

City of Bowling Green, Missouri

BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2020



Table of Contents

Independent Auditors' Report	4
Management's Discussion and Analysis	8
Basic Financial Statements	
Statement of Net Position.....	15
Statement of Activities.....	17
Balance Sheet – Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Position – Proprietary Funds.....	23
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds	25
Notes to the Financial Statements.....	26
Required Supplementary Information	
Schedule of Changes in Net Pension Asset and Related Ratios	53
Schedule of Contributions.....	54
Notes to the Schedule of Contributions	55
Budgetary Comparison Schedule – General Fund	56
Budgetary Comparison Schedule – Cemetery Fund	58
Budgetary Comparison Schedule – Park Fund	59
Budgetary Comparison Schedule – Library Fund	60
Budgetary Comparison Schedule – Street CIP Fund	61
Notes to the Budgetary Comparison Schedules	62

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* 64

Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance 66

Schedule of Expenditures of Federal Awards 68

Notes to the Schedule of Expenditures of Federal Awards 69

Schedule of Finding and Questioned Costs..... 70

Summary Schedule of Prior Audit Findings..... 72

Corrective Action Plan..... 73



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, 2020, 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.

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, 2020, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bowling Green, Missouri's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2021, 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
March 4, 2021

Management's Discussion and Analysis

City of Bowling Green

Management's Discussion and Analysis

September 30, 2020

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, 2020. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$3,231,195 for the year as a result of current year activities. The net position of the City's business activities increased by \$156,337 for the year.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of September 30, 2020, by \$27.6 million (net position). Of this amount \$4,285,919 was unrestricted and may be used to meet future obligations of the City.

Total long-term liabilities of the City decreased by \$1,592,701 during the year.

Total revenues increased \$1,999,283 or 29% compared to prior year revenues primarily due to the airport project, while total expenses increased \$24,098 or <1%.

Using this Annual Report

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

Government-Wide Financial Statements

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

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.

City of Bowling Green

Management's Discussion and Analysis

September 30, 2020

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.

City of Bowling Green

Management's Discussion and Analysis

September 30, 2020

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of September 30, 2020 and 2019:

	Governmental Activities	Business-Type Activities	Total September 30, 2020	Total September 30, 2019
Assets				
Current and other assets	\$ 4,729,134	\$ 2,463,847	\$ 7,192,981	\$ 5,809,584
Net pension asset	538,252	-	538,252	673,816
Capital assets	12,594,336	15,603,431	28,197,767	26,621,236
Total Assets	17,861,722	18,067,278	35,929,000	33,104,636
Deferred Outflow of Resources				
Deferred pension outflows	81,479	-	81,479	11,688
Liabilities				
Other liabilities	1,514,044	702,595	2,216,639	990,083
Long-term liabilities outstanding	1,146,658	5,007,059	6,153,717	7,746,418
Total Liabilities	2,660,702	5,709,654	8,370,356	8,736,501
Deferred Inflow of Resources				
Deferred pension inflows	5,350	-	5,350	132,582
Net Position				
Net investment in capital assets	11,339,254	10,093,075	21,432,329	18,225,433
Restricted				
Non-expendable	29,321	-	29,321	29,321
Expendable	1,311,864	575,340	1,887,204	1,618,394
Unrestricted	2,596,710	1,689,209	4,285,919	4,374,093
Total Net Position	\$ 15,277,149	\$ 12,357,624	\$ 27,634,773	\$ 24,247,241

Total net position of the City increased by \$3,387,532 for the year due to current year activity. Total liabilities for the City decreased \$366,145.

City of Bowling Green

Management's Discussion and Analysis

September 30, 2020

Change in Net Position

	Governmental Activities	Business-Type Activities	Total Year Ended September 30, 2020	Total Year Ended September 30, 2019
Revenues				
Program Revenues				
Charges for services	\$ 110,166	\$ 3,015,467	\$ 3,125,633	\$ 3,323,864
Operating grants and contributions	10,603	-	10,603	12,016
Capital grants and contributions	2,098,946	4,000	2,102,946	42,400
General Revenues				
Property taxes	388,625	-	388,625	373,260
Sales taxes	2,250,037	-	2,250,037	2,085,695
Motor vehicle taxes	209,320	-	209,320	216,613
Other taxes	325,381	-	325,381	326,883
Franchise fees	294,937	-	294,937	313,700
Interest	23,748	61,241	84,989	101,063
Other revenue	31,581	-	31,581	29,275
Total Revenues	5,743,344	3,080,708	8,824,052	6,824,769
Expenses				
Administrative	221,859	-	221,859	280,956
Public safety	861,916	-	861,916	827,407
Fire	90,020	-	90,020	80,352
Community center	19,368	-	19,368	16,888
Airport	63,338	-	63,338	82,561
Street	798,532	-	798,532	816,381
Planning and zoning	52,471	-	52,471	55,338
Cemetery	39,086	-	39,086	42,141
Park	121,341	-	121,341	129,260
Pool	57,700	-	57,700	74,412
Library	78,171	-	78,171	87,438
Other	3,910	-	3,910	4,350
Debt service	104,437	-	104,437	108,095
Water	-	1,959,440	1,959,440	1,740,468
Sewer	-	964,931	964,931	1,066,375
Total Expenses	2,512,149	2,924,371	5,436,520	5,412,422
<i>Increase in Net Position</i>	<u><u>\$ 3,231,195</u></u>	<u><u>\$ 156,337</u></u>	<u><u>\$ 3,387,532</u></u>	<u><u>\$ 1,412,347</u></u>

City of Bowling Green

Management's Discussion and Analysis

September 30, 2020

Governmental Activities

Governmental activities increased the net position of the City by \$3,231,195. Tax revenues for the City were \$3,468,300 which represents 60% of the financing of these activities. Program revenues for the functions totaled \$2,219,715. 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

	Total Cost of Services	Net Cost of Services
Administrative	\$ 221,859	\$ 206,637
Public safety	861,916	837,825
Fire	90,020	90,020
Airport	63,338	(2,051,480)
Street	798,532	767,358
Planning and zoning	52,471	44,064
Park	121,341	120,699
Community center	19,368	19,368
Library	78,171	70,037
Debt service	104,437	104,437
Other government activities	100,696	83,469
	<u>\$ 2,512,149</u>	<u>\$ 292,434</u>

Business-Type Activities

Business-type activities increased the City's net position by \$156,337.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of September 30, 2020, were \$3,310,374. The General Fund decreased by \$173,682. The Cemetery Fund increased by \$16,550. The Park Fund increased by \$77,886. The Library Fund increased by \$9,334. The Street CIP Fund increased by \$116,592.

General Fund Budgetary Highlights

Revenues

The original revenue budget of \$2,890,400 was increased to \$5,587,371. Actual revenues were \$4,826,713 which is a difference of \$760,658.

Expenditures

The original expenditure budget of \$2,890,400 increased to \$6,067,511. Actual expenditures were \$5,480,535, which is a difference of \$586,976.

City of Bowling Green

Management's Discussion and Analysis

September 30, 2020

Capital Asset and Debt Administration

Capital Assets

Net capital assets of the governmental activities were \$12,594,336 as of September 30, 2020, which is an increase of \$1,948,635 from the prior year primarily due to the airport project. Net capital assets for business-type activities were \$15,603,431 of September 30, 2020. This is a decrease of \$372,104.

Long-term Debt

Total long-term debt of the governmental activities as of September 30, 2020, was \$1,271,658, which is down from \$2,437,011, in the prior year, due to principal payments on debt in the amount of \$1,742,659 and the addition of a new lease in the amount of \$580,082.

Total long-term debt of the business-type activities as of September 30, 2020, was \$5,510,356, which is down from \$6,011,942 in the prior year, due to principal payments on debt in the amount of \$526,539 and the addition of a new lease in the amount of \$24,953.

Economic Factors and Next Year's Budget

COVID and the rising price of lumber and steel have delayed some residential development in the last quarter of 2020. One contractor has mentioned starting on his first of 12 units hopefully early spring 2021.

The City is finishing up the sewer project for Locust & North Main Cross and will then move to repaving those roads affected by the sewer and water project. The City is also in planning stages for building a roundabout with a 50/50 cost-share grant from MoDOT.

Updates at the Bowling Green Municipal Airport are in their final stages and should be finished by mid-Spring.

For 2021, a local business owner plans to construct a new facility in Bowling Green's Industrial Park with hopes of 15-20 new jobs, to be operational end of FY 2021 or early FY 2022.

In January 2021, the previous Chevrolet dealership that closed opened under new ownership. This is great for the City and new city taxes for the last half of the fiscal year.

The 2020-2021 fiscal year budget consists of seven separate funds. The 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 2020-2021 fiscal year.

The Board approved several capital improvement items for 2020-2021:

General Administration: Replace flooring in most carpet and all linoleum areas; engineering study at the Industrial Park; two new computers and installation; and donation to Pike County Development Authority.

Police: Body Cameras; body armor; building cameras; printer; shredder; server and installation; new vehicle with equipment installed.

City of Bowling Green

Management's Discussion and Analysis

September 30, 2020

Fire: New lighting, bathroom and ceiling; new sign; two new front tires for firetruck; turnout gear; hose replacement; mobile router; jaws of life

Grounds Maintenance: New Alliance building; replace ½ old roof.

Airport: Electric in main hangar; 1-2 new hangars and/or asphalt; runway expansion

Streets: New tires for backhoe and skid steer; Dairy Queen road culvert

Street CIP: Premix rock/ oil distributor (rental)

Park: Electric in park; lines on basketball court; umbrellas; trash bonnet lids; trash cans; benches; Bobcat flags; tables; Kaboom/Dr Pepper grant

Sewer: Effluent pump

Water: 1 metering feed pump; auto cleaning module

Wastewater collections: Rebuild pump @ Municipal Lift station

Lake: New K pump

Distribution: Locust & North Main Cross waterline project; large radio meters; line locator; meter antennas

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:

Linda Luebrecht, City Clerk/Administrator

Kim Moore, Treasurer

City of Bowling Green

16 W. Church

Bowling Green, Missouri 63334

(573) 324-5451

City of Bowling Green

Statement of Net Position

September 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Current			
Cash and cash equivalents - unrestricted	\$ 2,054,250	\$ 1,394,158	\$ 3,448,408
Investments - unrestricted	806,197	-	806,197
Ad valorem taxes receivable	851	-	851
Sales tax receivable	379,642	-	379,642
Utilities receivable, net	-	259,107	259,107
Other accounts receivable	38,157	-	38,157
Court fines receivable	42,722	-	42,722
Intergovernmental receivable	1,320,513	-	1,320,513
Accrued interest receivable	4,354	33	4,387
Inventory	-	144,681	144,681
Prepaid expenses	34,324	16,163	50,487
Noncurrent			
Restricted cash and cash equivalents	19,926	534,605	554,531
Restricted investments	28,198	115,100	143,298
Net pension asset	538,252	-	538,252
Capital Assets			
Non-depreciable	3,305,626	330,618	3,636,244
Depreciable, net	9,288,710	15,272,813	24,561,523
Total Assets	17,861,722	18,067,278	35,929,000
Deferred Outflow of Resources			
Deferred pension outflows	81,479	-	81,479

See accompanying notes to the financial statements.

City of Bowling Green

Statement of Net Position

September 30, 2020

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current			
Accounts payable	1,346,402	96,630	1,443,032
Accrued expenses	20,638	-	20,638
Insurance proceeds payable	13,598	-	13,598
Deposits payable	3,400	74,365	77,765
Accrued interest payable	5,006	28,303	33,309
Current maturities of long-term debt	125,000	503,297	628,297
	<u>1,514,044</u>	<u>702,595</u>	<u>2,216,639</u>
Noncurrent			
Revenue bonds payable	-	4,235,561	4,235,561
Certificates of participation payable	550,000	-	550,000
Capital leases payable	580,082	771,498	1,351,580
Compensated absences	16,576	-	16,576
	<u>1,146,658</u>	<u>5,007,059</u>	<u>6,153,717</u>
Total Liabilities	<u>2,660,702</u>	<u>5,709,654</u>	<u>8,370,356</u>
Deferred Inflow of Resources			
Deferred pension inflows	<u>5,350</u>	<u>-</u>	<u>5,350</u>
Net Position			
Net investment in capital assets	11,339,254	10,093,075	21,432,329
Restricted			
Non-expendable	29,321	-	29,321
Expendable	1,311,864	575,340	1,887,204
Unrestricted	<u>2,596,710</u>	<u>1,689,209</u>	<u>4,285,919</u>
Total Net Position	<u>\$ 15,277,149</u>	<u>\$ 12,357,624</u>	<u>\$ 27,634,773</u>

See accompanying notes to the financial statements.

City of Bowling Green

Statement of Activities

Year Ended September 30, 2020

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	\$ (221,859)	\$ 15,222	\$ -	\$ -	\$ (206,637)	\$ -	\$ (206,637)
Public safety	(861,916)	17,996	6,095	-	(837,825)	-	(837,825)
Fire	(90,020)	-	-	-	(90,020)	-	(90,020)
Community center	(19,368)	-	-	-	(19,368)	-	(19,368)
Airport	(63,338)	47,046	-	2,067,772	2,051,480	-	2,051,480
Street	(798,532)	-	-	31,174	(767,358)	-	(767,358)
Planning and zoning	(52,471)	8,407	-	-	(44,064)	-	(44,064)
Cemetery	(39,086)	6,710	50	-	(32,326)	-	(32,326)
Park	(121,341)	642	-	-	(120,699)	-	(120,699)
Pool	(57,700)	10,467	-	-	(47,233)	-	(47,233)
Library	(78,171)	3,676	4,458	-	(70,037)	-	(70,037)
Other	(3,910)	-	-	-	(3,910)	-	(3,910)
Debt service	(104,437)	-	-	-	(104,437)	-	(104,437)
Total Governmental Activities	(2,512,149)	110,166	10,603	2,098,946	(292,434)	-	(292,434)
Business-Type Activities							
Water	(1,959,440)	1,963,312	-	-	-	3,872	3,872
Sewer	(964,931)	1,052,155	-	4,000	-	91,224	91,224
Total Business Type Activities	(2,924,371)	3,015,467	-	4,000	-	95,096	95,096
Total Government	\$ (5,436,520)	\$ 3,125,633	\$ 10,603	\$ 2,102,946	(292,434)	95,096	(197,338)
General Revenues							
Ad Valorem taxes					388,625	-	388,625
Sales taxes					2,250,037	-	2,250,037
Motor vehicle taxes					209,320	-	209,320
Other taxes					325,381	-	325,381
Franchise fees					294,937	-	294,937
Interest					23,748	61,241	84,989
Other revenue					31,581	-	31,581
Total General Revenues					3,523,629	61,241	3,584,870
Changes in Net Position					3,231,195	156,337	3,387,532
Net Position, Beginning of year					12,045,954	12,201,287	24,247,241
Net Position, End of year					\$ 15,277,149	\$ 12,357,624	\$ 27,634,773

See accompanying notes to the financial statements.

City of Bowling Green

Balance Sheet – Governmental Funds

September 30, 2020

	Special Revenue Funds					Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Street CIP Fund	
Assets						
Cash and cash equivalents - unrestricted	\$ 1,060,590	\$ 100,792	\$ 323,112	\$ 51,794	\$ 517,962	\$ 2,054,250
Investments - unrestricted	600,000	50,000	150,000	6,197	-	806,197
Ad valorem taxes receivable	456	134	-	261	-	851
Sales tax receivable	267,341	-	37,434	-	74,867	379,642
Other accounts receivable	38,157	-	-	-	-	38,157
Intergovernmental receivable	1,320,513	-	-	-	-	1,320,513
Court fines receivable	42,722	-	-	-	-	42,722
Accrued interest receivable	4,343	8	-	3	-	4,354
Prepaid expenses	31,304	-	1,878	1,142	-	34,324
Restricted cash and cash equivalents	18,653	1,273	-	-	-	19,926
Restricted investments	-	28,198	-	-	-	28,198
Total Assets	<u>\$ 3,384,079</u>	<u>\$ 180,405</u>	<u>\$ 512,424</u>	<u>\$ 59,397</u>	<u>\$ 592,829</u>	<u>\$ 4,729,134</u>
Liabilities, Deferred Inflow of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 1,346,337	\$ -	\$ -	\$ 65	\$ -	\$ 1,346,402
Accrued expenses	18,198	-	-	2,440	-	20,638
Insurance proceeds payable	13,598	-	-	-	-	13,598
Deposits payable	3,200	-	200	-	-	3,400
Total Liabilities	<u>1,381,333</u>	<u>-</u>	<u>200</u>	<u>2,505</u>	<u>-</u>	<u>1,384,038</u>

See accompanying notes to the financial statements.

City of Bowling Green

Balance Sheet – Governmental Funds

September 30, 2020

	Special Revenue Funds					Total
	General Fund	Cemetery Fund	Park Fund	Library Fund	Street CIP Fund	Governmental Funds
Deferred Inflow of Resources						
Deferred court fines	34,722	-	-	-	-	34,722
Total Deferred Inflow of Resources	34,722	-	-	-	-	34,722
Fund Balances						
Nonspendable						
Cemetery perpetual care	-	29,321	-	-	-	29,321
Prepaid items	31,304	-	1,878	1,142	-	34,324
Restricted for						
Flag reserves	1,855	-	-	-	-	1,855
Cemetery donations	-	150	-	-	-	150
Cemetery	-	150,934	-	-	-	150,934
Park	-	-	510,346	-	-	510,346
Library	-	-	-	55,750	-	55,750
Street	-	-	-	-	592,829	592,829
Unassigned	1,934,865	-	-	-	-	1,934,865
Total Fund Balances	1,968,024	180,405	512,224	56,892	592,829	3,310,374
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	\$ 3,384,079	\$ 180,405	\$ 512,424	\$ 59,397	\$ 592,829	\$ 4,729,134

See accompanying notes to the financial statements.

City of Bowling Green

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

September 30, 2020

Fund balance - total governmental funds	\$ 3,310,374
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	17,892,794
Less accumulated depreciation	<u>(5,298,458)</u>
	12,594,336
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	538,252
Deferred outflows due to pensions	81,479
Deferred inflows due to pensions	<u>(5,350)</u>
	614,381
Adjustment of deferred court fines	34,722
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(5,006)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(1,271,658)</u>
Net Position of Governmental Activities	<u>\$ 15,277,149</u>

See accompanying notes to the financial statements.

City of Bowling Green

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

Year Ended September 30, 2020

	Special Revenue Funds					Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Street CIP Fund	
Revenues						
Taxes	\$ 2,589,749	\$ 47,028	\$ 245,452	\$ 95,168	\$ 490,904	\$ 3,468,301
Licenses and permits	21,317	-	-	-	-	21,317
Intergovernmental revenues	2,104,780	-	-	2,757	-	2,107,537
Charges for services	14,914	6,710	11,109	3,676	-	36,409
Fines and forfeitures	16,980	-	-	-	-	16,980
Miscellaneous	78,973	1,262	8,584	2,279	1,443	92,541
Total Revenues	<u>4,826,713</u>	<u>55,000</u>	<u>265,145</u>	<u>103,880</u>	<u>492,347</u>	<u>5,743,085</u>
Expenditures						
Current						
Administrative	259,401	-	-	-	-	259,401
Public safety	889,368	-	-	-	-	889,368
Fire	66,301	-	-	-	-	66,301
Community center	16,911	-	-	-	-	16,911
Airport	2,099,465	-	-	-	-	2,099,465
Street	512,660	-	-	-	225,928	738,588
Planning and zoning	60,040	-	-	-	-	60,040
Cemetery	-	38,450	-	-	-	38,450
Park	-	-	102,233	-	-	102,233
Pool	-	-	57,700	-	-	57,700
Library	-	-	-	88,215	-	88,215
Other	3,910	-	-	-	-	3,910
Debt Service						
Principal, interest and fees	1,572,479	-	95,093	24,093	164,240	1,855,905
Total Expenditures	<u>5,480,535</u>	<u>38,450</u>	<u>255,026</u>	<u>112,308</u>	<u>390,168</u>	<u>6,276,487</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(653,822)	16,550	10,119	(8,428)	102,179	(533,402)
Other Financing Sources						
Lease Proceeds	480,140	-	67,767	17,762	14,413	580,082
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures</i>	(173,682)	16,550	77,886	9,334	116,592	46,680
Fund Balance, October 1	2,141,706	163,855	434,338	47,558	476,237	3,263,694
Fund Balance, September 30	<u>\$ 1,968,024</u>	<u>\$ 180,405</u>	<u>\$ 512,224</u>	<u>\$ 56,892</u>	<u>\$ 592,829</u>	<u>\$ 3,310,374</u>

See accompanying notes to the financial statements.

City of Bowling Green

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

Year Ended September 30, 2020

Net change in fund balances - total governmental funds	\$	46,680
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital assets	2,411,082	
Depreciation	(462,447)	
	1,948,635	

Some revenues reported in the governmental funds represent current financial resources and were recognized in the Statement of Activities when earned.		259
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The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. In the Statement of Activities, interest is accrued on outstanding debt whereas, in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences:

Issuance of lease obligation	(580,082)	
Repayment of principal on loans and leases	1,742,659	
Accrued interest payable	8,809	
	1,171,386	

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	61,459	
Change in compensated absences	2,776	
	64,235	
<i>Change in Net Position of Governmental Activities</i>	\$ 3,231,195	

See accompanying notes to the financial statements.

City of Bowling Green

Statement of Net Position – Proprietary Funds

September 30, 2020

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,375,844	\$ 18,314	\$ 1,394,158
Utilities receivable, net	177,598	81,509	259,107
Accrued interest receivable	16	17	33
Inventory	101,592	43,089	144,681
Prepaid expenses	9,787	6,376	16,163
Total Current Assets	1,664,837	149,305	1,814,142
Restricted Assets			
Cash and cash equivalents	449,979	84,626	534,605
Investments	57,550	57,550	115,100
Total Restricted Assets	507,529	142,176	649,705
Property, Plant and Equipment			
Land	57,354	146,276	203,630
Construction in progress	104,265	22,723	126,988
Sewer system	-	14,499,024	14,499,024
Water system	10,554,462	-	10,554,462
Pumping and purification	1,841,680	-	1,841,680
Lake	1,424,111	-	1,424,111
	13,981,872	14,668,023	28,649,895
Less accumulated depreciation	(7,471,065)	(5,575,399)	(13,046,464)
Total Property, Plant, and Equipment	6,510,807	9,092,624	15,603,431
Total Assets	8,683,173	9,384,105	18,067,278
Liabilities			
Current Liabilities			
Accounts payable	96,630	-	96,630
Deposits payable	74,365	-	74,365
Accrued interest payable	8,576	19,727	28,303
Current maturities of long-term debt	113,766	389,531	503,297
Total Current Liabilities	293,337	409,258	702,595
Long-Term Liabilities			
Revenue bonds payable	2,925,561	1,310,000	4,235,561
Capital leases payable	150,056	621,442	771,498
Total Long-Term Liabilities	3,075,617	1,931,442	5,007,059
Total Liabilities	3,368,954	2,340,700	5,709,654
Net Position			
Net investment in capital assets	3,321,424	6,771,651	10,093,075
Restricted	433,164	142,176	575,340
Unrestricted	1,559,631	129,578	1,689,209
Total Net Position	\$ 5,314,219	\$ 7,043,405	\$ 12,357,624

See accompanying notes to the financial statements.

City of Bowling Green

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

Year Ended September 30, 2020

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues			
Charges for services	\$ 1,960,613	\$ 1,036,841	\$ 2,997,454
Miscellaneous	2,699	15,314	18,013
Total Operating Revenues	<u>1,963,312</u>	<u>1,052,155</u>	<u>3,015,467</u>
Operating Expenses			
Administration	77,000	89,000	166,000
Legal and professional	47,894	28,376	76,270
Service agreement	539,350	287,446	826,796
Purchased services	913	605	1,518
Utilities	69,841	100,516	170,357
Maintenance	38,000	33,442	71,442
Supplies	403,845	17,896	421,741
Water purchased	261,030	-	261,030
Insurance	25,839	15,546	41,385
Depreciation	379,668	263,502	643,170
Miscellaneous	-	2,287	2,287
Total Operating Expenses	<u>1,843,380</u>	<u>838,616</u>	<u>2,681,996</u>
<i>Operating Income</i>	119,932	213,539	333,471
Nonoperating Revenues (Expenses)			
Grant revenue	-	4,000	4,000
Interest income	4,963	56,278	61,241
Interest expense	(116,060)	(126,315)	(242,375)
Total Nonoperating Revenues (Expenses)	<u>(111,097)</u>	<u>(66,037)</u>	<u>(177,134)</u>
<i>Net Income</i>	8,835	147,502	156,337
Net Position, October 1	5,305,384	6,895,903	12,201,287
Net Position, September 30	<u>\$ 5,314,219</u>	<u>\$ 7,043,405</u>	<u>\$ 12,357,624</u>

See accompanying notes to the financial statements.

City of Bowling Green

Statement of Cash Flows – Proprietary Funds

Year Ended September 30, 2020

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,970,410	\$ 1,063,851	\$ 3,034,261
Cash paid to suppliers	(1,532,001)	(604,188)	(2,136,189)
Net Cash Provided by Operating Activities	<u>438,409</u>	<u>459,663</u>	<u>898,072</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of fixed assets	(112,959)	(88,594)	(201,553)
Grant proceeds	-	7,600	7,600
Lease proceeds	-	24,953	24,953
Payment of bond, lease, and loan principal	(114,035)	(412,504)	(526,539)
Payment of interest expense	(116,475)	(129,616)	(246,091)
Net Cash (Used) by Capital and Related Financing Activities	<u>(343,469)</u>	<u>(598,161)</u>	<u>(941,630)</u>
Cash Flows from Investing Activities			
Interest received on investments	4,963	56,261	61,224
Net Cash Provided by Investing Activities	<u>4,963</u>	<u>56,261</u>	<u>61,224</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	99,903	(82,237)	17,666
Cash and Cash Equivalents, Beginning of year	1,725,920	185,177	1,911,097
Cash and Cash Equivalents, End of year	<u>1,825,823</u>	<u>102,940</u>	<u>1,928,763</u>
Less Restricted Cash and Cash Equivalents	449,979	84,626	534,605
Unrestricted Cash and Cash Equivalents	<u>\$ 1,375,844</u>	<u>\$ 18,314</u>	<u>\$ 1,394,158</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 119,932	\$ 213,539	\$ 333,471
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	379,668	263,502	643,170
(Increase) decrease in			
Utilities receivable	19,342	11,696	31,038
Other receivable	6	-	6
Inventory	(34,560)	(6,166)	(40,726)
Prepaid expenses	(834)	(501)	(1,335)
Increase (decrease) in			
Accounts payable	(32,895)	(22,407)	(55,302)
Deposits payable	(12,250)	-	(12,250)
Net Cash Provided by Operating Activities	<u>\$ 438,409</u>	<u>\$ 459,663</u>	<u>\$ 898,072</u>

See accompanying notes to the financial statements.

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

1. 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.

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.

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

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.

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.

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

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	20-100 years
Buildings and improvements	50 years
Purification	20-50 years
Machinery and equipment	5-15 years
Infrastructure	35-50 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.

Investments

Investments consist of certificates of deposit with maturities in excess of three months.

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.

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.

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

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.

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.

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

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

Notes to the Financial Statements

September 30, 2020

2. Cash & 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, 2020, all bank balances on deposit are entirely insured or collateralized.

3. Investments

Investments of the City as of September 30, 2020, consist of the following:

Investment Type	Maturity	Total
Certificates of Deposit	10/23/2020 - 6/11/2023	<u>\$ 949,495</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, 2020, all certificates of deposit are entirely insured or collateralized with securities.

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

4. Restricted Assets

Governmental Activities

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

	Restricted Cash and Investments	Restricted Net Position
General Fund		
Excavation permit bond	\$ 3,000	\$ -
Community center deposits	200	-
Flag reserves	1,855	1,855
Insurance proceeds	13,598	
	<u>\$ 18,653</u>	<u>\$ 1,855</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

	Restricted Cash and Investments	Restricted Net Position
Cemetery Fund		
Nonspendable		
Perpetual care	\$ 29,321	\$ 29,321
Restricted		
Cemetery tax	-	150,934
Cemetery donations	150	150
	<u>\$ 29,471</u>	<u>\$ 180,405</u>
Park Fund		
Park sales tax	<u>\$ -</u>	<u>\$ 510,346</u>
Library Fund		
Library tax	<u>\$ -</u>	<u>\$ 55,750</u>
Street CIP Fund		
Transportation tax	<u>\$ -</u>	<u>\$ 592,829</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 and unspent lease project funds. These restrictions are as follows:

	Restricted Cash and Investments	Restricted Net Position
Water Fund		
USDA Revenue Bonds		
Debt service reserve	\$ 156,354	\$ 156,354
Short lived asset reserve	276,810	276,810
Customer deposits	74,365	-
	<u>\$ 507,529</u>	<u>\$ 433,164</u>
Sewer Fund		
2003B Revenue Bonds		
Principal and interest	\$ 84,626	\$ 84,626
Depreciation and replacement	57,550	57,550
	<u>\$ 142,176</u>	<u>\$ 142,176</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

5. Accounts Receivable

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

	Gross Receivable	Allowance	Net Receivable
Utilities Receivable			
Water Fund	\$ 177,759	\$ (161)	\$ 177,598
Sewer Fund	81,533	(24)	81,509
	<u>\$ 259,292</u>	<u>\$ (185)</u>	<u>\$ 259,107</u>

6. Long-Term Debt – Governmental Activities

Long-term debt of the City consists of the 2015 Certificates of Participation, a lease payable and compensated absences.

Series 2015 Certificates of Participation

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. In the event of default, by written notice, the trustee may declare all rent payable to the end of the then-current original term or renewal term to be due; or the trustee may take possession of the leased property and sell the trustee's interest in the property or sublease the property and continue to hold the City liable for the difference between (1) the rent payable by the City for the then-current original term or renewal term and (2) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the trustee in exercising its remedies under this lease, including without limitation all expenses of taking possession, removing, storing, reconditioning, and selling or leasing or subleasing the leased property and all brokerage, auctioneers and attorneys' fees and expenses). The trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the leased property and under this lease. The Certificates 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 each year.

The 2015 Certificates of Participation outstanding at September 30, 2020, are due as follows:

Year Ending September 30,	Principal	Interest	Total
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>\$ 675,000</u>	<u>\$ 74,700</u>	<u>\$ 749,700</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

2020 Lease Purchase Agreement

On September 30, 2020, the City entered into a lease purchase agreement to refund the Series 2012 Certificates of Participation and to finance various street projects and a sewer project in an amount not to exceed \$2,043,000. As of September 30, 2020, the City has issued \$580,082 in the Governmental Activities and \$24,953 in the Sewer Fund Business-Type Activities totaling \$605,035. The debt will be issued at various dates as the projects commence. Subsequent to year end, the City has issued an additional \$59,107 of the lease. In the event of default, Lessor shall have the right to possession of the leased property for the remainder of the term and the right to sublease the property or sell its interest in the property, however the lessee shall provide lessor with adequate public liability insurance covering the premises for the remainder of the term. The agreement requires annual principal payments on November 1 each year and interest payments on May 1 and November 1 each year with interest at 2.20%.

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 GASB Section L20, "Leases."

The total annual minimum lease payments required at September 30, 2020, are as follows:

Year Ending September 30,	Direct Borrowing		
	Principal	Interest	Total
2021	\$ -	\$ 12,429	\$ 12,429
2022	163,174	11,083	174,257
2023	128,238	8,310	136,548
2024	132,466	5,443	137,909
2025	181,157	1,994	183,151
	<u>\$ 605,035</u>	<u>\$ 39,259</u>	<u>\$ 644,294</u>
Governmental Activities	\$ 580,082		
Business-Type Activities			
Sewer Fund	24,953		
	<u>\$ 605,035</u>		

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

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

	Balance September 30, 2019	New Obligations	Retirements	Balance September 30, 2020	Amounts Due Within One Year
Certificates of Participation Payable					
Series 2012	\$ 640,000	\$ -	\$ 640,000	\$ -	\$ -
Series 2015	795,000	-	120,000	675,000	125,000
	<u>1,435,000</u>	<u>-</u>	<u>760,000</u>	<u>675,000</u>	<u>125,000</u>
Direct Placement					
Loan Payable	982,659	-	982,659	-	-
2020 Lease Payable	-	580,082	-	580,082	-
Compensated Absences	19,352	-	2,776	16,576	-
	<u>\$ 2,437,011</u>	<u>\$ 580,082</u>	<u>\$ 1,745,435</u>	<u>\$ 1,271,658</u>	<u>\$ 125,000</u>

7. 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 and three 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. If the City defaults in the payment of principal or interest on any of the bonds as they become due for a period of 60 days after written notice specifying such default has been given to the City, by the registered owner of any bond then outstanding, then at any time thereafter and while such default continues, the registered owners of 25% in principal amounts of the bonds outstanding may, by written notice to the City declare the principal of all bonds then outstanding to be due and payable immediately. The bonds bear interest at 2.375% to 4.0%. Principal and interest payments are due monthly each year.

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

The annual debt service requirements to amortize the principal on the bonds outstanding at September 30, 2020, are listed in the following tables:

Series 2012A

Year Ending September 30,	Direct Placement		
	Principal	Interest	Total
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	97,104	1,936	99,040
	<u>\$ 1,752,249</u>	<u>\$ 1,017,415</u>	<u>\$ 2,769,664</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

Series 2012B

Year Ending September 30,	Direct Placement		
	Principal	Interest	Total
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	23,605	462	24,067
	<u>\$ 433,875</u>	<u>\$ 251,728</u>	<u>\$ 685,603</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

Series 2012C

Year Ending September 30,	Direct Placement		
	Principal	Interest	Total
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	5,613	23	5,636
	<u>\$ 815,808</u>	<u>\$ 268,328</u>	<u>\$ 1,084,136</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

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. In the event of default, Lessor may (a) by written notice, declare an amount equal to all amounts then due under the lease and all remaining rental payments which will become due during the then current fiscal year of Lessee to be immediately due and payable and such amounts shall thereafter bear interest at the rate of 1.5% per month or the maximum rate permitted by applicable law, whichever is less or (b) by written notice to Lessee, request Lessee to, at Lessee's expense, promptly cease use and return the equipment to Lessor at its option and with or without terminating the lease term may enter upon the premises where the equipment is located and take immediate possession of the equipment and (c) sell or lease the equipment or sublease it for the account of Lessee and holding Lessee liable for all rental payments and other payments due to the effective date of such selling, leasing or subleasing and for the difference between the net purchase price, rental and other amounts paid by the purchaser, lessee or sublessee pursuant to such sale, lease or sublease and the remaining amounts payable by the Lessee through the end of the then current fiscal year and (d) exercise any other right, remedy or privilege which may be available to it under applicable law. 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 agreement provides 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 leases in accordance with GASB Section L20, "Leases."

The total annual minimum lease payments required at September 30, 2020, are as follows:

Year Ending September 30,	Direct Borrowing		
	Principal	Interest	Total
2021	\$ 96,607	\$ 24,517	\$ 121,124
2022	98,129	21,474	119,603
2023	99,674	18,382	118,056
2024	101,244	15,242	116,486
2025	102,839	12,054	114,893
2026	104,458	8,814	113,272
2027	106,104	5,524	111,628
2028	69,254	1,091	70,345
	<u>\$ 778,309</u>	<u>\$ 107,098</u>	<u>\$ 885,407</u>
Business-Type Activities			
Water Fund	\$ 97,289		
Sewer Fund	681,020		
	<u>\$ 778,309</u>		

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

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 Lessor will assess a late fee for any payment made after the due date equal to the lessor of 5% or the highest charge allowed by law. In the event of default, the Lessor may declare all lease payments immediately due and payable or may repossess the equipment with 10 days of giving written notice. The agreement requires monthly payments of \$2,408 with interest at 4.55%.

The City's lease/purchase agreement provides 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 leases in accordance with GASB Section L20, "Leases."

The total annual minimum lease payments required at September 30, 2020, are as follows:

Year Ending September 30,	Direct Borrowing		
	Principal	Interest	Total
2021	\$ 25,319	\$ 3,579	\$ 28,898
2022	26,496	2,402	28,898
2023	27,727	1,171	28,898
2024	10,620	107	10,727
	<u>\$ 90,162</u>	<u>\$ 7,259</u>	<u>\$ 97,421</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. In the event of default, DNR would pursue any available remedies at law or equity by suit, action, mandamus or other proceeding to enforce and compel the payment of principal and interest on the bonds and all other amounts due under the Ordinance and other loan documents, and/or the performance of the duties and obligations of the City under the loan documents, which may include but is not limited to, the payment of damages, penalties, interest, fees and expenses.

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

The annual debt service requirements to amortize the principal on the 2003B revenue bonds outstanding at September 30, 2020, are listed in the following table:

Year Ending September 30,	Direct Placement			
	Principal	Interest	Administrative Fee	Total
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>\$ 1,615,000</u>	<u>\$ 238,290</u>	<u>\$ 35,200</u>	<u>\$ 1,888,490</u>

The following table is a summary of the changes in the Long-Term Debt – Business-Type Activities for the year ended September 30, 2020:

	Balance September 30, 2019	New Obligations	Retirements	Balance September 30, 2020	Amounts Due Within One Year
Water Fund					
Direct Placement/Direct Borrowings					
Revenue Bonds Payable					
Series 2012A	\$ 1,792,562	\$ -	\$ 40,313	\$ 1,752,249	\$ 41,948
Series 2012B	443,867	-	9,992	433,875	10,398
Series 2012C	839,271	-	23,463	815,808	24,025
	<u>3,075,700</u>	<u>-</u>	<u>73,768</u>	<u>3,001,932</u>	<u>76,371</u>
Capital Leases Payable					
Water project	113,361	-	16,072	97,289	12,076
Sludge truck	114,357	-	24,195	90,162	25,319
	<u>227,718</u>	<u>-</u>	<u>40,267</u>	<u>187,451</u>	<u>37,395</u>
	<u>3,303,418</u>	<u>-</u>	<u>114,035</u>	<u>3,189,383</u>	<u>113,766</u>
Sewer Fund					
Direct Placement/Direct Borrowings					
Revenue Bonds Payable					
Series 2003B	1,915,000	-	300,000	1,615,000	305,000
Capital Leases Payable					
UV System	793,524	-	112,504	681,020	84,531
Sewer project	-	24,953	-	24,953	-
	<u>793,524</u>	<u>24,953</u>	<u>112,504</u>	<u>705,973</u>	<u>84,531</u>
	<u>2,708,524</u>	<u>24,953</u>	<u>412,504</u>	<u>2,320,973</u>	<u>389,531</u>
	<u>\$ 6,011,942</u>	<u>\$ 24,953</u>	<u>\$ 526,539</u>	<u>\$ 5,510,356</u>	<u>\$ 503,297</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

8. Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance September 30, 2019	Additions	Deletions	Balance September 30, 2020
Governmental Activities				
Non-depreciable capital assets				
Land	\$ 1,103,673	\$ -	\$ -	\$ 1,103,673
Construction in progress	-	2,201,953	-	2,201,953
Total Non-depreciable Capital Assets	<u>1,103,673</u>	<u>\$ 2,201,953</u>	<u>\$ -</u>	<u>3,305,626</u>
Depreciable capital assets				
Building and improvements	2,484,717	\$ -	\$ -	2,484,717
Machinery and equipment	1,666,869	152,802	-	1,819,671
Infrastructure	10,226,453	56,327	-	10,282,780
Total Depreciable Capital Assets	<u>14,378,039</u>	<u>\$ 209,129</u>	<u>\$ -</u>	<u>14,587,168</u>
Less Accumulated Depreciation				
Buildings and improvements	773,905	\$ 54,006	\$ -	827,911
Machinery and equipment	1,119,143	140,995	-	1,260,138
Infrastructure	2,942,963	267,446	-	3,210,409
Total Accumulated Depreciation	<u>4,836,011</u>	<u>\$ 462,447</u>	<u>\$ -</u>	<u>5,298,458</u>
Total Depreciable Capital Assets, net	<u>9,542,028</u>			<u>9,288,710</u>
Total Governmental Activities Capital Assets, net	<u>\$10,645,701</u>			<u>\$12,594,336</u>

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

Administrative	\$ 4,216
Community center	2,457
Library	1,731
Public safety	30,250
Fire	23,719
Park	44,108
Airport	27,649
Street	327,681
Cemetery	636
	<u>\$ 462,447</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

	Balance September 30, 2019	Additions	Deletions	Balance September 30, 2020
Business-Type Activities				
Water Fund				
Non-depreciable Capital Assets				
Land	\$ 57,354	\$ -	\$ -	\$ 57,354
Construction-in-progress	-	104,265	-	104,265
Total non-depreciable assets	57,354	<u>\$ 104,265</u>	<u>\$ -</u>	161,619
Depreciable Capital Assets				
Water system	10,476,255	\$ 78,207	\$ -	10,554,462
Pumping and purification	1,841,680	-	-	1,841,680
Lake	1,424,111	-	-	1,424,111
Total Depreciable Capital Assets	13,742,046	<u>\$ 78,207</u>	<u>\$ -</u>	13,820,253
Less Accumulated Depreciation	7,091,397	<u>\$ 379,668</u>	<u>\$ -</u>	7,471,065
Depreciable Capital Assets, net	6,650,649			6,349,188
Sewer Fund				
Non-depreciable Capital Assets				
Land	146,276	\$ -	\$ -	146,276
Construction in progress	865,432	22,723	865,432	22,723
Total Non-depreciable Capital Assets	1,011,708	<u>\$ 22,723</u>	<u>\$ 865,432</u>	168,999
Depreciable Capital Assets				
Sewer system	13,567,721	<u>\$ 931,303</u>	<u>\$ -</u>	14,499,024
Less Accumulated Depreciation	5,311,897	<u>\$ 263,502</u>	<u>\$ -</u>	5,575,399
Depreciable Capital Assets, net	8,255,824			8,923,625
Total Capital Assets Business-Type Activities, net	<u>\$ 15,975,535</u>			<u>\$ 15,603,431</u>

9. 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

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

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.

	2020 Valuation
Benefit Multiplier	1.75% 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, 2020, which is LAGERS fiscal year end and the latest information available, the following employees were covered by the benefit terms:

	General	Police
Inactive employees or beneficiaries currently receiving benefits	18	6
Inactive employees entitled to but not yet receiving benefits	9	15
Active employees	7	8
	<u>34</u>	<u>29</u>

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 7.7% for General and 5.6% for Police of annual covered payroll.

Net Pension Asset. The employer's net pension asset was measured as of June 30, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 29, 2020.

Actuarial Assumptions. The total pension asset in the February 29, 2020, 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 expense

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

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 29, 2020, 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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash/Leverage	-25.00%	-0.29%

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.

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)
	(a)	(b)	(a) - (b)
General Division			
Balances at beginning of year	\$ 1,512,146	\$ 1,925,134	\$ (412,988)
Changes for the year			
Service cost	24,956	-	24,956
Interest	106,865	-	106,865
Difference between expected and actual experiences	(7,968)	-	(7,968)
Contributions - employer	-	18,594	(18,594)
Net investment income	-	24,313	(24,313)
Benefits paid, including refunds	(102,617)	(102,617)	-
Administrative expenses	-	(4,031)	4,031
Other (net transfer)	-	(11,594)	11,594
<i>Net Changes</i>	<u>21,236</u>	<u>(75,335)</u>	<u>96,571</u>
Balance at end of year	1,533,382	1,849,799	(316,417)
Police Division			
Balances at beginning of year	<u>871,122</u>	<u>1,131,950</u>	<u>(260,828)</u>
Changes for the year			
Service Cost	30,964	-	30,964
Interest	62,914	-	62,914
Difference between expected and actual experiences	(1,853)	-	(1,853)
Contributions - employer	-	18,765	(18,765)
Net investment income	-	15,813	(15,813)
Benefits paid, including refunds	(37,759)	(37,759)	-
Administrative expenses	-	(2,689)	2,689
Other (net transfer)	-	21,143	(21,143)
<i>Net Changes</i>	<u>54,266</u>	<u>15,273</u>	<u>38,993</u>
Balance at end of year	<u>925,388</u>	<u>1,147,223</u>	<u>(221,835)</u>
Total Plan Balances at End of Year	<u>\$ 2,458,770</u>	<u>\$ 2,997,022</u>	<u>\$ (538,252)</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

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%
General Division			
Total Pension Liability	\$ 1,735,541	\$ 1,533,382	\$ 1,368,911
Fiduciary Net Position	1,849,799	1,849,799	1,849,799
<i>Net Pension (Asset)</i>	(114,258)	(316,417)	(480,888)
Police Division			
Total Pension Liability	1,080,373	925,388	802,850
Fiduciary Net Position	1,147,223	1,147,223	1,147,223
<i>Net Pension (Asset)</i>	(66,850)	(221,835)	(344,373)
Total Net Pension (Asset)	<u>\$ (181,108)</u>	<u>\$ (538,252)</u>	<u>\$ (825,261)</u>

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

For the year ended September 30, 2020, the employer recognized pension credit of \$19,352 in the general division and a pension credit of \$4,277 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
General Division			
Differences between expected and actual experience	\$ -	\$ (1,245)	\$ (1,245)
Net difference between projected and actual earnings on pension plan investments	39,886	-	39,886
Contributions subsequent to the measurement date*	4,712	-	4,712
	<u>44,598</u>	<u>(1,245)</u>	<u>43,353</u>
Police Division			
Differences between expected and actual experience	-	(4,105)	(4,105)
Net difference between projected and actual earnings on pension plan investments	31,735	-	31,735
Contributions subsequent to the measurement date*	5,146	-	5,146
	<u>36,881</u>	<u>(4,105)</u>	<u>32,776</u>
	<u>\$ 81,479</u>	<u>\$ (5,350)</u>	<u>\$ 76,129</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

*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, 2021.

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

Year Ending September 30,	General Net Deferred Outflows (Inflows) of Resources	Police Net Deferred Outflows (Inflows) of Resources	Total Net Deferred Outflows (Inflows) Resources
2021	\$ (10,407)	\$ (5,170)	\$ (15,577)
2022	4,963	4,856	9,819
2023	21,743	14,698	36,441
2024	22,342	13,246	35,588
	<u>\$ 38,641</u>	<u>\$ 27,630</u>	<u>\$ 66,271</u>

Payable to the Pension Plan

At September 30, 2020, the City had no outstanding contributions reported as payable to the pension plan.

10. Assessed Valuation, Tax Levy, & Legal Debt Margin

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

	2019
Assessed Valuation	
Real estate	\$ 32,285,600
Personal property	8,413,105
	<u>\$ 40,698,705</u>
Tax Rates Per \$100 of Assessed Valuation	
General Fund	\$.6382
Cemetery Fund	.0984
Library Fund	.1970
	<u>\$.9336</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

The legal debt margin at September 30, 2020, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional debt limit	\$ 4,069,871	\$ 4,069,871	\$ 8,139,742
General Obligation Bonds payable	-	-	-
Legal Debt Margin	<u>\$ 4,069,871</u>	<u>\$ 4,069,871</u>	<u>\$ 8,139,742</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.

11. 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, 2020, are accounted for as follows:

General Fund

Deferred court fines	<u>\$ 34,722</u>
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12. 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 commercial insurance company. 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.

13. Claims & 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, 2020, 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.

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

14. 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, 2020, \$922,000 of the 2007 bond ordinance had not been issued.

15. Commitments

At September 30, 2020, the City had the following commitments:

- Alliance Water Resource, Inc. in the amount of \$1,241,700, for professional services which include providing management, operation, and maintenance of the water and sewer system for fiscal year 2021.
- Crawford, Murphy, and Tilly in the amount of \$377,780 for engineering services associated with the Airport project.
- Emery Sapp and Sons, Inc. in the amount of \$2,429,122 for construction services associated with the Airport project.
- C&S in the amount of \$377,602 for surveying and engineering services associated with the Locust and Main Cross street waterline project.

16. 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 \$6,392,693. Principal and interest paid for the current year and total customer net revenues were \$574,090 and \$976,641, respectively. In addition, interest subsidies paid \$54,837 of the total interest expense.

17. 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, 2020, the amount outstanding was \$22,819,114.

City of Bowling Green

Notes to the Financial Statements

September 30, 2020

18. Tax Abatements

As of September 30, 2020, 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 which 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.

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, 2020, is as follows:

Tax Abatement Program	Type of Taxes Abated	Amount of Taxes Abated	Payment in Lieu of Tax Received
Urban Redevelopment (Chapter 353)	Real-estate taxes	\$ 1,828	\$ -
Chapter 100	Real-estate taxes	292,777	165,742
		<u>\$ 294,605</u>	<u>\$ 165,742</u>

19. Debt Defeasance

On September 30, 2020, the City advance refunded \$550,000 of Series 2012 Certificates of Participation with interest rates of 2.1% to 3.7%. The City deposited \$559,040 into an irrevocable escrow account to pay principal and interest on October 21, 2020. These bonds are considered defeased at September 30, 2020.

As a result of the refunding, the City reduced its debt service requirement by \$4,242, which resulted in an economic gain (difference between the present value of debt service payments on old and new debt) of \$9,519.

20. Risks & Uncertainties

During 2020, a strain of Coronavirus (COVID-19) was identified as a global pandemic and began affecting the health of large portions of the global population. The detrimental impact of this virus is not yet fully determinable, but will likely continue to be significant for both the District and the overall economy. COVID-19 has been identified as a significant risk and uncertainty that could impact future operations and result in changes in estimates and assumptions in the financial statements.

Required Supplementary Information

City of Bowling Green

Schedule of Changes in Net Pension Asset and Related Ratios

Year Ended September 30, 2020

Missouri Local Government Employees Retirement System (LAGERS)						
	Year Ended September 30, 2020	Year Ended September 30, 2019	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	\$ 55,920	\$ 63,820	\$ 55,683	\$ 60,825	\$ 65,548	\$ 62,690
Interest on the total pension liability	169,779	170,431	153,015	153,375	135,916	127,946
Change of benefit terms	-	-	140,890	-	-	-
Difference between expected and actual experience	(9,821)	(101,770)	(12,700)	(147,813)	33,624	(8,745)
Changes of assumptions	-	-	-	-	79,884	-
Benefit payments	(140,376)	(134,905)	(67,626)	(69,967)	(73,627)	(73,127)
<i>Net Change in Total Pension Liability</i>	75,502	(2,424)	269,262	(3,580)	241,345	108,764
Total Pension Liability, Beginning	2,383,268	2,385,692	2,116,430	2,120,010	1,878,665	1,769,901
Total Pension Liability, Ending	2,458,770	2,383,268	2,385,692	2,116,430	2,120,010	1,878,665
Plan Fiduciary Net Position						
Contributions - employer	37,359	43,212	47,885	28,420	34,732	38,202
Pension Plan Net Investment Income	40,126	205,321	321,533	281,993	(4,958)	46,237
Benefit Payments	(140,376)	(134,905)	(67,626)	(69,967)	(73,627)	(73,127)
Pension Plan Administrative Expense	(6,720)	(5,793)	(4,182)	(3,792)	(3,616)	(4,008)
Other (Net Transfer)	9,549	(885)	7,297	(22,822)	25,469	31,350
<i>Net Change in Plan Fiduciary Net</i>	(60,062)	106,950	304,907	213,832	(22,000)	38,654
Plan Fiduciary Net Position, Beginning	3,057,084	2,950,134	2,645,227	2,431,395	2,453,395	2,414,741
Plan Fiduciary Net Position, Ending	2,997,022	3,057,084	2,950,134	2,645,227	2,431,395	2,453,395
Net Pension (Asset)	<u>\$ (538,252)</u>	<u>\$ (673,816)</u>	<u>\$ (564,442)</u>	<u>\$ (528,797)</u>	<u>\$ (311,385)</u>	<u>\$ (574,730)</u>
Plan fiduciary net position as a percentage of the total pension liability	121.89%	128.27%	123.66%	124.99%	114.69%	130.59%
Employee payroll	\$ 560,305	\$ 556,596	\$ 650,926	\$ 549,692	\$ 660,469	\$ 701,548
Net pension asset as a percentage of employee payroll	(96.06)%	(121.06)%	(86.71)%	(96.20)%	(47.15)%	(81.92)%

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

City of Bowling Green

Schedule of Contributions

Year Ended September 30, 2020

Missouri Local Government Employees Retirement System (LAGERS)

Year Ending September 30,	Actuarially Determined Contribution	Contribution in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contribution as a Percentage of Covered Payroll
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%
2019	37,530	37,530	-	578,290	6.49%
2020	37,830	37,830	-	584,253	6.47%

See accompanying notes to the Schedule of Contributions.

City of Bowling Green

Notes to the Schedule of Contributions

Year Ended September 30, 2020

Valuation Date: February 29, 2020

Notes: The roll-forward of total pension liability from February 29, 2020, to June 30, 2020, 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 17 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

Budgetary Comparison Schedule – General Fund

Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Ad valorem taxes	\$ 253,500	\$ 253,500	\$ 265,648	\$ 12,148
City sales tax	910,000	910,000	1,022,779	112,779
Transportation sales tax	435,000	435,000	490,903	55,903
Financial institution tax	1,000	1,000	-	(1,000)
Railroad and utility tax	30,000	30,000	32,621	2,621
Surtax	2,000	2,000	4,904	2,904
Utility franchise tax	321,000	321,000	294,937	(26,063)
Motor vehicle tax	214,000	214,000	209,320	(4,680)
Payment in lieu of taxes	200,000	200,000	200,000	-
Lodging tax	60,000	60,000	50,671	(9,329)
Cigarette tax	16,000	16,000	17,966	1,966
	<u>2,442,500</u>	<u>2,442,500</u>	<u>2,589,749</u>	<u>147,249</u>
Licenses and Permits				
Occupational licenses	10,000	10,000	11,703	1,703
Building permits	5,200	5,200	9,249	4,049
Animal license and fees	500	500	365	(135)
	<u>15,700</u>	<u>15,700</u>	<u>21,317</u>	<u>5,617</u>
Intergovernmental Revenues				
Police grants	10,000	10,000	5,834	(4,166)
Airport grants	-	2,067,772	2,067,772	-
Street grants	37,000	37,000	31,174	(5,826)
	<u>47,000</u>	<u>2,114,772</u>	<u>2,104,780</u>	<u>(9,992)</u>
Charges for Services				
Printing	-	-	305	305
Airport fuel	21,000	21,000	12,237	(8,763)
Trash billing	160,000	160,000	2,372	(157,628)
	<u>181,000</u>	<u>181,000</u>	<u>14,914</u>	<u>(166,086)</u>
Fines and Forfeitures				
City court fines	25,000	25,000	16,980	(8,020)
Miscellaneous				
Rents and royalties	32,500	32,500	37,316	4,816
Interest	9,000	9,000	17,523	8,523
Other	137,700	766,899	24,134	(742,765)
	<u>179,200</u>	<u>808,399</u>	<u>78,973</u>	<u>(729,426)</u>
Total Revenues	<u>2,890,400</u>	<u>5,587,371</u>	<u>4,826,713</u>	<u>(760,658)</u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Bowling Green

Budgetary Comparison Schedule – General Fund

Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
Expenditures				
Current				
Administrative	457,106	457,106	259,401	197,705
Public safety	1,072,477	1,072,477	889,368	183,109
Fire	92,673	92,673	66,301	26,372
Community center	20,703	20,703	16,911	3,792
Airport	53,619	2,121,391	2,099,465	21,926
Street	657,397	657,397	512,660	144,737
Planning and zoning	68,745	68,745	60,040	8,705
Other	4,500	4,500	3,910	590
Debt Service				
Principal, interest and fees	463,180	1,572,519	1,572,479	40
Total Expenditures	2,890,400	6,067,511	5,480,535	586,976
<i>(Deficit) of Revenues Over Expenditures</i>	-	(480,140)	(653,822)	(173,682)
Other Financing Sources				
Lease Proceeds	-	480,140	480,140	-
<i>(Deficit) of Revenues and Other Sources Over Expenditures</i>	-	-	(173,682)	(173,682)
Fund Balance, October 1	2,141,706	2,141,706	2,141,706	-
Fund Balance, September 30	\$ 2,141,706	\$ 2,141,706	\$ 1,968,024	\$ (173,682)

See accompanying notes to the Budgetary Comparison Schedules.

City of Bowling Green

Budgetary Comparison Schedule – Cemetery Fund

Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Ad valorem taxes and penalties	\$ 39,070	\$ 39,070	\$ 40,958	\$ 1,888
Financial institution tax	250	250	-	(250)
Railroad and utility tax	5,000	5,000	5,277	277
Surtax	500	500	793	293
	<u>44,820</u>	<u>44,820</u>	<u>47,028</u>	<u>2,208</u>
Charges for services				
Sale of lots	3,000	3,000	6,710	3,710
Miscellaneous				
Interest	600	600	1,211	611
Other	-	-	51	51
	<u>600</u>	<u>600</u>	<u>1,262</u>	<u>662</u>
Total Revenues	<u>48,420</u>	<u>48,420</u>	<u>55,000</u>	<u>6,580</u>
Expenditures				
Current				
Cemetery	48,420	48,420	38,450	9,970
Total Expenditures	<u>48,420</u>	<u>48,420</u>	<u>38,450</u>	<u>9,970</u>
<i>Excess of Revenues Over Expenditures</i>	-	-	16,550	16,550
Fund Balance, October 1	163,855	163,855	163,855	-
Fund Balance, September 30	<u>\$ 163,855</u>	<u>\$ 163,855</u>	<u>\$ 180,405</u>	<u>\$ 16,550</u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Bowling Green

Budgetary Comparison Schedule – Park Fund

Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Sales taxes	\$ 220,000	\$ 220,000	\$ 245,452	\$ 25,452
Charges for Services				
Park rental	1,200	1,200	450	(750)
Park programs	5,000	5,000	192	(4,808)
Pool admissions	7,500	7,500	9,739	2,239
Concessions	1,800	1,800	728	(1,072)
	<u>15,500</u>	<u>15,500</u>	<u>11,109</u>	<u>(4,391)</u>
Miscellaneous				
Interest	2,500	2,500	3,260	760
Other	-	-	5,324	5,324
	<u>2,500</u>	<u>2,500</u>	<u>8,584</u>	<u>6,084</u>
Total Revenues	<u>238,000</u>	<u>238,000</u>	<u>265,145</u>	<u>27,145</u>
Expenditures				
Current				
Park	133,330	133,330	102,233	31,097
Pool	77,270	77,270	57,700	19,570
Debt Service				
Principal, interest and fees	27,400	95,167	95,093	74
Total Expenditures	<u>238,000</u>	<u>305,767</u>	<u>255,026</u>	<u>50,741</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	-	(67,767)	10,119	77,886
Other Financing Sources				
Lease Proceeds	-	67,767	67,767	-
<i>Excess of Revenues and Other Sources Over Expenditures</i>	-	-	77,886	77,886
Fund Balance, October 1	434,338	434,338	434,338	-
Fund Balance, September 30	<u><u>\$ 434,338</u></u>	<u><u>\$ 434,338</u></u>	<u><u>\$ 512,224</u></u>	<u><u>\$ 77,886</u></u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Bowling Green

Budgetary Comparison Schedule – Library Fund

Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Ad valorem taxes and penalties	\$ 78,330	\$ 78,330	\$ 82,019	\$ 3,689
Railroad and utility tax	10,000	10,000	10,074	74
Surtax	300	300	1,514	1,214
Other taxes	1,600	1,600	1,561	(39)
	<u>90,230</u>	<u>90,230</u>	<u>95,168</u>	<u>4,938</u>
Intergovernmental Revenues				
State grants	2,118	2,118	2,757	639
Charges for Services				
Fines, fees and memberships	4,800	4,800	3,676	(1,124)
Miscellaneous				
Donations	10,000	10,000	1,701	(8,299)
Interest	250	250	310	60
Other	412	412	268	(144)
	<u>10,662</u>	<u>10,662</u>	<u>2,279</u>	<u>(8,383)</u>
Total Revenues	<u>107,810</u>	<u>107,810</u>	<u>103,880</u>	<u>(3,930)</u>
Expenditures				
Current				
Library	101,460	101,460	88,215	13,245
Debt Service				
Principal, interest and fees	6,350	24,112	24,093	19
Total Expenditures	<u>107,810</u>	<u>125,572</u>	<u>112,308</u>	<u>13,264</u>
<i>(Deficit) of Revenues Over Expenditures</i>	-	(17,762)	(8,428)	9,334
Other Financing Sources				
Lease Proceeds	<u>-</u>	<u>17,762</u>	<u>17,762</u>	<u>-</u>
<i>Excess of Revenues and Other Sources Over Expenditures</i>	-	-	9,334	9,334
Fund Balance, October 1	47,558	47,558	47,558	-
Fund Balance, September 30	<u>\$ 47,558</u>	<u>\$ 47,558</u>	<u>\$ 56,892</u>	<u>\$ 9,334</u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Bowling Green

Budgetary Comparison Schedule – Street CIP Fund

Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Sales taxes	\$ 435,000	\$ 435,000	\$ 490,904	\$ 55,904
Miscellaneous				
Interest	800	800	1,443	643
Total Revenues	<u>435,800</u>	<u>435,800</u>	<u>492,347</u>	<u>56,547</u>
Expenditures				
Current				
Street	126,667	126,667	225,928	(99,261)
Debt Service				
Principal, interest and fees	309,133	323,546	164,240	159,306
Total Expenditures	<u>435,800</u>	<u>450,213</u>	<u>390,168</u>	<u>60,045</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	-	(14,413)	102,179	116,592
Other Financing Sources				
Lease Proceeds	-	14,413	14,413	-
<i>Excess of Revenues and Other Sources Over Expenditures</i>	-	-	116,592	116,592
Fund Balance, October 1	476,237	476,237	476,237	-
Fund Balance, September 30	<u>\$ 476,237</u>	<u>\$ 476,237</u>	<u>\$ 592,829</u>	<u>\$ 116,592</u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Bowling Green

Notes to the Budgetary Comparison Schedules

Year Ended September 30, 2020

Budgets and Budgetary Accounting

The City uses 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, 2020, 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 March 4, 2021.

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) as a basis for designing 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.

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 Questioned Costs as item 2020-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bowling Green, Missouri's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Bowling Green, Missouri's Response to Finding

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

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
March 4, 2021



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the City of Bowling Green, Missouri's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2020. The City of Bowling Green, Missouri's major federal program is identified in the summary of audit results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Bowling Green, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Bowling Green, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Bowling Green, Missouri, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

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Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
March 4, 2021

City of Bowling Green

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2020

<u>Federal Grantor/Pass through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Justice				
Direct				
Bulletproof Vest Partnership Program	16.607	N/A	\$ -	\$ 1,238
Total U.S Department of Justice			-	1,238
U.S. Department of Transportation				
Missouri Department of Transportation				
Airport Improvement Program	20.106	19-051A-1	-	2,067,772
Highway Planning and Construction	20.205	STP-9900390	-	31,174
University of Central Missouri				
Highway Safety Cluster				
National Priority Safety Programs	20.616	20-M2HVE-05-030	-	900
Alcohol Open Container Requirements	20.607	20-154-AL-017	-	2,696
Total U.S. Department of Transportation			-	2,102,542
Total Expenditures of Federal Awards			\$ -	\$ 2,103,780

N/A - Not applicable

See accompanying notes to the Schedule of Expenditures of Federal Awards.

City of Bowling Green

Notes to the Schedule of Expenditures of Federal Awards

Year Ended September 30, 2020

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Bowling Green, Missouri, under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Bowling Green, Missouri, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Bowling Green, Missouri.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Bowling Green, Missouri, has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Subrecipients

The City of Bowling Green, Missouri, did not provide funds to subrecipients in the current year.

City of Bowling Green

Schedule of Findings and Questioned Costs

Year Ended September 30, 2020

Section I – Summary of Audit Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal Control over Financial Reporting:		
Material weakness(es) identified?		Yes
Significant deficiency(ies) identified?		None Reported
Noncompliance material to financial statements noted?		No
Federal Awards		
Internal control over major federal programs:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Type of auditor's report issued on compliance for major federal program:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?		No
Identification of major federal program:		
CFDA Number(s)	Name of Federal Program or Cluster	
20.106	Airport Improvement Program	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		No

City of Bowling Green

Schedule of Findings and Questioned Costs

Year Ended September 30, 2020

Section II – Financial Statement Findings

Material Weakness

2020-001 *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.

Section III – Federal Award Findings and Questioned Costs

None

City of Bowling Green

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2020

The City did not have a federal compliance audit in the prior year.



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Bowling Green, MO 63334
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Corrective Action Plan

March 4, 2021

U.S. Department of Transportation

The City of Bowling Green, Missouri respectfully submits the following corrective action plan for the year ended September 30, 2020. Contact information for the individual responsible for the corrective action:

Mrs. Linda Luebrecht, City Administrator
City of Bowling Green
16 W. Church St.
Bowling Green, MO 63334
(573) 324-5451

Independent Public Accounting Firm: KPM CPAs, PC, 1445 E. Republic Road, Springfield, MO 65804

Audit Period: Year ended September 30, 2020

The findings from the September 30, 2020, Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings—Financial Statement Audit

Material Weakness

2020-001 *Segregation of Duties*

Recommendation: We realize 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.

Action Taken: The limited number of available personnel prohibits segregation of incompatible duties and the City does not have the resources to hire additional accounting personnel.

Completion Date: Not applicable

Sincerely,

Mrs. Linda Luebrecht, City Administrator
City of Bowling Green, Missouri



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

In planning and performing our audit of the basic financial statements of the City of Bowling Green, Missouri, for the year ended September 30, 2020, we considered the City's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

In addition to the material weakness discussed in the 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*, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments and recommendations regarding these matters.

1. Cybersecurity

Cybersecurity threats are increasing and government entities of all sizes are at risk for a breach of their information systems. With this increase in risk, entities should be continually evaluating risk and taking steps necessary to ensure the security of information systems. Steps include identifying critical information systems, training employees to properly identify threats received in emails or by other means, and adopting internal communication methods other than email.

It is important that entities develop a recovery plan outlining procedures that personnel should follow once a cybersecurity breach is discovered. Additionally, entities should be aware of any insurance in place to help protect them from liabilities that can occur as the result of a breach.

We Recommend:

The City continue to evaluate its cybersecurity risks and take any further steps necessary to reduce the risk of cybersecurity threats to their information systems. This evaluation should be performed frequently as technology and information systems are continually changing.

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2. New Pronouncement

GASB Statement No. 87 – *Leases* – This Statement establishes a single model for lease accounting. It changes the definition of a lease and requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The effective date is for the City's year ending September 30, 2022.

We Recommend:

Management examine the new pronouncement to determine the effect this will have on future financial reporting and to ensure successful implementation on the effective date.

3. Sewer Fund Cash Balances

During our audit, we noted the City had diminishing unrestricted cash balances in the Sewer fund. Unrestricted cash decreased from \$69,126 to \$18,314, a decrease of \$50,812.

We Recommend:

The City take the proper steps to increase unrestricted cash balances in the Sewer Fund. The City should review all budget items to ensure no deficits are budgeted. In addition, the City should evaluate the sewer rates in order to set these rates at sufficient levels to cover operations and debt service and to allow for adequate operating funds and to build cash reserves in the fund. We understand the City has increased the rates in the new fiscal year.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the City's administrative personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

We appreciate this opportunity to serve as the City of Bowling Green, Missouri's independent auditor and the courtesies and assistance extended to us by the City's employees.

Respectfully submitted,

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
March 4, 2021



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

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Bowling Green, Missouri, for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 13, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Bowling Green, Missouri, are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the business-type activities' financial statements was management's estimate of the allowance for doubtful accounts is based on historical utility revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We noted no misstatements regarding assets or net position.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 4, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the pension schedules, the budgetary comparison schedules and the Management's Discussion and Analysis, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

Sincerely,

A handwritten signature in black ink that reads "KPM CPAs, PC". The letters are cursive and fluid, with the "K" and "P" being particularly prominent.

KPM CPAs, PC
Springfield, Missouri
March 4, 2021