

City of Bowling Green, Missouri

Basic Financial Statements Year Ended September 30, 2021

KPM
CPAS & ADVISORS

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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, 2021, 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.

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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, 2021, 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 8, 2022, 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 8, 2022

Management's Discussion and Analysis

City of Bowling Green

Management's Discussion and Analysis

September 30, 2021

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, 2021. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$4,028,368 for the year as a result of current year activities. The net position of the City's business activities increased by \$316,900 for the year.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of September 30, 2021, by \$32 million (net position). Of this amount \$5,081,974 was unrestricted and may be used to meet future obligations of the City.

Total long-term liabilities of the City decreased by \$350,416 during the year.

Total revenues increased \$887,484 or 9% compared to prior year revenues, while total expenses decreased \$57,508 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, 2021

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, 2021

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of September 30, 2021 and 2020:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total September 30, 2021</u>	<u>Total September 30, 2020</u>
Assets				
Current and other assets	\$ 5,346,332	\$ 2,257,780	\$ 7,604,112	\$ 7,192,981
Net pension asset	1,128,876	-	1,128,876	538,252
Capital assets	15,503,009	15,653,385	31,156,394	28,197,767
Total Assets	<u>21,978,217</u>	<u>17,911,165</u>	<u>39,889,382</u>	<u>35,929,000</u>
Deferred Outflow of Resources				
Deferred pension outflows	26,153	-	26,153	81,479
Liabilities				
Other liabilities	1,094,713	639,212	1,733,925	2,216,639
Long-term liabilities outstanding	1,205,872	4,597,429	5,803,301	6,153,717
Total Liabilities	<u>2,300,585</u>	<u>5,236,641</u>	<u>7,537,226</u>	<u>8,370,356</u>
Deferred Inflow of Resources				
Deferred pension inflows	398,268	-	398,268	5,350
Net Position				
Net investment in capital assets	13,941,028	10,546,386	24,487,414	21,432,329
Restricted				
Non-expendable	29,321	-	29,321	29,321
Expendable	1,754,829	626,503	2,381,332	1,887,204
Unrestricted	3,580,339	1,501,635	5,081,974	4,285,919
Total Net Position	<u>\$ 19,305,517</u>	<u>\$ 12,674,524</u>	<u>\$ 31,980,041</u>	<u>\$ 27,634,773</u>

Total net position of the City increased by \$4,345,268 for the year due to current year activity. Total liabilities for the City decreased \$833,130.

City of Bowling Green

Management's Discussion and Analysis

September 30, 2021

Change in Net Position

	Governmental Activities	Business-Type Activities	Total Year Ended September 30, 2021	Total Year Ended September 30, 2020
Revenues				
Program Revenues				
Charges for services	\$ 311,751	\$ 2,866,512	\$ 3,178,263	\$ 3,125,633
Operating grants and contributions	48,090	-	48,090	10,603
Capital grants and contributions	2,662,168	-	2,662,168	2,102,946
General Revenues				
Property taxes	401,646	-	401,646	388,625
Sales taxes	2,445,033	-	2,445,033	2,250,037
Motor vehicle taxes	227,339	-	227,339	209,320
Other taxes	335,562	-	335,562	325,381
Franchise fees	296,389	-	296,389	294,937
Interest	18,163	49,745	67,908	84,989
Other revenue	49,138	-	49,138	31,581
Total Revenues	6,795,279	2,916,257	9,711,536	8,824,052
Expenses				
Administrative	421,085	-	421,085	221,859
Public safety	921,410	-	921,410	861,916
Fire	88,384	-	88,384	90,020
Community center	19,783	-	19,783	19,368
Airport	65,869	-	65,869	63,338
Street	829,107	-	829,107	798,532
Planning and zoning	49,756	-	49,756	52,471
Cemetery	29,148	-	29,148	39,086
Park	173,960	-	173,960	121,341
Pool	66,651	-	66,651	57,700
Library	57,934	-	57,934	78,171
Other	4,119	-	4,119	3,910
Debt service	39,706	-	39,706	104,437
Water	-	1,737,926	1,737,926	1,959,440
Sewer	-	874,175	874,175	964,931
Total Expenses	2,766,911	2,612,101	5,379,012	5,436,520
Special Item				
Gain on disposal of property	-	12,744	12,744	-
Increase in Net Position	\$ 4,028,368	\$ 316,900	\$ 4,345,268	\$ 3,387,532

City of Bowling Green

Management's Discussion and Analysis

September 30, 2021

Governmental Activities

Governmental activities increased the net position of the City by \$4,028,368. Tax revenues for the City were \$3,705,969 which represents 55% of the financing of these activities. Program revenues for the functions totaled \$3,022,009. The following table shows the cost of the City's programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

Net Cost of the City of Bowling Green's Governmental Activities

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Administrative	\$ 421,085	\$ 224,635
Public safety	921,410	855,871
Fire	88,384	87,256
Community center	19,783	19,783
Airport	65,869	(2,600,362)
Street	829,107	795,507
Planning and zoning	49,756	33,917
Cemetery	29,148	20,138
Park	173,960	164,149
Pool	66,651	53,039
Library	57,934	47,145
Other	4,119	4,119
Debt service	39,706	39,706
	<u>\$ 2,766,911</u>	<u>\$ (255,098)</u>

Business-Type Activities

Business-type activities increased the City's net position by \$316,900.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of September 30, 2021, were \$4,596,226. The General Fund increased by \$842,584. The Cemetery Fund increased by \$30,175. The Park Fund increased by \$75,503. The Library Fund increased by \$5,399. The Street CIP Fund increased by \$332,191.

General Fund Budgetary Highlights

Revenues

The original revenue budget of \$5,011,431 was not amended during the year. Actual revenues were \$5,794,182 which is a difference of \$782,751.

Expenditures

The original expenditure budget of \$5,011,431 was not amended during the year. Actual expenditures were \$4,951,598, which is a difference of \$59,833.

City of Bowling Green

Management's Discussion and Analysis

September 30, 2021

Capital Asset and Debt Administration

Capital Assets

Net capital assets of the governmental activities were \$15,503,009 as of September 30, 2021, which is an increase of \$2,908,673 from the prior year primarily due to the airport project and various street projects. Net capital assets for business-type activities were \$15,653,385 of September 30, 2021. This is an increase of \$49,954.

Long-term Debt

Total long-term debt of the governmental activities as of September 30, 2021, was \$1,575,860, which is up from \$1,271,658, in the prior year, due to principal payments on debt in the amount of \$127,697 and additions to the 2020 lease in the amount of \$431,899.

Total long-term debt of the business-type activities as of September 30, 2021, was \$5,106,999, which is down from \$5,510,356 in the prior year, due to principal payments on debt in the amount of \$563,400 and additions to the sewer project lease in the amount of \$160,043.

Economic Factors and Next Year's Budget

COVID concerns and the price of lumber and steel have continued to delay some multi-family housing developments. Two new proposed single-family subdivisions, which would bring much needed housing to Bowling Green, are in the beginning stages with hopes of at least one starting before the end of the 2022 calendar year.

The intersection of Bus. 61/Court Street/Hwy. 161 is preparing for an upgrade to a new roundabout, funded by a 50/50 cost-share grant with MoDOT. Construction should start early Spring 2022.

A new bank has been constructed and will open early to late spring on Business 61. A small new pizzeria and new Chinese restaurant have opened.

The 2021-2022 fiscal year budget consists of seven separate funds. The funds include the General Fund, Cemetery Fund, Park Fund, Library Fund, Street CIP Fund, Water Fund, and Sewer Fund. All seven of the City's funds are balanced for the 2021-2022 fiscal year.

The Board approved several capital improvement items for 2021-2022:

General Fund

Police: Radio upgrade; new vehicle with equipment installed

Fire: Portable radio replacement, security cameras, scene lights, water/rope rescue equipment

Grounds Maintenance: New building for Alliance

Airport: Proposed new hangars (ARPA and entitlement funds)

Streets: Dump truck, new cinder box, snow bucket

Cemetery Fund

Repave old cemetery road, seal Memorial Gardens and Green Lawn roads

City of Bowling Green

Management's Discussion and Analysis

September 30, 2021

Street CIP Fund

Roundabout (cost share w/MoDOT)

Water Fund

Water: Rebuild high surface pump

Lake: Rebuild lake ump, CLA-valve

Water Distribution: Locater and two fire hydrants

Sewer Fund

Lagoon/WW Collection: Vac truck maintenance, locating sonde for jett trailer

SBR: Repair two WWTP crane, VFW 48v 15 hp wall mount, grease basket assembly

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, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Current			
Cash and cash equivalents - unrestricted	\$ 3,490,990	\$ 1,158,899	\$ 4,649,889
Investments - unrestricted	556,242	-	556,242
Ad valorem taxes receivable	5,464	-	5,464
Sales tax receivable	420,517	-	420,517
Utilities receivable, net	-	216,839	216,839
Other accounts receivable	70,637	-	70,637
Court fines receivable	45,084	-	45,084
Intergovernmental receivable	60,410	-	60,410
Accrued interest receivable	4,021	6	4,027
Inventory	-	158,669	158,669
Prepaid expenses	38,822	17,744	56,566
Noncurrent			
Restricted cash and cash equivalents	625,947	590,523	1,216,470
Restricted investments	28,198	115,100	143,298
Net pension asset	1,128,876	-	1,128,876
Capital Assets			
Non-depreciable	5,962,962	203,630	6,166,592
Depreciable, net	9,540,047	15,449,755	24,989,802
Total Assets	21,978,217	17,911,165	39,889,382
Deferred Outflow of Resources			
Deferred pension outflows	26,153	-	26,153

See accompanying notes to the financial statements.

City of Bowling Green

Statement of Net Position

September 30, 2021

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current			
Accounts payable	61,783	26,047	87,830
Accrued expenses	28,219	-	28,219
Insurance proceeds payable	28,075	-	28,075
Deposits payable	1,450	79,120	80,570
Escrow payable	30,008	-	30,008
Unearned revenue	563,486	-	563,486
Accrued interest payable	11,704	24,475	36,179
Current maturities of long-term debt	369,988	509,570	879,558
	1,094,713	639,212	1,733,925
Noncurrent			
Revenue bonds payable	-	3,846,383	3,846,383
Certificates of participation payable	420,000	-	420,000
Capital leases payable	771,993	751,046	1,523,039
Compensated absences	13,879	-	13,879
	1,205,872	4,597,429	5,803,301
Total Liabilities	2,300,585	5,236,641	7,537,226
Deferred Inflow of Resources			
Deferred pension inflows	398,268	-	398,268
Net Position			
Net investment in capital assets	13,941,028	10,546,386	24,487,414
Restricted			
Non-expendable	29,321	-	29,321
Expendable	1,754,829	626,503	2,381,332
Unrestricted	3,580,339	1,501,635	5,081,974
Total Net Position	\$ 19,305,517	\$ 12,674,524	\$ 31,980,041

See accompanying notes to the financial statements.

City of Bowling Green

Balance Sheet – Governmental Funds

September 30, 2021

	Special Revenue Funds					Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Street CIP Fund	
Assets						
Cash and cash equivalents - unrestricted	\$ 2,066,345	\$ 130,477	\$ 393,965	\$ 58,989	\$ 841,214	\$ 3,490,990
Investments - unrestricted	350,000	50,000	150,000	6,242	-	556,242
Ad valorem taxes receivable	3,606	624	-	1,234	-	5,464
Sales tax receivable	294,809	-	41,902	-	83,806	420,517
Other accounts receivable	70,637	-	-	-	-	70,637
Intergovernmental receivable	60,410	-	-	-	-	60,410
Court fines receivable	45,084	-	-	-	-	45,084
Accrued interest receivable	4,010	8	-	3	-	4,021
Prepaid expenses	35,499	-	2,060	1,263	-	38,822
Restricted cash and cash equivalents	624,674	1,273	-	-	-	625,947
Restricted investments	-	28,198	-	-	-	28,198
Total Assets	\$ 3,555,074	\$ 210,580	\$ 587,927	\$ 67,731	\$ 925,020	\$ 5,346,332
Liabilities, Deferred Inflow of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 61,718	\$ -	\$ -	\$ 65	\$ -	\$ 61,783
Accrued expenses	22,844	-	-	5,375	-	28,219
Insurance proceeds payable	28,075	-	-	-	-	28,075
Escrow payable	30,008	-	-	-	-	30,008
Deposits payable	1,250	-	200	-	-	1,450
Unearned revenue	563,486	-	-	-	-	563,486
Total Liabilities	707,381	-	200	5,440	-	713,021

See accompanying notes to the financial statements.

City of Bowling Green

Balance Sheet – Governmental Funds

September 30, 2021

	Special Revenue Funds					Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Street CIP Fund	
Deferred Inflow of Resources						
Deferred court fines	37,085	-	-	-	-	37,085
Total Deferred Inflow of Resources	37,085	-	-	-	-	37,085
Fund Balances						
Nonspendable						
Cemetery perpetual care	-	29,321	-	-	-	29,321
Prepaid items	35,499	-	2,060	1,263	-	38,822
Restricted for						
Flag reserves	1,855	-	-	-	-	1,855
Cemetery donations	-	150	-	-	-	150
Cemetery	-	181,109	-	-	-	181,109
Park	-	-	585,667	-	-	585,667
Library	-	-	-	61,028	-	61,028
Street	-	-	-	-	925,020	925,020
Unassigned	2,773,254	-	-	-	-	2,773,254
Total Fund Balances	2,810,608	210,580	587,727	62,291	925,020	4,596,226
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 3,555,074	\$ 210,580	\$ 587,927	\$ 67,731	\$ 925,020	\$ 5,346,332

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, 2021

Fund balance - total governmental funds	\$ 4,596,226
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	21,266,692
Less accumulated depreciation	<u>(5,763,683)</u>
	15,503,009
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	1,128,876
Deferred outflows due to pensions	26,153
Deferred inflows due to pensions	<u>(398,268)</u>
	756,761
Adjustment of deferred court fines	37,085
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(11,704)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(1,575,860)</u>
Net Position of Governmental Activities	<u><u>\$ 19,305,517</u></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, 2021

	Special Revenue Funds					Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Street CIP Fund	
Revenues						
Taxes	\$ 2,758,005	\$ 48,507	\$ 267,126	\$ 98,080	\$ 534,250	\$ 3,705,968
Licenses and permits	28,990	-	-	-	-	28,990
Intergovernmental revenues	2,694,609	-	-	2,667	-	2,697,276
Charges for services	196,254	9,010	15,324	4,778	-	225,366
Fines and forfeitures	21,450	-	-	-	-	21,450
Miscellaneous	94,874	1,170	11,522	4,058	2,242	113,866
Total Revenues	5,794,182	58,687	293,972	109,583	536,492	6,792,916
Expenditures						
Current						
Administrative	536,220	-	-	-	-	536,220
Public safety	935,427	-	-	-	-	935,427
Fire	75,051	-	-	-	-	75,051
Community center	17,326	-	-	-	-	17,326
Airport	2,653,576	-	-	-	-	2,653,576
Street	656,048	-	-	-	485,486	1,141,534
Planning and zoning	67,640	-	-	-	-	67,640
Cemetery	-	28,512	-	-	-	28,512
Park	-	-	150,944	-	-	150,944
Pool	-	-	66,651	-	-	66,651
Library	-	-	-	103,955	-	103,955
Other	4,119	-	-	-	-	4,119
Debt Service						
Principal, interest and fees	6,191	-	874	229	150,714	158,008
Total Expenditures	4,951,598	28,512	218,469	104,184	636,200	5,938,963
<i>Excess (Deficit) of Revenues Over Expenditures</i>	842,584	30,175	75,503	5,399	(99,708)	853,953
Other Financing Sources						
Lease Proceeds	-	-	-	-	431,899	431,899
<i>Excess of Revenues and Other Sources Over Expenditures</i>	842,584	30,175	75,503	5,399	332,191	1,285,852
Fund Balance, October 1	1,968,024	180,405	512,224	56,892	592,829	3,310,374
Fund Balance, September 30	\$ 2,810,608	\$ 210,580	\$ 587,727	\$ 62,291	\$ 925,020	\$ 4,596,226

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, 2021

Net change in fund balances - total governmental funds \$ 1,285,852

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	3,381,806
Depreciation	(471,859)
Disposal of capital assets, net	(1,274)
	2,908,673

Some revenues reported in the governmental funds represent current financial resources and were recognized in the Statement of Activities when earned. 2,363

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	(431,899)
Repayment of principal on loans and leases	125,000
Accrued interest payable	(6,698)
	(313,597)

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	142,380
Change in compensated absences	2,697
	145,077

<i>Change in Net Position of Governmental Activities</i>	\$ 4,028,368
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See accompanying notes to the financial statements.

City of Bowling Green

Statement of Net Position – Proprietary Funds

September 30, 2021

Assets	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Current Assets			
Cash and cash equivalents	\$ 1,006,168	\$ 152,731	\$ 1,158,899
Utilities receivable, net	135,913	80,926	216,839
Accrued interest receivable	3	3	6
Inventory	109,393	49,276	158,669
Prepaid expenses	10,760	6,984	17,744
Total Current Assets	1,262,237	289,920	1,552,157
Restricted Assets			
Cash and cash equivalents	505,203	85,320	590,523
Investments	57,550	57,550	115,100
Total Restricted Assets	562,753	142,870	705,623
Property, Plant and Equipment			
Land	57,354	146,276	203,630
Sewer system	-	14,732,377	14,732,377
Water system	11,146,800	-	11,146,800
Pumping and purification	1,841,680	-	1,841,680
Lake	1,424,111	-	1,424,111
	14,469,945	14,878,653	29,348,598
Less accumulated depreciation	(7,853,737)	(5,841,476)	(13,695,213)
Total Property, Plant, and Equipment	6,616,208	9,037,177	15,653,385
Total Assets	8,441,198	9,469,967	17,911,165
Liabilities			
Current Liabilities			
Accounts payable	26,047	-	26,047
Deposits payable	79,120	-	79,120
Accrued interest payable	8,560	15,915	24,475
Current maturities of long-term debt	91,347	418,223	509,570
Total Current Liabilities	205,074	434,138	639,212
Long-Term Liabilities			
Revenue bonds payable	2,851,383	995,000	3,846,383
Capital leases payable	72,927	678,119	751,046
Total Long-Term Liabilities	2,924,310	1,673,119	4,597,429
Total Liabilities	3,129,384	2,107,257	5,236,641
Net Position			
Net investment in capital assets	3,600,551	6,945,835	10,546,386
Restricted	483,633	142,870	626,503
Unrestricted	1,227,630	274,005	1,501,635
Total Net Position	\$ 5,311,814	\$ 7,362,710	\$ 12,674,524

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, 2021

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues			
Charges for services	\$ 1,707,829	\$ 1,120,774	\$ 2,828,603
Miscellaneous	18,348	19,561	37,909
Total Operating Revenues	1,726,177	1,140,335	2,866,512
Operating Expenses			
Administration	77,000	89,000	166,000
Legal and professional	38,689	22,759	61,448
Service agreement	556,597	224,071	780,668
Purchased services	701	496	1,197
Utilities	64,794	98,338	163,132
Maintenance	10,608	34,867	45,475
Supplies	206,093	11,290	217,383
Water purchased	258,405	-	258,405
Insurance	25,000	16,547	41,547
Depreciation	385,875	269,279	655,154
Miscellaneous	-	2,280	2,280
Total Operating Expenses	1,623,762	768,927	2,392,689
<i>Operating Income</i>	102,415	371,408	473,823
Nonoperating Revenues (Expenses)			
Interest income	2,972	46,773	49,745
Gain on sale of assets	6,372	6,372	12,744
Interest expense	(114,164)	(105,248)	(219,412)
Total Nonoperating Revenues (Expenses)	(104,820)	(52,103)	(156,923)
<i>Net Income (Loss)</i>	(2,405)	319,305	316,900
Net Position, October 1	5,314,219	7,043,405	12,357,624
Net Position, September 30	\$ 5,311,814	\$ 7,362,710	\$ 12,674,524

See accompanying notes to the financial statements.

City of Bowling Green

Statement of Cash Flows – Proprietary Funds

Year Ended September 30, 2021

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,772,617	\$ 1,140,918	\$ 2,913,535
Cash paid to suppliers	(1,317,244)	(506,443)	(1,823,687)
Net Cash Provided by Operating Activities	455,373	634,475	1,089,848
Cash Flows from Capital and Related Financing Activities			
Purchase of fixed assets	(492,027)	(214,584)	(706,611)
Proceeds from sale of assets	7,123	7,124	14,247
Lease proceeds	-	160,043	160,043
Payment of bond and lease principal	(173,726)	(389,674)	(563,400)
Payment of interest expense	(114,180)	(109,060)	(223,240)
Net Cash (Used) by Capital and Related Financing Activities	(772,810)	(546,151)	(1,318,961)
Cash Flows from Investing Activities			
Interest received on investments	2,985	46,787	49,772
Net Cash Provided by Investing Activities	2,985	46,787	49,772
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<i>(314,452)</i>	<i>135,111</i>	<i>(179,341)</i>
Cash and Cash Equivalents, Beginning of year	1,825,823	102,940	1,928,763
Cash and Cash Equivalents, End of year	1,511,371	238,051	1,749,422
Less Restricted Cash and Cash Equivalents	505,203	85,320	590,523
Unrestricted Cash and Cash Equivalents	\$ 1,006,168	\$ 152,731	\$ 1,158,899
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 102,415	\$ 371,408	\$ 473,823
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	385,875	269,279	655,154
(Increase) decrease in			
Utilities receivable	41,685	583	42,268
Inventory	(7,801)	(6,187)	(13,988)
Prepaid expenses	(973)	(608)	(1,581)
Increase (decrease) in			
Accounts payable	(70,583)	-	(70,583)
Deposits payable	4,755	-	4,755
Net Cash Provided by Operating Activities	\$ 455,373	\$ 634,475	\$ 1,089,848

See accompanying notes to the financial statements.

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

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, 2021

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, 2021

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. For purposes of the statement of cash flows, the City considers all accounts subject to withdrawal by check or on demand to be cash and cash equivalents.

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, 2021

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, 2021

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 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.

Unearned Revenue

This is future revenue received for unspent grant proceeds and will be recognized as income when earned.

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

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, 2021, all bank balances on deposit were not insured or collateralized.

3. Investments

Investments of the City as of September 30, 2021, consist of the following:

<u>Investment Type</u>	<u>Maturity</u>	<u>Total</u>
Certificates of Deposit	10/23/2021 - 3/22/2026	<u>\$ 699,540</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, 2021, 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:

	<u>Restricted Cash and Investments</u>	<u>Restricted Net Position</u>
General Fund		
Excavation permit bond	\$ 1,000	\$ -
Community center deposits	250	-
Flag reserves	1,855	1,855
Grant funds	563,486	-
Developer escrow funds	30,008	-
Insurance proceeds	28,075	-
	<u>\$ 624,674</u>	<u>\$ 1,855</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

	Restricted Cash and Investments	Restricted Net Position
Cemetery Fund		
Nonspendable		
Perpetual care	\$ 29,321	\$ 29,321
Restricted		
Cemetery tax	-	181,109
Cemetery donations	150	150
	\$ 29,471	\$ 210,580
Park Fund		
Park sales tax	\$ -	\$ 585,667
Library Fund		
Library tax	\$ -	\$ 61,028
Street CIP Fund		
Transportation tax	\$ -	\$ 925,020

Business-Type Activities

The 2003B Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) Ordinance and USDA Series 2012 A, B, and C Combined Waterworks and Sewerage System Revenue Bonds established amounts required to be deposited in certain sinking and reserve funds. All required deposits have been made. These special cash reserves are reported in the accompanying Statement of Net Position as restricted cash and investments, and restricted net position. Restricted cash and investments also include cash restricted for customer deposits. These restrictions are as follows:

	Restricted Cash and Investments	Restricted Net Position
Water Fund		
USDA Revenue Bonds		
Debt service reserve	\$ 174,570	\$ 174,570
Short lived asset reserve	309,063	309,063
Customer deposits	79,120	-
	\$ 562,753	\$ 483,633
Sewer Fund		
2003B Revenue Bonds		
Principal and interest	\$ 85,320	\$ 85,320
Depreciation and replacement	57,550	57,550
	\$ 142,870	\$ 142,870

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

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	\$ 136,073	\$ (160)	\$ 135,913
Sewer Fund	80,950	(24)	80,926
	\$ 217,023	\$ (184)	\$ 216,839

6. Long-Term Debt – Governmental Activities

Long-term debt of the City consists of the Series 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 Series 2015 Certificates of Participation outstanding at September 30, 2021, are due as follows:

Year Ending September 30,	Principal	Interest	Total
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
	\$ 550,000	\$ 50,400	\$ 600,400

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

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, 2021, the City has issued \$1,011,981 in the Governmental Activities and \$184,996 in the Sewer Fund Business-Type Activities totaling \$1,196,977. The debt will be issued at various dates as the projects commence. Subsequent to year end, the City has issued an additional \$813,839 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, 2021, are as follows:

<u>Year Ending September 30,</u>	<u>Direct Borrowing</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 257,348	\$ 29,334	\$ 286,682
2023	264,750	36,372	301,122
2024	272,014	30,468	302,482
2025	323,811	23,914	347,725
2026	79,054	4,577	83,631
	<u>\$ 1,196,977</u>	<u>\$ 124,665</u>	<u>\$ 1,321,642</u>
Governmental Activities	\$ 1,011,981		
Business-Type Activities			
Sewer Fund	184,996		
	<u>\$ 1,196,977</u>		

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

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

	Balance September 30, 2020	New Obligations	Retirements	Balance September 30, 2021	Amounts Due Within One Year
Certificates of Participation Payable					
Series 2015	\$ 675,000	\$ -	\$ 125,000	\$ 550,000	\$ 130,000
Direct Borrowing					
2020 Lease Payable	580,082	431,899	-	1,011,981	239,988
Compensated Absences	16,576	-	2,697	13,879	-
	<u>\$ 1,271,658</u>	<u>\$ 431,899</u>	<u>\$ 127,697</u>	<u>\$ 1,575,860</u>	<u>\$ 369,988</u>

7. Long-Term Debt – Business Type Activities

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

Water Fund

Series 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.

The annual debt service requirements to amortize the principal on the bonds outstanding at September 30, 2021, are listed in the following tables:

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

Series 2012A

<u>Year Ending September 30,</u>	<u>Direct Placement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	97,097	1,929	99,026
	<u>\$ 1,710,294</u>	<u>\$ 948,080</u>	<u>\$ 2,658,374</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

Series 2012B

Year Ending September 30,	Direct Placement		
	Principal	Interest	Total
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	23,603	464	24,067
	<u>\$ 423,475</u>	<u>\$ 234,564</u>	<u>\$ 658,039</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

Series 2012C

Year Ending September 30,	Direct Placement		
	Principal	Interest	Total
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	10,525	23	10,548
	<u>\$ 796,695</u>	<u>\$ 249,213</u>	<u>\$ 1,045,908</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

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, 2021, are as follows:

Year Ending September 30,	Direct Borrowing		
	Principal	Interest	Total
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	69,091	1,254	70,345
	<u>\$ 681,539</u>	<u>\$ 82,744</u>	<u>\$ 764,283</u>
Business-Type Activities			
Water Fund	\$ 85,193		
Sewer Fund	596,346		
	<u>\$ 681,539</u>		

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

Sewer Fund

Series 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.

The annual debt service requirements to amortize the principal on the Series 2003B revenue bonds outstanding at September 30, 2021, are listed in the following table:

Year Ending September 30,	Direct Placement			
	Principal	Interest	Administrative Fee	Total
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>\$ 1,310,000</u>	<u>\$ 159,380</u>	<u>\$ 23,669</u>	<u>\$ 1,493,049</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

The following table is a summary of the changes in the Long-Term Debt – Business-Type Activities for the year ended September 30, 2021:

	<u>Balance September 30, 2020</u>	<u>New Obligations</u>	<u>Retirements</u>	<u>Balance September 30, 2021</u>	<u>Amounts Due Within One Year</u>
Water Fund					
Direct Placement/Direct Borrowings					
Revenue Bonds Payable					
Series 2012A	\$ 1,752,249	\$ -	\$ 41,955	\$ 1,710,294	\$ 43,657
Series 2012B	433,875	-	10,400	423,475	10,822
Series 2012C	815,808	-	19,113	796,695	24,602
	<u>3,001,932</u>	<u>-</u>	<u>71,468</u>	<u>2,930,464</u>	<u>79,081</u>
Capital Leases Payable					
Water project	97,289	-	12,096	85,193	12,266
Sludge truck	90,162	-	90,162	-	-
	<u>187,451</u>	<u>-</u>	<u>102,258</u>	<u>85,193</u>	<u>12,266</u>
	<u>3,189,383</u>	<u>-</u>	<u>173,726</u>	<u>3,015,657</u>	<u>91,347</u>
Sewer Fund					
Direct Placement/Direct Borrowings					
Revenue Bonds Payable					
Series 2003B	1,615,000	-	305,000	1,310,000	315,000
Capital Leases Payable					
UV System	681,020	-	84,674	596,346	85,863
Sewer project	24,953	160,043	-	184,996	17,360
	<u>705,973</u>	<u>160,043</u>	<u>84,674</u>	<u>781,342</u>	<u>103,223</u>
	<u>2,320,973</u>	<u>160,043</u>	<u>389,674</u>	<u>2,091,342</u>	<u>418,223</u>
	<u>\$ 5,510,356</u>	<u>\$ 160,043</u>	<u>\$ 563,400</u>	<u>\$ 5,106,999</u>	<u>\$ 509,570</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

8. Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Balance September 30, 2020	Additions	Deletions	Balance September 30, 2021
Governmental Activities				
Non-depreciable capital assets				
Land	\$ 1,103,673	\$ 53,486	\$ -	\$ 1,157,159
Construction in progress	2,201,953	3,066,301	462,451	4,805,803
Total Non-depreciable Capital Assets	<u>3,305,626</u>	<u>\$ 3,119,787</u>	<u>\$ 462,451</u>	<u>5,962,962</u>
Depreciable capital assets				
Building and improvements	2,484,717	\$ -	\$ -	2,484,717
Machinery and equipment	1,819,671	89,907	7,908	1,901,670
Infrastructure	10,282,780	634,563	-	10,917,343
Total Depreciable Capital Assets	<u>14,587,168</u>	<u>\$ 724,470</u>	<u>\$ 7,908</u>	<u>15,303,730</u>
Less Accumulated Depreciation				
Buildings and improvements	827,911	\$ 54,006	\$ -	881,917
Machinery and equipment	1,260,138	147,330	6,634	1,400,834
Infrastructure	3,210,409	270,523	-	3,480,932
Total Accumulated Depreciation	<u>5,298,458</u>	<u>\$ 471,859</u>	<u>\$ 6,634</u>	<u>5,763,683</u>
Total Depreciable Capital Assets, net	<u>9,288,710</u>			<u>9,540,047</u>
Total Governmental Activities Capital Assets, net	<u>\$12,594,336</u>			<u>\$15,503,009</u>

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

Administrative	\$ 4,216
Community center	2,457
Library	1,732
Public safety	40,862
Fire	23,437
Park	43,516
Airport	26,399
Street	328,604
Cemetery	636
	<u>\$ 471,859</u>

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

	Balance September 30, 2020	Additions	Deletions	Balance September 30, 2021
Business-Type Activities				
Water Fund				
Non-depreciable Capital Assets				
Land	\$ 57,354	\$ -	\$ -	\$ 57,354
Construction-in-progress	104,265	460,547	564,812	-
Total non-depreciable assets	161,619	<u>\$ 460,547</u>	<u>\$ 564,812</u>	57,354
Depreciable Capital Assets				
Water system	10,554,462	\$ 596,292	\$ 3,954	11,146,800
Pumping and purification	1,841,680	-	-	1,841,680
Lake	1,424,111	-	-	1,424,111
Total Depreciable Capital Assets	13,820,253	<u>\$ 596,292</u>	<u>\$ 3,954</u>	14,412,591
Less Accumulated Depreciation	7,471,065	<u>\$ 385,875</u>	<u>\$ 3,203</u>	7,853,737
Depreciable Capital Assets, net	6,349,188			6,558,854
Sewer Fund				
Non-depreciable Capital Assets				
Land	146,276	\$ -	\$ -	146,276
Construction in progress	22,723	160,043	182,766	-
Total Non-depreciable Capital Assets	168,999	<u>\$ 160,043</u>	<u>\$ 182,766</u>	146,276
Depreciable Capital Assets				
Sewer system	14,499,024	<u>\$ 237,307</u>	<u>\$ 3,954</u>	14,732,377
Less Accumulated Depreciation	5,575,399	<u>\$ 269,279</u>	<u>\$ 3,202</u>	5,841,476
Depreciable Capital Assets, net	8,923,625			8,890,901
Total Capital Assets Business-Type Activities, net	<u>\$ 15,603,431</u>			<u>\$ 15,653,385</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, 2021

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.

	2021 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, 2021, 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	19	7
Inactive employees entitled to but not yet receiving benefits	7	15
Active employees	7	9
	33	31

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 6.0% for General and 5.9% for Police of annual covered payroll.

Net Pension Asset. The employer’s net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2021.

Actuarial Assumptions. The total pension liability in the February 28, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation, 2.25% price inflation
Salary Increase	2.75% to 6.75% including wage inflation
Investment rate of return	7.00% net of investment expense

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2021, valuation were based on the results of an actuarial experience study for the period March 1, 2015 through February 29, 2020.

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	Weighted Average 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 7.00%. 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, 2021

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	\$ 1,533,382	\$ 1,849,799	\$ (316,417)
Changes for the year			
Service cost	30,228	-	30,228
Interest	109,143	-	109,143
Difference between expected and actual experiences	4,334	-	4,334
Changes of assumptions	(51,064)		(51,064)
Contributions - employer	-	17,008	(17,008)
Net investment income	-	492,261	(492,261)
Benefits paid, including refunds	(87,159)	(87,159)	-
Administrative expenses	-	(3,079)	3,079
Other (net transfer)	-	8,966	(8,966)
<i>Net Changes</i>	5,482	427,997	(422,515)
Balance at end of year	1,538,864	2,277,796	(738,932)
Police Division			
Balances at beginning of year	925,388	1,147,223	(221,835)
Changes for the year			
Service Cost	30,913	-	30,913
Interest	67,021	-	67,021
Difference between expected and actual experiences	22,870	-	22,870
Changes of assumptions	650		650
Contributions - employer	-	23,138	(23,138)
Net investment income	-	299,763	(299,763)
Benefits paid, including refunds	(32,865)	(32,865)	-
Administrative expenses	-	(2,158)	2,158
Other (net transfer)	-	(31,180)	31,180
<i>Net Changes</i>	88,589	256,698	(168,109)
Balance at end of year	1,013,977	1,403,921	(389,944)
Total Plan Balances at End of Year	\$ 2,552,841	\$ 3,681,717	\$ (1,128,876)

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

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 7.00%, as well as what the employer's net pension asset would be using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
General Division			
Total Pension Liability	\$ 1,733,303	\$ 1,538,864	\$ 1,379,311
Fiduciary Net Position	2,277,796	2,277,796	2,277,796
<i>Net Pension (Asset)</i>	(544,493)	(738,932)	(898,485)
Police Division			
Total Pension Liability	1,188,262	1,013,977	875,948
Fiduciary Net Position	1,403,921	1,403,921	1,403,921
<i>Net Pension (Asset)</i>	(215,659)	(389,944)	(527,973)
Total Net Pension (Asset)	\$ (760,152)	\$ (1,128,876)	\$ (1,426,458)

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

For the year ended September 30, 2021, the employer recognized a pension credit of \$111,762 in the general division and pension expense of \$9,327 in the police division. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
General Division			
Differences between expected and actual experience	\$ 1,466	\$ -	\$ 1,466
Changes in assumptions	-	(17,267)	(17,267)
Net difference between projected and actual earnings on pension plan investments	-	(239,303)	(239,303)
Contributions subsequent to the measurement date*	4,539	-	4,539
	6,005	(256,570)	(250,565)
Police Division			
Differences between expected and actual experience	14,615	(873)	13,742
Changes in assumptions	415	-	415
Net difference between projected and actual earnings on pension plan investments	-	(140,825)	(140,825)
Contributions subsequent to the measurement date*	5,118	-	5,118
	20,148	(141,698)	(121,550)
	\$ 26,153	\$ (398,268)	\$ (372,115)

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

*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, 2022.

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

Year Ending September 30,	Net Deferred Outflows (Inflows)		
	General	Police	Total
2022	\$ (82,926)	\$ (30,279)	\$ (113,205)
2023	(50,345)	(22,387)	(72,732)
2024	(49,746)	(30,379)	(80,125)
2025	(72,087)	(43,623)	(115,710)
	<u>\$ (255,104)</u>	<u>\$ (126,668)</u>	<u>\$ (381,772)</u>

Payable to the Pension Plan

At September 30, 2021, 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:

	<u>2020</u>
Assessed Valuation	
Real estate	\$ 32,941,810
Personal property	9,634,800
	<u>\$ 42,576,610</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, 2021

The legal debt margin at September 30, 2021, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional debt limit	\$ 4,257,661	\$ 4,257,661	\$ 8,515,322
General Obligation Bonds payable	-	-	-
Legal Debt Margin	<u>\$ 4,257,661</u>	<u>\$ 4,257,661</u>	<u>\$ 8,515,322</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, 2021, are accounted for as follows:

General Fund

Deferred court fines	<u>\$ 37,085</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, 2021, 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, 2021

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, 2021, \$922,000 of the 2007 bond ordinance had not been issued.

15. Commitments

At September 30, 2021, the City had the following commitments:

- Alliance Water Resource, Inc. in the amount of \$1,273,164, for professional services which include providing management, operation, and maintenance of the water and sewer system for fiscal year 2022.

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 \$5,831,701. Principal and interest paid for the current year and total customer net revenues were \$565,890 and \$1,128,977, respectively. In addition, interest subsidies paid \$46,818 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, 2021, the amount outstanding was \$15,591,362.

18. Unearned Revenue

Revenue received but is not considered earned until the appropriate expenses have been incurred. At September 30, 2021, these unearned revenues include unspent grant proceeds in the General Fund in the amount \$563,486.

City of Bowling Green

Notes to the Financial Statements

September 30, 2021

19. Tax Abatements

As of September 30, 2021, 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, 2021, 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>

Required Supplementary Information

City of Bowling Green

Schedule of Changes in the Net Pension Asset and Related Ratios

Year Ended September 30, 2021

Missouri Local Government Employees Retirement System (LAGERS)

	Year Ended September 30, 2021	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	\$ 61,141	\$ 55,920	\$ 63,820	\$ 55,683	\$ 60,825	\$ 65,548	\$ 62,690
Interest on the total pension liability	176,164	169,779	170,431	153,015	153,375	135,916	127,946
Change of benefit terms	-	-	-	140,890	-	-	-
Difference between expected and actual experience	27,204	(9,821)	(101,770)	(12,700)	(147,813)	33,624	(8,745)
Changes of assumptions	(50,414)	-	-	-	-	79,884	-
Benefit payments	(120,024)	(140,376)	(134,905)	(67,626)	(69,967)	(73,627)	(73,127)
<i>Net Change in Total Pension Liability</i>	94,071	75,502	(2,424)	269,262	(3,580)	241,345	108,764
Total Pension Liability, Beginning	<u>2,458,770</u>	<u>2,383,268</u>	<u>2,385,692</u>	<u>2,116,430</u>	<u>2,120,010</u>	<u>1,878,665</u>	<u>1,769,901</u>
Total Pension Liability, Ending	<u>2,552,841</u>	<u>2,458,770</u>	<u>2,383,268</u>	<u>2,385,692</u>	<u>2,116,430</u>	<u>2,120,010</u>	<u>1,878,665</u>
Plan Fiduciary Net Position							
Contributions - employer	40,146	37,359	43,212	47,885	28,420	34,732	38,202
Pension Plan Net Investment Income	792,024	40,126	205,321	321,533	281,993	(4,958)	46,237
Benefit Payments	(120,024)	(140,376)	(134,905)	(67,626)	(69,967)	(73,627)	(73,127)
Pension Plan Administrative Expense	(5,237)	(6,720)	(5,793)	(4,182)	(3,792)	(3,616)	(4,008)
Other (Net Transfer)	(22,214)	9,549	(885)	7,297	(22,822)	25,469	31,350
<i>Net Change in Plan Fiduciary Net</i>	684,695	(60,062)	106,950	304,907	213,832	(22,000)	38,654
Plan Fiduciary Net Position, Beginning	<u>2,997,022</u>	<u>3,057,084</u>	<u>2,950,134</u>	<u>2,645,227</u>	<u>2,431,395</u>	<u>2,453,395</u>	<u>2,414,741</u>
Plan Fiduciary Net Position, Ending	<u>3,681,717</u>	<u>2,997,022</u>	<u>3,057,084</u>	<u>2,950,134</u>	<u>2,645,227</u>	<u>2,431,395</u>	<u>2,453,395</u>
Net Pension (Asset)	<u>\$ (1,128,876)</u>	<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	144.22%	121.89%	128.27%	123.66%	124.99%	114.69%	130.59%
Covered-Employee payroll	\$ 642,208	\$ 560,305	\$ 556,596	\$ 650,926	\$ 549,692	\$ 660,469	\$ 701,548
Net pension asset as a percentage of covered-employee payroll	(175.78)%	(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, 2021

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
2012	\$ 38,963	\$ 16,851	\$ 22,112	\$ 702,139	2.40%
2013	51,821	23,182	28,639	681,810	3.40%
2014	53,081	32,141	20,940	730,483	4.40%
2015	49,571	39,182	10,389	725,604	5.40%
2016	33,425	33,426	-	636,410	5.25%
2017	27,859	27,860	-	587,664	4.74%
2018	55,106	55,105	-	652,723	8.44%
2019	37,530	37,530	-	578,290	6.49%
2020	37,830	37,830	-	584,253	6.47%
2021	39,944	39,944	-	672,482	5.94%

See accompanying notes to the Schedule of Contributions.

City of Bowling Green

Notes to the Schedule of Contributions

Year Ended September 30, 2021

Valuation Date: February 28, 2021

Notes: The roll-forward of total pension liability from February 28, 2021, to June 30, 2021, 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 16 years for the General and Police divisions

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

Inflation: 2.75% wage inflation; 2.25% price inflation

Salary Increases: 2.75% to 6.75% including wage inflation

Investment Rate of Return: 7.00%, 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, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

Other Information: None

City of Bowling Green

Budgetary Comparison Schedule – General Fund

Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Ad valorem taxes	\$ 267,000	\$ 267,000	\$ 274,562	\$ 7,562
City sales tax	995,000	995,000	1,109,404	114,404
Transportation sales tax	500,000	500,000	534,253	34,253
Financial institution tax	200	200	-	(200)
Railroad and utility tax	31,000	31,000	33,069	2,069
Surtax	2,000	2,000	5,101	3,101
Utility franchise tax	294,000	294,000	296,389	2,389
Motor vehicle tax	205,000	205,000	227,339	22,339
Payment in lieu of taxes	200,000	200,000	200,000	-
Lodging tax	60,000	60,000	59,023	(977)
Cigarette tax	17,000	17,000	18,865	1,865
	<u>2,571,200</u>	<u>2,571,200</u>	<u>2,758,005</u>	<u>186,805</u>
Licenses and Permits				
Occupational licenses	11,000	11,000	12,746	1,746
Building permits	9,550	9,550	15,989	6,439
Animal license and fees	400	400	255	(145)
	<u>20,950</u>	<u>20,950</u>	<u>28,990</u>	<u>8,040</u>
Intergovernmental Revenues				
Police grants	10,000	10,000	39,313	29,313
Airport grants	863,881	863,881	2,614,096	1,750,215
CDBG grant	350,000	350,000	6,472	(343,528)
Fire grants	6,000	6,000	1,128	(4,872)
Street grants	929,900	929,900	33,600	(896,300)
	<u>2,159,781</u>	<u>2,159,781</u>	<u>2,694,609</u>	<u>534,828</u>
Charges for Services				
Printing	300	300	402	102
Airport fuel	16,000	16,000	19,172	3,172
Trash billing	168,000	168,000	176,680	8,680
	<u>184,300</u>	<u>184,300</u>	<u>196,254</u>	<u>11,954</u>
Fines and Forfeitures				
City court fines	16,000	16,000	21,450	5,450
Miscellaneous				
Rents and royalties	38,400	38,400	37,605	(795)
Interest	10,000	10,000	11,363	1,363
Other	10,800	10,800	45,906	35,106
	<u>59,200</u>	<u>59,200</u>	<u>94,874</u>	<u>35,674</u>
Total Revenues	<u>5,011,431</u>	<u>5,011,431</u>	<u>5,794,182</u>	<u>782,751</u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Bowling Green

Budgetary Comparison Schedule – General Fund

Year Ended September 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures				
Current				
Administrative	1,807,115	1,807,115	536,220	1,270,895
Public safety	1,114,667	1,114,667	935,427	179,240
Fire	184,350	184,350	75,051	109,299
Community center	24,012	24,012	17,326	6,686
Airport	900,301	900,301	2,653,576	(1,753,275)
Street	809,983	809,983	656,048	153,935
Planning and zoning	74,953	74,953	67,640	7,313
Other	4,000	4,000	4,119	(119)
Debt Service				
Principal, interest and fees	92,050	92,050	6,191	85,859
Total Expenditures	<u>5,011,431</u>	<u>5,011,431</u>	<u>4,951,598</u>	<u>59,833</u>
<i>Excess of Revenues Over Expenditures</i>	-	-	842,584	842,584
Fund Balance, October 1	<u>1,968,024</u>	<u>1,968,024</u>	<u>1,968,024</u>	-
Fund Balance, September 30	<u><u>\$ 1,968,024</u></u>	<u><u>\$ 1,968,024</u></u>	<u><u>\$ 2,810,608</u></u>	<u><u>\$ 842,584</u></u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Bowling Green

Budgetary Comparison Schedule – Cemetery Fund

Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Ad valorem taxes and penalties	\$ 41,100	\$ 41,100	\$ 42,332	\$ 1,232
Railroad and utility tax	5,000	5,000	5,350	350
Surtax	500	500	825	325
	46,600	46,600	48,507	1,907
Charges for services				
Sale of lots	4,000	4,000	9,010	5,010
Miscellaneous				
Interest	-	-	1,170	1,170
Donations	700	700	-	(700)
Other	36,181	36,181	-	(36,181)
	36,881	36,881	1,170	(35,711)
Total Revenues	87,481	87,481	58,687	(28,794)
Expenditures				
Current				
Cemetery	87,481	87,481	28,512	58,969
Total Expenditures	87,481	87,481	28,512	58,969
<i>Excess of Revenues Over Expenditures</i>	-	-	30,175	30,175
Fund Balance, October 1	180,405	180,405	180,405	-
Fund Balance, September 30	\$ 180,405	\$ 180,405	\$ 210,580	\$ 30,175

See accompanying notes to the Budgetary Comparison Schedules.

City of Bowling Green

Budgetary Comparison Schedule – Park Fund

Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Sales taxes	\$ 230,000	\$ 230,000	\$ 267,126	\$ 37,126
Charges for Services				
Park rental	500	500	675	175
Park programs	0	0	1,036	1,036
Pool admissions	9,000	9,000	9,935	935
Concessions	3,100	3,100	3,678	578
	12,600	12,600	15,324	2,724
Miscellaneous				
Interest	2,500	2,500	3,122	622
Other	-	-	8,400	8,400
	2,500	2,500	11,522	9,022
Total Revenues	245,100	245,100	293,972	48,872
Expenditures				
Current				
Park	121,519	121,519	150,944	(29,425)
Pool	88,581	88,581	66,651	21,930
Debt Service				
Principal, interest and fees	35,000	35,000	874	34,126
Total Expenditures	245,100	245,100	218,469	26,631
<i>Excess of Revenues Over Expenditures</i>	-	-	75,503	75,503
Fund Balance, October 1	512,224	512,224	512,224	-
Fund Balance, September 30	\$ 512,224	\$ 512,224	\$ 587,727	\$ 75,503

See accompanying notes to the Budgetary Comparison Schedules.

City of Bowling Green

Budgetary Comparison Schedule – Library Fund

Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Ad valorem taxes and penalties	\$ 82,730	\$ 82,730	\$ 84,752	\$ 2,022
Railroad and utility tax	10,210	10,210	10,212	2
Surtax	1,510	1,510	1,575	65
Other taxes	1,541	1,541	1,541	-
	95,991	95,991	98,080	2,089
Intergovernmental Revenues				
State grants	2,667	2,667	2,667	-
Charges for Services				
Fines, fees and memberships	4,800	4,800	4,778	(22)
Miscellaneous				
Donations	10,200	10,200	3,344	(6,856)
Interest	250	250	266	16
Other	300	300	448	148
	10,750	10,750	4,058	(6,692)
Total Revenues	114,208	114,208	109,583	(4,625)
Expenditures				
Current				
Library	105,208	105,208	103,955	1,253
Debt Service				
Principal, interest and fees	9,000	9,000	229	8,771
Total Expenditures	114,208	114,208	104,184	10,024
<i>Excess of Revenues Over Expenditures</i>	-	-	5,399	5,399
Fund Balance, October 1	56,892	56,892	56,892	-
Fund Balance, September 30	\$ 56,892	\$ 56,892	\$ 62,291	\$ 5,399

See accompanying notes to the Budgetary Comparison Schedules.

City of Bowling Green

Budgetary Comparison Schedule – Street CIP Fund

Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Sales taxes	\$ 475,000	\$ 475,000	\$ 534,250	\$ 59,250
Miscellaneous				
Interest	1,000	1,000	2,242	1,242
Total Revenues	476,000	476,000	536,492	60,492
Expenditures				
Current				
Street	927,375	1,127,780	485,486	642,294
Debt Service				
Principal, interest and fees	298,625	298,625	150,714	147,911
Total Expenditures	1,226,000	1,426,405	636,200	790,205
<i>(Deficit) of Revenues Over Expenditures</i>	(750,000)	(950,405)	(99,708)	850,697
Other Financing Sources				
Lease Proceeds	750,000	950,405	431,899	(518,506)
<i>Excess of Revenues and Other Sources Over Expenditures</i>	-	-	332,191	332,191
Fund Balance, October 1	592,829	592,829	592,829	-
Fund Balance, September 30	\$ 592,829	\$ 592,829	\$ 925,020	\$ 332,191

See accompanying notes to the Budgetary Comparison Schedules.

City of Bowling Green

Notes to the Budgetary Comparison Schedules

Year Ended September 30, 2021

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, 2021, 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 8, 2022.

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 2021-001, that we consider to be a material weakness.

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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 8, 2022



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, 2021. 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, 2021.

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Member of The Leading Edge Alliance

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
Springfield, Missouri
March 8, 2022

City of Bowling Green

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2021

<u>Federal Grantor/Pass through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number/Other Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Economic Development				
Missouri Department of Economic Development Community Development Block Program	14.228	2015-ED-06	\$ -	\$ 6,472
Total U.S. Department of Economic Development			-	6,472
U.S. Department of Transportation				
Missouri Department of Transportation Airport Improvement Program	20.106	19-051A-1	-	2,607,328
COVID 19 - Airport Improvement Program		20-051A-A1	-	6,768
			-	2,614,096
University of Central Missouri Highway Safety Cluster National Priority Safety Programs	20.616	21-M2HVE-05-034	-	931
Alcohol Open Container Requirements	20.607	21-154-AL-037	-	3,382
Total U.S. Department of Transportation			-	2,618,409
U.S. Department of the Treasury				
Pike County, Missouri COVID 19 - Coronavirus Relief Fund	21.019	-	-	35,000
Total U.S. Department of the Treasury			-	35,000
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 2,659,881</u>

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, 2021

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, 2021. 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, 2021

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:		
Assistance Listing 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, 2021

Section II – Financial Statement Findings

Material Weakness

2021-001 *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, 2021

Financial Statement Finding

Material Weakness

2020-001 *Segregation of Duties*

Auditors' 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.

Status: Uncorrected.



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Bowling Green, MO 63334
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Corrective Action Plan

March 8, 2022

U.S. Department of Transportation

The City of Bowling Green, Missouri respectfully submits the following corrective action plan for the year ended September 30, 2021. 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, 2021

The findings from the September 30, 2021, 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

2021-001 *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