivalents - unrestricted	\$ 920,806	\$ 76,894	\$ 188,822	\$ 43,028	\$ 323,316	\$ 1,552,866
Investments - unrestricted	600,000	50,000	150,000	6,090	-	806,090
Ad valorem taxes receivable	3,304	528	-	1,048	-	4,880
Sales tax receivable	234,601	-	31,929	-	63,846	330,376
Other accounts receivable	47,402	-	-	-	-	47,402
Court fines receivable	32,872	-	-	-	-	32,872
Intergovernmental receivable	2,325	-	-	-	-	2,325
Accrued interest receivable	1,833	21	-	3	-	1,857
Prepaid expenses	25,062	-	1,621	936	-	27,619
Restricted cash and cash equivalents	5,823	1,273	-	-	-	7,096
Restricted investments	-	28,198	-	-	-	28,198
TOTAL ASSETS	<u>\$ 1,874,028</u>	<u>\$ 156,914</u>	<u>\$ 372,372</u>	<u>\$ 51,105</u>	<u>\$ 387,162</u>	<u>\$ 2,841,581</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 29,482	\$ -	\$ -	\$ 52	\$ -	\$ 29,534
Accrued expenses	15,082	-	415	1,123	-	16,620
Deposits payable	3,250	-	-	-	-	3,250
TOTAL LIABILITIES	47,814	-	415	1,175	-	49,404

See accompanying notes

CITY OF BOWLING GREEN, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS (continued)
September 30, 2018

	Special Revenue Funds					Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Street CIP Fund	
Deferred Inflow of Resources						
Deferred court fines	29,372	-	-	-	-	29,372
TOTAL DEFERRED INFLOW OF RESOURCES	29,372	-	-	-	-	29,372
Fund Balances						
Nonspendable:						
Cemetery perpetual care	-	29,321	-	-	-	29,321
Prepaid items	25,062	-	1,621	936	-	27,619
Restricted for:						
Flag reserves	2,573	-	-	-	-	2,573
Cemetery donations	-	150	-	-	-	150
Cemetery	-	127,443	-	-	-	127,443
Park	-	-	370,336	-	-	370,336
Library	-	-	-	48,994	-	48,994
Street	-	-	-	-	387,162	387,162
Unassigned	1,769,207	-	-	-	-	1,769,207
TOTAL FUND BALANCES	1,796,842	156,914	371,957	49,930	387,162	2,762,805
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	<u>\$ 1,874,028</u>	<u>\$ 156,914</u>	<u>\$ 372,372</u>	<u>\$ 51,105</u>	<u>\$ 387,162</u>	<u>\$ 2,841,581</u>

See accompanying notes

CITY OF BOWLING GREEN, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET POSITION
September 30, 2018

Fund balance - total governmental funds	\$ 2,762,805
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	15,340,136
Less accumulated depreciation	<u>(4,376,307)</u>
	10,963,829
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	564,442
Deferred outflows due to pensions	25,360
Deferred inflows due to pensions	<u>(104,568)</u>
	485,234
Adjustment of deferred court fines	29,372
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(16,126)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(3,108,390)</u>
Net position of governmental activities	<u><u>\$ 11,116,724</u></u>

See accompanying notes

CITY OF BOWLING GREEN, MISSOURI
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
 Year Ended September 30, 2018

	Special Revenue Funds					Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Street CIP Fund	
REVENUES						
Taxes	\$ 2,552,650	\$ 44,443	\$ 226,460	\$ 89,913	\$ 452,752	\$ 3,366,218
Licenses and permits	26,109	-	-	-	-	26,109
Intergovernmental revenues	6,505	-	-	2,027	-	8,532
Charges for services	26,430	7,510	6,639	4,736	-	45,315
Fines and forfeitures	36,815	-	-	-	-	36,815
Miscellaneous	100,691	1,170	5,972	1,756	1,329	110,918
TOTAL REVENUES	2,749,200	53,123	239,071	98,432	454,081	3,593,907
EXPENDITURES						
Current						
Administrative	539,511	-	-	-	-	539,511
Public safety	867,477	-	-	-	-	867,477
Fire	67,989	-	-	-	-	67,989
Community center	18,924	-	-	-	-	18,924
Airport	55,615	-	-	-	-	55,615
Street	431,099	-	-	-	75,367	506,466
Planning and zoning	74,690	-	-	-	-	74,690
Cemetery	-	41,808	-	-	-	41,808
Park	-	-	111,847	-	-	111,847
Pool	-	-	65,173	-	-	65,173
Library	-	-	-	92,784	-	92,784
Other	3,706	-	-	-	-	3,706
Debt Service						
Principal, interest and fees	461,279	-	28,433	6,589	285,199	781,500
TOTAL EXPENDITURES	2,520,290	41,808	205,453	99,373	360,566	3,227,490
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	228,910	11,315	33,618	(941)	93,515	366,417
OTHER FINANCING SOURCES						
Sale of property	9,245	-	-	-	-	9,245
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	238,155	11,315	33,618	(941)	93,515	375,662
FUND BALANCE, October 1	1,558,687	145,599	338,339	50,871	293,647	2,387,143
FUND BALANCE, September 30	\$ 1,796,842	\$ 156,914	\$ 371,957	\$ 49,930	\$ 387,162	\$ 2,762,805

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, 2018

Net change in fund balances - total governmental funds \$ 375,662

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

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

Capital assets	181,610
Depreciation	(425,910)
Disposal of capital assets, net	<u>(13,353)</u>
	(257,653)

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 loans and leases	649,876
Accrued interest payable	<u>2,163</u>
	652,039

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

Change in pension related costs	(61,050)
Change in compensated absences	<u>(238)</u>
	<u>(61,288)</u>

Change in net position of governmental activities \$ 708,760

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
September 30, 2018

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 918,494	\$ 183,054	\$ 1,101,548
Utilities receivable, net	199,542	80,485	280,027
Accrued interest receivable	22	-	22
Inventory	54,961	38,816	93,777
Prepaid expenses	8,020	5,333	13,353
TOTAL CURRENT ASSETS	1,181,039	307,688	1,488,727
Restricted Assets			
Cash and cash equivalents	480,560	908,448	1,389,008
Investments	57,550	57,550	115,100
TOTAL RESTRICTED ASSETS	538,110	965,998	1,504,108
Property, Plant and Equipment			
Land	57,354	146,276	203,630
Construction in progress	-	108,408	108,408
Sewer system	-	13,501,609	13,501,609
Water system	10,150,163	-	10,150,163
Pumping and purification	1,841,680	-	1,841,680
Lake	1,424,111	-	1,424,111
	13,473,308	13,756,293	27,229,601
Less accumulated depreciation	(6,742,913)	(5,068,769)	(11,811,682)
TOTAL PROPERTY, PLANT AND EQUIPMENT	6,730,395	8,687,524	15,417,919
TOTAL ASSETS	8,449,544	9,961,210	18,410,754
LIABILITIES			
Current Liabilities			
Accounts payable	26,539	48,328	74,867
Deposits payable	80,875	-	80,875
Accrued interest payable	9,195	26,753	35,948
Current maturities of long-term debt	105,999	382,941	488,940
TOTAL CURRENT LIABILITIES	222,608	458,022	680,630
Long-Term Liabilities			
Revenue bonds payable	3,075,711	1,915,000	4,990,711
Capital leases payable	227,719	793,524	1,021,243
TOTAL LONG-TERM LIABILITIES	3,303,430	2,708,524	6,011,954
TOTAL LIABILITIES	3,526,038	3,166,546	6,692,584
NET POSITION			
Net investment in capital assets	3,445,966	6,372,088	9,818,054
Restricted	332,235	141,641	473,876
Unrestricted	1,145,305	280,935	1,426,240
TOTAL NET POSITION	\$ 4,923,506	\$ 6,794,664	\$ 11,718,170

See accompanying notes

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY
FUNDS
Year Ended September 30, 2018

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services	\$ 2,200,839	\$ 1,024,602	\$ 3,225,441
Miscellaneous	16,213	15,516	31,729
TOTAL OPERATING REVENUES	2,217,052	1,040,118	3,257,170
OPERATING EXPENSES			
Administration	77,000	89,000	166,000
Legal and professional	41,335	14,512	55,847
Service agreement	538,500	274,861	813,361
Purchased services	716	391	1,107
Utilities	100,713	117,451	218,164
Maintenance	39,767	30,332	70,099
Supplies	239,133	27,026	266,159
Water purchased	322,141	-	322,141
Insurance	29,323	14,186	43,509
Depreciation	333,174	243,165	576,339
Miscellaneous	-	2,074	2,074
TOTAL OPERATING EXPENSES	1,721,802	812,998	2,534,800
OPERATING INCOME	495,250	227,120	722,370
NONOPERATING REVENUES (EXPENSES)			
Interest income	2,032	77,409	79,441
Interest expense	(118,626)	(131,862)	(250,488)
Gain on sale of capital assets	2,955	2,955	5,910
TOTAL NONOPERATING REVENUES (EXPENSES)	(113,639)	(51,498)	(165,137)
NET INCOME	381,611	175,622	557,233
NET POSITION, October 1	4,541,895	6,619,042	11,160,937
NET POSITION, September 30	\$ 4,923,506	\$ 6,794,664	\$ 11,718,170

See accompanying notes

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
Year Ended September 30, 2018

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,211,667	\$ 1,046,802	\$ 3,258,469
Cash paid to suppliers	(1,381,633)	(567,435)	(1,949,068)
NET CASH PROVIDED BY OPERATING ACTIVITIES	830,034	479,367	1,309,401
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of fixed assets	(233,970)	(101,266)	(335,236)
Cash received from sale of assets	2,955	2,955	5,910
Lease proceeds	297,077	875,000	1,172,077
Payment of bond, lease, and loan principal	(103,417)	(296,465)	(399,882)
Payment of interest expense	(118,822)	(135,324)	(254,146)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(156,177)	344,900	188,723
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	2,032	77,409	79,441
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,032	77,409	79,441
NET INCREASE IN CASH AND CASH EQUIVALENTS	675,889	901,676	1,577,565
CASH AND CASH EQUIVALENTS, Beginning of year	723,165	189,826	912,991
CASH AND CASH EQUIVALENTS, End of year	1,399,054	1,091,502	2,490,556
LESS RESTRICTED CASH AND CASH EQUIVALENTS	480,560	908,448	1,389,008
UNRESTRICTED CASH AND CASH EQUIVALENTS	\$ 918,494	\$ 183,054	\$ 1,101,548
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 495,250	\$ 227,120	\$ 722,370
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	333,174	243,165	576,339
(Increase) decrease in:			
Utilities receivable	(11,685)	6,684	(5,001)
Inventory	9,727	2,566	12,293
Prepaid expenses	(346)	(168)	(514)
Increase (decrease) in:			
Accounts payable	(2,386)	-	(2,386)
Deposits payable	6,300	-	6,300
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 830,034	\$ 479,367	\$ 1,309,401

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.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. All other revenue and expenses are considered nonoperating.

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.

The Board of Alderman has formally adopted an ordinance that the General Fund should maintain at least \$1,000,000 in reserves at all times.

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.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. These include 1) charges for city court fines, licenses and permits, planning and zoning services, parks and recreation services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2018

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, 2018, all bank balances on deposit are entirely insured or collateralized.

NOTE C – INVESTMENTS

Investments of the City as of September 30, 2018, consist of the following:

<u>Investment Type</u>	<u>Maturity</u>	<u>Total</u>
Certificates of Deposit	10/23/2018 - 3/22/2021	<u>\$ 949,388</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, 2018, all certificates of deposit are entirely insured or collateralized with securities.

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

NOTE D – RESTRICTED ASSETS

Governmental Activities

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

	<u>Restricted Cash and Investments</u>	<u>Restricted Net Position</u>
GENERAL FUND		
Excavation permit bond	\$ 3,000	\$ -
Community center deposits	250	-
Flag reserves	<u>2,573</u>	<u>2,573</u>
	<u>\$ 5,823</u>	<u>\$ 2,573</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2018

NOTE D – RESTRICTED ASSETS (continued)

	Restricted Cash and Investments	Restricted Net Position
	<u> </u>	<u> </u>
CEMETERY FUND		
Nonspendable:		
Perpetual care	\$ 29,321	\$ 29,321
Restricted:		
Cemetery tax	-	127,443
Cemetery donations	150	150
	<u>\$ 29,471</u>	<u>\$ 156,914</u>
PARK FUND		
Park sales tax	<u>\$ -</u>	<u>\$ 370,336</u>
LIBRARY FUND		
Library tax	<u>\$ -</u>	<u>\$ 48,994</u>
STREET CIP FUND		
Transportation tax	<u>\$ -</u>	<u>\$ 387,162</u>

Business-Type Activities

The 2003B Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) Ordinance 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 Statement of Net Position 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:

	Restricted Cash and Investments	Restricted Net Position
	<u> </u>	<u> </u>
WATER FUND		
USDA Revenue Bonds		
Debt service reserve	\$ 119,922	\$ 119,922
Short lived asset reserve	212,313	212,313
Water project lease funds	125,000	-
Customer deposits	80,875	-
	<u>\$ 538,110</u>	<u>\$ 332,235</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2018

NOTE D – RESTRICTED ASSETS (continued)

	<u>Restricted Cash and Investments</u>	<u>Restricted Net Position</u>
SEWER FUND		
2003B Revenue Bonds		
Principal and interest	\$ 84,091	\$ 84,091
Depreciation and replacement	57,550	57,550
Sewer project lease funds	824,357	-
	<u>\$ 965,998</u>	<u>\$ 141,641</u>

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	\$ 199,703	\$ 161	\$ 199,542
Sewer Fund	80,509	24	80,485
	<u>\$ 280,212</u>	<u>\$ 185</u>	<u>\$ 280,027</u>

NOTE F – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

Long-term debt of the City 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 Payable

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.

\$ 725,000

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2018

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

Certificates of Participation Payable (continued)

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.

133,800

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.

910,000

\$ 1,768,800

The 2012 Refunding Certificates of Participation outstanding at September 30, 2018, are due as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 725,000</u>	<u>\$ 97,228</u>	<u>\$ 822,228</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2018

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

The 2014 Certificates of Participation outstanding at September 30, 2018, are due as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	<u>\$ 133,800</u>	<u>\$ 2,208</u>	<u>\$ 136,008</u>

The 2015 Certificates of Participation outstanding at September 30, 2018, are due as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 910,000</u>	<u>\$ 136,080</u>	<u>\$ 1,046,080</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 was 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 will 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, 2018, the total outstanding balance on the loan is \$1,319,061.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2018

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, 2017	New Obligations	Retirements	Balance September 30, 2018	Amounts Due Within One Year
Certificates of Participation Payable					
Series 2012	\$ 810,000	\$ -	\$ 85,000	\$ 725,000	\$ 81,476
Series 2014	265,400	-	131,600	133,800	133,800
Series 2015	1,020,000	-	110,000	910,000	115,000
	<u>2,095,400</u>	<u>-</u>	<u>326,600</u>	<u>1,768,800</u>	<u>330,276</u>
Loan Payable	1,642,337	-	323,276	1,319,061	-
Compensated Absences	20,291	238	-	20,529	3,109
	<u>\$ 3,758,028</u>	<u>\$ 238</u>	<u>\$ 649,876</u>	<u>\$ 3,108,390</u>	<u>\$ 333,385</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), 2012A, B and C Combined Waterworks and Sewerage System Revenue Bonds, a loan payable, and two capital leases payable.

Water Fund

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, 2018, are listed in the following tables:

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2018

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

Series 2012A

Year Ending September 30,	Principal	Interest	Total
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	97,118	1,922	99,040
	<u>\$ 1,831,297</u>	<u>\$ 1,160,919</u>	<u>\$ 2,992,216</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2018

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

Series 2012B

Year Ending September 30,	Principal	Interest	Total
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	23,608	459	24,067
	<u>\$ 453,469</u>	<u>\$ 287,262</u>	<u>\$ 740,731</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2018

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

Series 2012C

Year Ending September 30,	Principal	Interest	Total
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	5,617	19	5,636
	<u>\$ 862,184</u>	<u>\$ 308,232</u>	<u>\$ 1,170,416</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2018

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

Water and Sewer Project Capital Lease Payable

On May 9, 2018, the City entered into a lease purchase agreement to finance an ultraviolet disinfection system project at the wastewater plant, upgrading lift station D and painting the water tower in the amount of \$1,000,000. \$875,000 of the lease was recorded as long-term debt in the Sewer Fund and \$125,000 was recorded as long-term debt in the Water Fund. The agreement requires annual principal payments on May 16 each year and interest payments on May 16 and November 16 each year with interest at 3.15%.

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

The total annual minimum lease payments required at September 30, 2018, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 11,639	\$ 3,938	\$ 15,577
2020	11,823	3,571	15,394
2021	12,009	3,198	15,207
2022	12,198	2,820	15,018
2023	12,390	2,436	14,826
2024	12,585	2,046	14,631
2025	12,784	1,649	14,433
2026	12,985	1,247	14,232
2027	13,190	837	14,027
2028	13,397	422	13,819
	<u>\$ 125,000</u>	<u>\$ 22,164</u>	<u>\$ 147,164</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2018

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

Sludge Truck Capital Lease Payable

On April 19, 2018, the City entered into a lease purchase agreement in the Water Fund to finance the purchase of a sludge truck in the amount of \$172,077. The agreement requires monthly payments of \$2,408 with interest at 4.55%.

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

The total annual minimum lease payments required at September 30, 2018, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 23,121	\$ 5,777	\$ 28,898
2020	24,195	4,703	28,898
2021	25,319	3,579	28,898
2022	26,496	2,402	28,898
2023	27,727	1,171	28,898
2024	10,621	106	10,727
	<u>\$ 137,479</u>	<u>\$ 17,738</u>	<u>\$ 155,217</u>

Sewer Fund

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, 2018

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, 2018, are listed in the following table:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Administrative Fee</u>	<u>Total</u>
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>\$ 2,205,000</u>	<u>\$ 437,010</u>	<u>\$ 64,617</u>	<u>\$ 2,706,627</u>

Water and Sewer Project Capital Lease Payable

On May 9, 2018, the City entered into a lease purchase agreement to finance an ultraviolet disinfection system project at the wastewater plant, upgrading lift station D and painting the water tower in the amount of \$1,000,000. \$875,000 of the lease was recorded as long-term debt in the Sewer Fund and \$125,000 was recorded as long-term debt in the Water Fund. The agreement requires annual principal payments on May 16 each year and interest payments on May 16 and November 16 each year with interest at 3.15%.

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

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2018

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

The total annual minimum lease payments required at September 30, 2018, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 81,476	\$ 27,563	\$ 109,039
2020	82,759	24,996	107,755
2021	84,063	22,389	106,452
2022	85,387	19,741	105,128
2023	86,732	17,051	103,783
2024	88,098	14,319	102,417
2025	89,485	11,544	101,029
2026	90,894	8,726	99,620
2027	92,327	5,862	98,189
2028	93,779	2,954	96,733
	<u>\$ 875,000</u>	<u>\$ 155,145</u>	<u>\$ 1,030,145</u>

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:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 11,465	\$ 459	\$ 11,924

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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

The following table is a summary of the changes in the Long-Term Debt – Business-Type Activities for the year ended September 30, 2018:

	Balance September 30, 2017	New Obligations	Retirements	Balance September 30, 2018	Amounts Due Within One Year
WATER FUND					
Revenue Bonds Payable					
Series 2012A	\$ 1,868,515	\$ -	\$ 37,218	\$ 1,831,297	\$ 38,728
Series 2012B	462,694	-	9,225	453,469	9,600
Series 2012C	884,560	-	22,376	862,184	22,911
	<u>3,215,769</u>	<u>-</u>	<u>68,819</u>	<u>3,146,950</u>	<u>71,239</u>
Capital Leases Payable					
Water project	-	125,000	-	125,000	11,639
Sludge truck	-	172,077	34,598	137,479	23,121
	<u>-</u>	<u>297,077</u>	<u>34,598</u>	<u>262,479</u>	<u>34,760</u>
	<u>3,215,769</u>	<u>297,077</u>	<u>103,417</u>	<u>3,409,429</u>	<u>105,999</u>
SEWER FUND					
Revenue Bonds Payable					
Series 2003B	2,490,000	-	285,000	2,205,000	290,000
Capital Lease Payable					
Sewer project	-	875,000	-	875,000	81,476
Alliance Loan Payable	22,930	-	11,465	11,465	11,465
	<u>2,512,930</u>	<u>875,000</u>	<u>296,465</u>	<u>3,091,465</u>	<u>382,941</u>
	<u>\$ 5,728,699</u>	<u>\$ 1,172,077</u>	<u>\$ 399,882</u>	<u>\$ 6,500,894</u>	<u>\$ 488,940</u>

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, was as follows:

	Balance September 30, 2017	Additions	Deletions	Balance September 30, 2018
GOVERNMENTAL ACTIVITIES				
Non-depreciable capital assets:				
Land	\$ 1,103,673	\$ -	\$ -	\$ 1,103,673
Construction in progress	-	10,316	-	10,316
Total Non-depreciable Capital Assets	1,103,673	<u>\$ 10,316</u>	<u>\$ -</u>	1,113,989
Depreciable capital assets				
Building and improvements	2,445,221	\$ 39,496	\$ -	2,484,717
Machinery and equipment	1,447,428	124,056	56,507	1,514,977
Infrastructure	10,218,711	7,742	-	10,226,453
Total Depreciable Capital Assets	14,111,360	<u>\$ 171,294</u>	<u>\$ 56,507</u>	14,226,147
Less Accumulated Depreciation				
Buildings and improvements	667,073	\$ 52,826	\$ -	719,899
Machinery and equipment	915,674	107,198	43,154	979,718
Infrastructure	2,410,804	265,886	-	2,676,690
Total Accumulated Depreciation	3,993,551	<u>\$ 425,910</u>	<u>\$ 43,154</u>	4,376,307
Total Depreciable Capital Assets, net	<u>10,117,809</u>			<u>9,849,840</u>
Total Governmental Activities Capital Assets, net	<u>\$ 11,221,482</u>			<u>\$ 10,963,829</u>

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

Administrative	\$ 4,216
Community center	2,457
Library	1,732
Public safety	20,138
Fire	21,893
Park	38,125
Airport	31,399
Street	305,314
Cemetery	636
	<u>\$ 425,910</u>

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE H – CAPITAL ASSETS (continued)

	Balance September 30, 2017	Additions	Deletions	Balance September 30, 2018
BUSINESS-TYPE ACTIVITIES				
Water Fund				
Non-depreciable Capital Assets				
Land	\$ 57,354	\$ -	\$ -	\$ 57,354
Depreciable Capital Assets				
Water system	9,920,443	\$ 233,970	\$ 4,250	10,150,163
Pumping and purification	1,841,680	-	-	1,841,680
Lake	1,424,111	-	-	1,424,111
Total Depreciable Capital Assets	13,186,234	\$ 233,970	\$ 4,250	13,415,954
Less Accumulated Depreciation	6,413,989	\$ 333,174	\$ 4,250	6,742,913
Depreciable Capital Assets, net	6,772,245			6,673,041
Sewer Fund				
Non-depreciable Capital Assets				
Land	146,276	\$ -	\$ -	146,276
Construction in progress	5,748	102,660	-	108,408
Total Non-depreciable Capital Assets	152,024	\$ 102,660	\$ -	254,684
Depreciable Capital Assets				
Sewer system	13,458,925	\$ 46,934	\$ 4,250	13,501,609
Less Accumulated Depreciation	4,829,854	\$ 243,165	\$ 4,250	5,068,769
Depreciable Capital Assets, net	8,629,071			8,432,840
Total Capital Assets				
Business-Type Activities, net	\$ 15,610,694			\$ 15,417,919

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>2018 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, 2018, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>
Inactive employees or beneficiaries currently receiving benefits	15	6
Inactive employees entitled to but not yet receiving benefits	10	14
Active employees	<u>9</u>	<u>9</u>
	<u>34</u>	<u>29</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 9.6% for General and 7.3% for Police of annual covered payroll.

Net Pension Asset. The employer’s net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2018.

Actuarial Assumptions. The total pension asset in the February 28, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment 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 2018. 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 28, 2018, 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, 2018

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%	5.16%
Fixed Income	26.00%	2.86%
Real Assets	21.00%	3.23%
Strategic Assets	10.00%	5.59%

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>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension (Asset)</u>
<i>General Division</i>	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at beginning of year	\$ 1,404,085	\$ 1,698,328	\$ (294,243)
Changes for the year:			
Service cost	31,539	-	31,539
Interest	101,243	-	101,243
Change of benefit terms	103,648	-	103,648
Difference between expected and actual experiences	(18,802)	-	(18,802)
Contributions - employer	-	26,056	(26,056)
Net investment income	-	206,343	(206,343)
Benefits paid, including refunds	(47,058)	(47,058)	-
Administrative expenses	-	(2,560)	2,560
Other (net transfer)	-	4,192	(4,192)
Net Changes	<u>170,570</u>	<u>186,973</u>	<u>(16,403)</u>
Balance at end of year	1,574,655	1,885,301	(310,646)

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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>			
Balances at beginning of year	712,345	946,899	(234,554)
Changes for the year:			
Service Cost	24,144	-	24,144
Interest	51,772	-	51,772
Change of benefit terms	37,242	-	37,242
Difference between expected and actual experiences	6,102	-	6,102
Contributions - employer	-	21,829	(21,829)
Net investment income	-	115,190	(115,190)
Benefits paid, including refunds	(20,568)	(20,568)	-
Administrative expenses	-	(1,622)	1,622
Other (net transfer)	-	3,105	(3,105)
Net Changes	98,692	117,934	(19,242)
Balance at end of year	811,037	1,064,833	(253,796)
Total Plan Balances at End of Year	\$ 2,385,692	\$ 2,950,134	\$ (564,442)

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.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
	<i>General Division</i>		
Total Pension Liability	\$ 1,784,122	\$ 1,574,655	\$ 1,402,628
Fiduciary Net Position	1,885,301	1,885,301	1,885,301
Net Pension (Asset)	(101,179)	(310,646)	(482,673)

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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	945,923	811,037	704,367
Fiduciary Net Position	1,064,833	1,064,833	1,064,833
Net Pension (Asset)	(118,910)	(253,796)	(360,466)
Total Net Pension (Asset)	\$ (220,089)	\$ (564,442)	\$ (843,139)

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

For the year ended September 30, 2018, the employer recognized pension expense of \$77,987 in the general division and \$38,168 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 (Inflows) Outflows of Resources
<i>General Division</i>			
Differences in experiences	\$ -	\$ (8,522)	\$ (8,522)
Excess investment returns	-	(46,093)	(46,093)
Contributions subsequent to the measurement date	8,137	-	8,137
	8,137	(54,615)	(46,478)
<i>Police Division</i>			
Differences in experiences	3,734	(25,481)	(21,747)
Differences in assumptions	6,557	-	6,557
Excess investment returns	-	(24,472)	(24,472)
Contributions subsequent to the measurement date	6,932	-	6,932
	17,223	(49,953)	(32,730)
Total	\$ 25,360	\$ (104,568)	\$ (79,208)

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition to the Net Pension Asset for the year ending September 30, 2019.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2018

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 (Inflows) Outflows of Resources	Police Net Deferred (Inflows) of Resources	Total Net Deferred (Inflows) Resources
2019	\$ 521	\$ (4,296)	\$ (3,775)
2020	(7,451)	(9,280)	(16,731)
2021	(30,905)	(16,796)	(47,701)
2022	(16,780)	(9,290)	(26,070)
	\$ (54,615)	\$ (39,662)	\$ (94,277)

Payable to the Pension Plan

At September 30, 2018, 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:

	2017
Assessed Valuation	
Real estate	\$ 30,981,120
Personal property	7,807,042
TOTAL	\$ 38,788,162
Tax Rates Per \$100 of Assessed Valuation	
General Fund	\$.6289
Cemetery Fund	.0970
Library Fund	.1941
TOTAL	\$.9200

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2018

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

The legal debt margin at September 30, 2018, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional debt limit	\$ 3,878,816	\$ 3,878,816	\$ 7,757,632
General Obligation Bonds payable	-	-	-
LEGAL DEBT MARGIN	<u>\$ 3,878,816</u>	<u>\$ 3,878,816</u>	<u>\$ 7,757,632</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, 2018, are accounted for as follows:

General Fund	
Deferred court fines	<u>\$ 29,372</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, 2018, 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, 2018, \$922,000 of the 2007 bond ordinance had not been issued.

NOTE O – COMMITMENTS

At September 30, 2018, the City had the following commitment:

- Alliance Water Resource, Inc. in the amount of \$1,193,176, and \$1,217,508 for professional services which include providing management, operation, and maintenance of the water and sewer system for fiscal years 2019 and 2020, respectively.

NOTE P – PLEDGED REVENUES

The City has pledged future water and sewer customer revenues to repay the 2003B 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 \$7,545,373. Principal and interest paid for the current year and total customer net revenues were \$587,840 and \$1,298,709, respectively. In addition, interest subsidies paid \$71,810 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, 2018, the amount outstanding was \$36,229,961.

NOTE R – TAX ABATEMENTS

As of September 30, 2018, the City provided tax abatements through the following programs:

- The Urban Redevelopment Corporation Law, or Chapter 353, is an economic development tool to encourage redevelopment of blighted areas. Under Sections 353.010-353.190, RSMo., the Urban Redevelopment Corporation has a tax abatement available for 25 years. During the first 10 years, the property is not subject to real property taxes except in the amount of real property taxes assessed on the land during the calendar year during with the Urban Redevelopment Corporation acquired title to the real property. For the remaining 15 years, the property may be assessed up to 50% of its true value. Payments in lieu of taxes (PILOTs) may be imposed on the Urban Redevelopment Corporation by the city in order to replace all or part of the real estate taxes abated. The PILOTs must be allocated based on a proportionate share to each taxing district.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2018

NOTE R – TAX ABATEMENTS (continued)

- The Chapter 100 Industrial Development Act allow cities or counties to purchase or construct certain types of projects with bond proceeds and lease the project to a company under Sections 100.010-100.200, RSMo. Eligible projects include the purchase, construction, extension and improvement of warehouses, distributions facilities, research and development facilities, office industries, agricultural processing industries, service facilities which provide interstate commerce, and industrial plants. Since the city or county owns the property and leases it to the company, an amount of the property taxes can be abated for a term agreed on by the city or county issuer and the company. Cities and counties are allowed to require the company to make payments in lieu of taxes (PILOTs) for a portion of the taxes it would have otherwise been required to pay.

Information relevant to disclosure of these programs for the year ended September 30, 2018, is as follows:

Tax Abatement Program	Type of Tax Abated	Amount of Taxes Abated During 9/30/18	Payment in Lieu of Tax Received
Urban Redevelopment (Chapter 353)	Real-estate taxes	\$ 1,804	\$ -
Chapter 100	Real-estate taxes	288,512	165,742
		<u>\$ 290,316</u>	<u>\$ 165,742</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BOWLING GREEN, MISSOURI
SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS
Year Ended September 30, 2018

Missouri Local Government Employees Retirement System (LAGERS)

	Year Ended September 30, 2018	Year Ended September 30, 2017	Year Ended September 30, 2016	Year Ended September 30, 2015
TOTAL PENSION LIABILITY				
Service Cost	\$ 55,683	\$ 60,825	\$ 65,548	\$ 62,690
Interest on the total pension liability	153,015	153,375	135,916	127,946
Change of benefit terms	140,890			
Difference between expected and actual experience	(12,700)	(147,813)	33,624	(8,745)
Changes of assumptions	-	-	79,884	-
Benefit payments	(67,626)	(69,967)	(73,627)	(73,127)
NET CHANGE IN TOTAL PENSION LIABILITY	269,262	(3,580)	241,345	108,764
TOTAL PENSION LIABILITY, BEGINNING	2,116,430	2,120,010	1,878,665	1,769,901
TOTAL PENSION LIABILITY, ENDING	2,385,692	2,116,430	2,120,010	1,878,665
PLAN FIDUCIARY NET POSITION				
Contributions - employer	47,885	28,420	34,732	38,202
Pension Plan Net Investment Income	321,533	281,993	(4,958)	46,237
Benefit Payments	(67,626)	(69,967)	(73,627)	(73,127)
Pension Plan Administrative Expense	(4,182)	(3,792)	(3,616)	(4,008)
Other (Net Transfer)	7,297	(22,822)	25,469	31,350
NET CHANGE IN PLAN FIDUCIARY NET POSITION	304,907	213,832	(22,000)	38,654
PLAN FIDUCIARY NET POSITION, BEGINNING	2,645,227	2,431,395	2,453,395	2,414,741
PLAN FIDUCIARY NET POSITION, ENDING	2,950,134	2,645,227	2,431,395	2,453,395
NET PENSION (ASSET)	\$ (564,442)	\$ (528,797)	\$ (311,385)	\$ (574,730)
Plan fiduciary net position as a percentage of the total pension liability	123.66%	124.99%	114.69%	130.59%
Covered employee payroll	\$ 650,926	\$ 549,692	\$ 660,469	\$ 701,548
Net pension asset as a percentage of covered employee payroll	(86.71)%	(96.20)%	(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 Ending September 30, 2018

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

<u>Year Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Employee Payroll</u>	<u>Contribution as a Percentage of Covered Employee Payroll</u>
2009	\$ 2,411	\$ 2,411	\$ -	\$ 602,832	0.40%
2010	2,358	2,358	-	589,591	0.40%
2011	31,877	9,813	(22,064)	700,918	1.40%
2012	37,419	16,212	(21,207)	675,522	2.40%
2013	49,769	22,226	(27,543)	653,709	3.40%
2014	51,645	31,212	(20,433)	709,363	4.40%
2015	49,571	39,182	(10,389)	725,603	5.40%
2016	33,425	33,425	-	636,410	5.25%
2017	27,859	27,859	-	587,664	4.74%
2018	55,105	55,105	-	652,723	8.44%

See accompanying notes to the required schedules.

CITY OF BOWLING GREEN, MISSOURI
NOTES TO SCHEDULE OF CONTRIBUTIONS
Year Ended September 30, 2018

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: February 28, 2018

Notes: The roll-forward of total pension liability from February 28, 2018, to June 30, 2018, reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method – Entry Age Normal and Modified Terminal Funding

Amortization Method – A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period, or (ii) 15 years.

Remaining Amortization Period – Multiple bases from 15 to 19 years for the General and Police divisions

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

Inflation – 3.25% wage inflation; 2.50% price inflation

Salary Increases – 3.25% to 6.55% including wage inflation

Investment Rate of Return – 7.25%, net of investment expenses

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

Mortality – The healthy retiree mortality tables, for post-retirement mortality, 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 2018. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other Information – None

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes	\$ 237,600	\$ 237,600	\$ 245,404	\$ 7,804
City sales tax	855,000	855,000	961,364	106,364
Transportation sales tax	408,000	408,000	452,922	44,922
Financial institution tax	3,000	3,000	3,323	323
Railroad and utility tax	30,000	30,000	32,793	2,793
Surtax	4,000	4,000	4,642	642
Utility franchise tax	330,000	330,000	351,851	21,851
Motor vehicle tax	210,000	210,000	215,221	5,221
Payment in lieu of taxes	200,000	200,000	200,000	-
Lodging tax	50,000	50,000	65,278	15,278
Cigarette tax	21,500	21,500	19,852	(1,648)
	<u>2,349,100</u>	<u>2,349,100</u>	<u>2,552,650</u>	<u>203,550</u>
Licenses and Permits				
Occupational licenses	10,500	10,500	13,403	2,903
Building permits	5,250	5,250	12,321	7,071
Animal license and fees	800	800	385	(415)
	<u>16,550</u>	<u>16,550</u>	<u>26,109</u>	<u>9,559</u>
Intergovernmental Revenues				
Police grants	12,150	12,150	6,505	(5,645)
Charges for Services				
Printing	-	-	297	297
Airport fuel	21,300	21,300	19,561	(1,739)
Trash billing	160,000	160,000	6,572	(153,428)
	<u>181,300</u>	<u>181,300</u>	<u>26,430</u>	<u>(154,870)</u>
Fines and Forfeitures				
City court fines	40,000	40,000	36,815	(3,185)
Miscellaneous				
Rents and royalties	33,800	33,800	27,948	(5,852)
Interest	7,000	7,000	10,254	3,254
Other	40,100	40,100	62,489	22,389
	<u>80,900</u>	<u>80,900</u>	<u>100,691</u>	<u>19,791</u>
TOTAL REVENUES	<u>2,680,000</u>	<u>2,680,000</u>	<u>2,749,200</u>	<u>69,200</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)
 Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
EXPENDITURES				
Current				
Administrative	629,186	699,186	539,511	159,675
Public safety	930,317	930,317	867,477	62,840
Fire	82,000	82,000	67,989	14,011
Community center	19,546	19,546	18,924	622
Airport	49,350	49,350	55,615	(6,265)
Street	425,250	425,250	431,099	(5,849)
Planning and zoning	79,256	79,256	74,690	4,566
Other	3,900	3,900	3,706	194
Debt Service				
Principal and interest	461,195	461,195	461,279	(84)
TOTAL EXPENDITURES	<u>2,680,000</u>	<u>2,750,000</u>	<u>2,520,290</u>	<u>229,710</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	-	(70,000)	228,910	298,910
OTHER FINANCING SOURCES				
Sale of property	-	-	9,245	9,245
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	(70,000)	238,155	308,155
FUND BALANCE, October 1	<u>1,558,687</u>	<u>1,558,687</u>	<u>1,558,687</u>	-
FUND BALANCE, September 30	<u>\$ 1,558,687</u>	<u>\$ 1,488,687</u>	<u>\$ 1,796,842</u>	<u>\$ 308,155</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – CEMETERY FUND
 Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes and penalties	\$ 36,800	\$ 36,800	\$ 37,850	\$ 1,050
Financial institution tax	450	450	537	87
Railroad and utility tax	5,000	5,000	5,305	305
Surtax	650	650	751	101
	<u>42,900</u>	<u>42,900</u>	<u>44,443</u>	<u>1,543</u>
Charges for services				
Sale of lots	2,000	2,000	7,510	5,510
Miscellaneous				
Donations	-	-	25	25
Interest	600	600	1,145	545
	<u>600</u>	<u>600</u>	<u>1,170</u>	<u>570</u>
TOTAL REVENUES	<u>45,500</u>	<u>45,500</u>	<u>53,123</u>	<u>7,623</u>
EXPENDITURES				
Cemetery	45,500	45,500	41,808	3,692
TOTAL EXPENDITURES	<u>45,500</u>	<u>45,500</u>	<u>41,808</u>	<u>3,692</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	-	-	11,315	11,315
FUND BALANCE, October 1	<u>145,599</u>	<u>145,599</u>	<u>145,599</u>	<u>-</u>
FUND BALANCE, September 30	<u>\$ 145,599</u>	<u>\$ 145,599</u>	<u>\$ 156,914</u>	<u>\$ 11,315</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – PARK FUND
 Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Sales taxes	\$ 207,000	\$ 207,000	\$ 226,460	\$ 19,460
Charges for Services				
Park rental	4,200	4,200	6,639	2,439
Miscellaneous				
Interest	2,800	2,800	3,019	219
Other	17,300	17,300	2,953	(14,347)
	<u>20,100</u>	<u>20,100</u>	<u>5,972</u>	<u>(14,128)</u>
TOTAL REVENUES	231,300	231,300	239,071	7,771
EXPENDITURES				
Current				
Park	129,700	129,700	111,847	17,853
Pool	73,400	73,400	65,173	8,227
Debt Service				
Principal and interest	28,200	28,200	28,433	(233)
TOTAL EXPENDITURES	<u>231,300</u>	<u>231,300</u>	<u>205,453</u>	<u>25,847</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	33,618	33,618
FUND BALANCE, October 1	<u>338,339</u>	<u>338,339</u>	<u>338,339</u>	-
FUND BALANCE, September 30	<u>\$ 338,339</u>	<u>\$ 338,339</u>	<u>\$ 371,957</u>	<u>\$ 33,618</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – LIBRARY FUND
 Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes and penalties	\$ 74,230	\$ 74,230	\$ 75,739	\$ 1,509
Financial institution tax	1,050	1,050	1,026	(24)
Railroad and utility tax	9,750	9,750	10,127	377
Surtax	1,400	1,400	1,434	34
Other taxes	762	762	1,587	825
	<u>87,192</u>	<u>87,192</u>	<u>89,913</u>	<u>2,721</u>
Intergovernmental Revenues				
State grants	643	643	2,027	1,384
Charges for Services				
Fines, fees and memberships	4,350	4,350	4,736	386
Miscellaneous				
Donations	8,000	8,000	1,283	(6,717)
Interest	250	250	272	22
Other	300	300	201	(99)
	<u>8,550</u>	<u>8,550</u>	<u>1,756</u>	<u>(6,794)</u>
TOTAL REVENUES	<u>100,735</u>	<u>100,735</u>	<u>98,432</u>	<u>(2,303)</u>
EXPENDITURES				
Current				
Library	94,143	94,143	92,784	1,359
Debt Service				
Principal and interest	6,592	6,592	6,589	3
TOTAL EXPENDITURES	<u>100,735</u>	<u>100,735</u>	<u>99,373</u>	<u>1,362</u>
(DEFICIT) OF REVENUES OVER EXPENDITURES				
	-	-	(941)	(941)
FUND BALANCE, October 1	50,871	50,871	50,871	-
FUND BALANCE, September 30	<u>\$ 50,871</u>	<u>\$ 50,871</u>	<u>\$ 49,930</u>	<u>\$ (941)</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – STREET CIP FUND
 Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES				
Taxes				
Sales taxes	\$ 408,000	\$ 408,000	\$ 452,752	\$ 44,752
Miscellaneous				
Interest	500	500	1,329	829
TOTAL REVENUES	<u>408,500</u>	<u>408,500</u>	<u>454,081</u>	<u>45,581</u>
EXPENDITURES				
Current				
Street	123,300	123,300	75,367	47,933
Debt Service				
Principal, interest and fees	285,200	285,200	285,199	1
TOTAL EXPENDITURES	<u>408,500</u>	<u>408,500</u>	<u>360,566</u>	<u>47,934</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	-	-	93,515	93,515
FUND BALANCE, October 1	<u>293,647</u>	<u>293,647</u>	<u>293,647</u>	<u>-</u>
FUND BALANCE, September 30	<u><u>\$ 293,647</u></u>	<u><u>\$ 293,647</u></u>	<u><u>\$ 387,162</u></u>	<u><u>\$ 93,515</u></u>

CITY OF BOWLING GREEN, MISSOURI
NOTE TO BUDGETARY COMPARISON SCHEDULES
Year Ended September 30, 2018

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, 2018, 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 February 11, 2019.

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.

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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 2018-001.

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
February 11, 2019

CITY OF BOWLING GREEN, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended September 30, 2018

2018-001 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.