

CITY OF BOWLING GREEN, FLORIDA

FINANCIAL STATEMENTS

AND SUPPLEMENTAL INFORMATION

SEPTEMBER 30, 2015

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CITY OF BOWLING GREEN, FLORIDA  
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION  
SEPTEMBER 30, 2015

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CITY OF BOWLING GREEN, FLORIDA  
OFFICIALS  
SEPTEMBER 30, 2015

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City of Bowling Green, Florida  
Principal City Officials

September 30, 2015

CITY COMMISSION

MARY ALICE TUCKER, MAYOR  
SAM FITE, VICE MAYOR  
RICHARD BARONE  
STEVEN SPINKS  
HERBERT CLIFF LUNN, JR.

CITY OFFICIALS

JERRY CONERLY, CITY MANAGER  
CARMEN SILVA, CITY CLERK  
GERALD BUHR, CITY ATTORNEY

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Commission  
City of Bowling Green, Florida

**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, Florida, (City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

**Auditor's 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 auditor's 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

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



## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-8 and 31 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's basic financial statements. The other supplemental information as listed in the table of contents on pages 32 - 38 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplemental information 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. Such 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 other supplemental information 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 February 24, 2016, on our consideration of the City's internal control over financial reporting and on 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 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 the City's internal control over financial reporting and compliance.

*Christopher, Smith, Leonard,  
Bristow & Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

February 24, 2016  
Bradenton, Florida

CITY OFFICIALS  
Jerry Conerly, City Manager  
Maria Carmen Silva, City Clerk  
John Scheel, Police Chief  
Gerald Buhr, City Attorney



COMMISSIONERS  
Robert S. Fite Jr., Mayor  
Mary Alice Tucker, Vice Mayor  
Richard Barone  
Steve Spinks  
Cliff Lunn Jr.

P.O. Box 608, 104 E. Main Street  
Bowling Green, FL 33834-0608  
(863) 375-2255, Fax (863) 375-3362

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Bowling Green, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$5,718,946 (net position). Of this amount, \$1,320,870 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$122,268, primarily due to increased business-type expenditures.
- As of the close of the current fiscal year, the City's governmental fund (general fund) reported ending fund balance of \$831,220, a decrease of \$87,249 in comparison with the prior year. Of this total amount, \$830,881, is available for spending at the government's discretion (unassigned fund balance).

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported in a manner similar to the approach used by private-sector businesses in that revenues are recognized when earned or established criteria are satisfied and expenses reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the year, and expenses are reported even though they may not have used cash during the current fiscal year.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, physical environment, and culture and recreation. The business-type activities of the City include the water, sewer, and sanitation departments.

The government-wide financial statements can be found on pages 9 and 10 of this report.

**Fund financial statements:** Funds are a group of self-balancing accounts. Funds are used to account for specific activities or objectives of the City, rather than reporting on the City as a whole. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains one individual governmental fund, the general fund which is the sole fund presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

**Proprietary funds:** The City utilizes one type of proprietary fund, the enterprise fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its water, sewer, and sanitation departments.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and sanitation departments. These activities are all accounted for in one fund, which is classified as a major fund.

The basic proprietary fund financial statements can be found on pages 15 to 17 of this report.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 18 of this report.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund budgetary comparison. Required supplementary information can be found on page 31 of this report.



## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Bowling Green, assets exceeded liabilities by \$5,718,946 at the close of the most recent fiscal year. The following table presents a condensed statement of net position as of September 30, 2015 with comparative totals as of September 30, 2014:

### NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 934,916	\$ 985,050	\$ 732,348	\$ 740,971	\$ 1,667,264	\$ 1,726,021
Capital assets	976,674	905,468	4,245,492	4,366,552	5,222,166	5,272,020
<b>Total assets</b>	<b><u>1,911,590</u></b>	<b><u>1,890,518</u></b>	<b><u>4,977,840</u></b>	<b><u>5,107,523</u></b>	<b><u>6,889,430</u></b>	<b><u>6,998,041</u></b>
Long-term liabilities						
outstanding	-0-	-0-	896,287	962,866	896,287	962,866
Other liabilities	103,696	66,581	170,501	127,380	274,197	193,961
Total liabilities	<u>103,696</u>	<u>66,581</u>	<u>1,066,788</u>	<u>1,090,246</u>	<u>1,170,484</u>	<u>1,156,827</u>
Net position:						
Net investment in capital						
assets	976,674	905,468	3,349,205	3,403,686	4,325,879	4,309,154
Restricted	339	339	71,858	71,687	72,197	72,026
Unrestricted	830,881	918,130	489,989	541,904	1,320,870	1,460,034
<b>Total net position</b>	<b><u>\$ 1,807,894</u></b>	<b><u>\$ 1,823,937</u></b>	<b><u>\$ 3,911,052</u></b>	<b><u>\$ 4,017,277</u></b>	<b><u>\$ 5,718,946</u></b>	<b><u>\$ 5,841,214</u></b>

The majority of the City's net position, \$4,325,879, (or 76%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets that are still outstanding). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$72,197, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position in the amount of \$1,320,870 may be used to meet the government's ongoing obligations to citizens and creditors.

The following table presents a condensed statement of activities, which details the changes in net position for the year ended September 30, 2015 with comparative totals for the year ended September 30, 2014:

**Changes in Net Position**  
**For the Years Ended September 30, 2015 and 2014**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 111,135	\$ 98,751	\$ 857,131	\$ 804,687	\$ 968,266	\$ 903,438
Operating grants and Contributions	-0-	-0-	-0-	-0-	-0-	-0-
Capital grants and contributions	25,000	15,000	89,797	49,568	114,797	64,568
General revenues:						
Property taxes	212,873	211,072	-0-	-0-	212,873	211,072
Other taxes	611,397	580,665	-0-	-0-	611,397	580,665
Transfers	-0-	129,552	-0-	(129,552)	-0-	-0-
Other	113,757	115,467	24,946	38,473	138,703	153,940
<b>Total Revenues</b>	<u>1,074,162</u>	<u>1,150,507</u>	<u>971,874</u>	<u>763,176</u>	<u>2,046,036</u>	<u>1,913,683</u>
Expenses:						
General government	301,660	329,004	-0-	-0-	301,660	329,004
Public safety	471,635	438,638	-0-	-0-	471,635	438,638
Culture and recreation	55,271	37,303	-0-	-0-	55,271	37,303
Physical environment	261,639	258,467	-0-	-0-	261,639	258,467
Interest on long-term debt	-0-	-0-	36,967	36,028	36,967	36,028
Water	-0-	-0-	345,988	312,951	345,988	312,951
Sewer	-0-	-0-	444,524	391,727	444,524	391,727
Sanitation	-0-	-0-	250,620	250,827	250,620	250,827
<b>Total Expenses</b>	<u>1,090,205</u>	<u>1,063,412</u>	<u>1,078,099</u>	<u>991,533</u>	<u>2,168,304</u>	<u>2,054,945</u>
<b>Change in Net Position</b>	(16,043)	87,095	(106,225)	(228,357)	(122,268)	(141,262)
Net position, Beginning of year	1,823,937	1,736,842	4,017,277	4,245,634	5,841,214	5,982,476
Net position, Ending	<u>\$ 1,807,894</u>	<u>\$ 1,823,937</u>	<u>\$ 3,911,052</u>	<u>\$ 4,017,277</u>	<u>\$ 5,718,946</u>	<u>\$ 5,841,214</u>

**Governmental activities:** Governmental activities decreased the City's net position by \$16,043.

Revenues decreased by \$76,345 due mainly to decreases in transfers in from the proprietary fund. The key components of revenues were \$611,397 of other tax revenues and \$212,873 of property taxes classified as general revenues. Expenses consisted of \$301,660 of general government, \$471,635 of public safety, \$261,639 for physical environment and \$55,271 for culture and recreation.

**Business-type activities.** Business-type activities decreased the City's net position by \$106,225. Key elements for the difference between the current year and prior year are:

- Charges for services increased \$52,444 due largely to increases in rates.
- Expenses increased \$86,566 over the prior year due largely to repair and maintenance.
- The Enterprise Fund transferred \$129,552 to the General Fund in the prior year that were not required in the current year.

## **Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, spendable unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's general fund reported ending fund balances of \$831,220, a decrease of \$87,249 in comparison with the prior year. \$830,881 of this total amount is unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it is restricted for the police department.

Activity during the current fiscal year included the following key components:

- Total general fund revenues and transfers in decreased by \$76,345. The decrease was primarily due to decreases in transfers in from the enterprise fund.
- The general fund expenditures increased by \$119,702. This was primarily due to increased capital outlay.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The following are the noteworthy changes from the prior year:

- Operating revenues increased by \$52,534 from the prior year, mainly due to increased utility rates.
- Operating expenses increased \$85,627 due mainly to increases in operating costs. The increase was largely due to additional repair and maintenance costs during the year.
- Nonoperating revenue increased \$25,673. The increase is primarily due to an increase in grant revenues.

## **General Fund Budgetary Highlights**

The City's General Fund budget was not amended during the year. Budgeted revenues were \$1,086,618. Budgeted expenditures were \$1,281,618. Actual revenues were less than budgeted revenues by \$12,456. Actual expenditures were less than budget by \$120,207. The differences mainly relate to capital projects funded by grants not realized in the current year.

## **Capital Assets and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business type activities as of September 30, 2015, amounts to \$5,222,166 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, sewer line improvements, water system improvements, machinery and equipment, and construction in progress.

The following is a summary of the City's capital assets at September 30, 2015 with comparative totals at September 30, 2014:

**Capital Assets (Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 468,066	\$ 468,066	\$ 31,894	\$ 31,894	\$ 499,960	\$ 499,960
Construction in progress	128,875	25,610	520,060	434,586	648,935	460,196
Infrastructure	106,950	114,635	-0-	-0-	106,950	114,635
Building and improvements	168,116	193,977	3,607,678	3,803,012	3,775,794	3,996,989
Machinery and equipment	104,667	103,180	85,860	97,060	190,527	200,240
	<u>\$ 976,674</u>	<u>\$ 905,468</u>	<u>\$ 4,245,492</u>	<u>\$ 4,366,552</u>	<u>\$ 5,222,166</u>	<u>\$ 5,272,020</u>

Additional information on the City's capital assets can be found in note 3 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the City had total debt outstanding of \$896,287. The City's debt represents bonds secured solely by specified utility revenue sources and \$166,787 of debt through the State Revolving Fund Programs related to construction projects.

**Revenue Bonds and Note Payable**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenue bonds	\$ -0-	\$ -0-	\$ 729,500	\$ 757,400	\$ 729,500	\$ 757,400
Notes Payable	-0-	-0-	166,787	205,466	166,787	205,466
	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 896,287</u>	<u>\$ 962,866</u>	<u>\$ 896,287</u>	<u>\$ 962,866</u>

**Economic Factors and Next Year's Budgets and Rates**

The City of Bowling Green anticipates no increases in property taxes.

The City's fiscal year 2016 general fund budget included \$1,227,852 for revenues including transfers in and \$1,227,852 for expenditures. The City's fiscal year 2016 enterprise fund budget includes \$2,560,300 for revenues, and \$2,560,300 for expenses. The enterprise fund budget includes \$1,560,000 for grants for various projects.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Bowling Green, Florida finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Bowling Green, 104 East Main Street, Bowling Green, Florida 33834.

CITY OF BOWLING GREEN, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 396,520	\$ 518,191	\$ 914,711
Certificates of deposit	487,132	-	487,132
Receivables (net of allowance for uncollectibles)	17,720	51,975	69,695
Due from other governmental units	33,205	-	33,205
Inventory	-	4,780	4,780
Restricted:			
Cash	339	4,044	4,383
Certificates of deposit	-	153,358	153,358
Capital Assets (net of accumulated depreciation):			
Land	468,066	31,894	499,960
Construction in progress	128,875	520,060	648,935
Buildings and improvements	168,116	3,607,678	3,775,794
Machinery and equipment	104,667	85,860	190,527
Infrastructure	106,950	-	106,950
<b>TOTAL ASSETS</b>	<u>1,911,590</u>	<u>4,977,840</u>	<u>6,889,430</u>
<b>LIABILITIES</b>			
Accounts payable	86,742	77,501	164,243
Accrued expenses	16,954	4,462	21,416
Accrued interest payable	-	2,994	2,994
Liabilities payable from restricted assets	-	85,544	85,544
Noncurrent liabilities:			
Due within one year	-	38,817	38,817
Due in more than one year	-	857,470	857,470
<b>Total liabilities</b>	<u>103,696</u>	<u>1,066,788</u>	<u>1,170,484</u>
<b>NET POSITION</b>			
Net investment in capital assets	976,674	3,349,205	4,325,879
Restricted			
Revenue bond retirement	-	71,858	71,858
Other purposes	339	-	339
Unrestricted	830,881	489,989	1,320,870
<b>TOTAL NET POSITION</b>	<u>\$ 1,807,894</u>	<u>\$ 3,911,052</u>	<u>\$ 5,718,946</u>

The accompanying notes are an integral part of these financial statements.



CITY OF BOWLING GREEN, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business -type Activities	Total
General government	\$ 301,660	\$ 65,617	\$ -	\$ -	\$ (236,043)	\$ -	\$ (236,043)
Police department	471,635	32,258	-	-	(439,377)	-	(439,377)
Culture and recreation	55,271	-	-	-	(55,271)	-	(55,271)
Physical environment	261,639	13,260	-	25,000	(223,379)	-	(223,379)
Total Governmental Activities	<u>1,090,205</u>	<u>111,135</u>	<u>-</u>	<u>25,000</u>	<u>(954,070)</u>	<u>-</u>	<u>(954,070)</u>
Water	361,647	220,670	-	89,797	-	(51,180)	(51,180)
Sewer	465,832	369,620	-	-	-	(96,212)	(96,212)
Sanitation	250,620	266,841	-	-	-	16,221	16,221
Total Business-type Activities	<u>1,078,099</u>	<u>857,131</u>	<u>-</u>	<u>89,797</u>	<u>-</u>	<u>(131,171)</u>	<u>(131,171)</u>
	<u>\$ 2,168,304</u>	<u>\$ 968,266</u>	<u>\$ -</u>	<u>\$ 114,797</u>	<u>(954,070)</u>	<u>(131,171)</u>	<u>(1,085,241)</u>
<b>General Revenues:</b>							
Ad valorem					212,873	-	212,873
Utility tax					130,928	-	130,928
Communications service					38,715	-	38,715
Gas taxes and rebates					45,357	-	45,357
State revenue sharing					150,759	-	150,759
Half-cent sales tax					72,775	-	72,775
One-cent surtax					172,863	-	172,863
Unrestricted investment earnings					6,371	2,544	8,915
Franchise fees					92,853	-	92,853
Other					14,533	22,402	36,935
Transfers					-	-	-
Total General Revenues					<u>938,027</u>	<u>24,946</u>	<u>962,973</u>
Change in Net Position					(16,043)	(106,225)	(122,268)
Net Position - Beginning					1,823,937	4,017,277	5,841,214
Net Position - Ending					<u>\$ 1,807,894</u>	<u>\$ 3,911,052</u>	<u>\$ 5,718,946</u>

The accompanying notes are an integral part of these financial statements.

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CITY OF BOWLING GREEN, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUND  
SEPTEMBER 30, 2015

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	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 396,520
Certificates of deposit	487,132
Receivables (net of allowance for uncollectible)	17,720
Due from other governmental units	33,205
Cash - restricted	339
Total assets	<u>\$ 934,916</u>
 <b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ 86,742
Accrued expenses	16,954
Total liabilities	<u>103,696</u>
 Fund balances:	
Spendable:	
Restricted	339
Unassigned	830,881
Total fund balances	<u>831,220</u>
Total liabilities and fund balances	<u>\$ 934,916</u>

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The accompanying notes are an integral part of these financial statements.

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CITY OF BOWLING GREEN, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUND  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

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

Fund Balance–General Fund	\$ 831,220
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	976,674
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NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,807,894</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF BOWLING GREEN, FLORIDA  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund
<b>Revenues:</b>	
Taxes	\$ 424,778
Fines and forfeitures	32,258
Intergovernmental revenue	399,492
Franchise fees	92,853
Licenses and permits	4,888
Grants	25,000
Interest	6,371
Miscellaneous	88,522
Total Revenues	1,074,162
 <b>Expenditures:</b>	
General government	292,549
Public safety	443,135
Culture and recreation	24,069
Physical environment	248,488
Capital outlay	153,170
Total Expenditures	1,161,411
 Net Change in Fund Balance	(87,249)
 FUND BALANCE, October 1, 2014	918,469
 FUND BALANCE, September 30, 2015	\$ 831,220

The accompanying notes are an integral part of these financial statements.

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CITY OF BOWLING GREEN, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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

Net changes in fund balances – General Fund \$ (87,249)

Governmental funds report capital outlays as expenditures. However, in  
the statement of activities the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense. This  
is the amount by which depreciation expense and the loss on disposal  
of assets exceeded capital outlay additions in the current year. 71,206

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (16,043)

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The accompanying notes are an integral part of these financial statements.



CITY OF BOWLING GREEN, FLORIDA  
STATEMENT OF NET POSITION – PROPRIETARY FUND  
SEPTEMBER 30, 2015

	Business-Type Activities
	Enterprise Fund
<b>ASSETS</b>	
Current Assets:	
Cash	\$ 518,191
Accounts receivable, net	51,975
Inventory	4,780
Total current assets	574,946
Noncurrent Assets:	
Restricted assets:	
Cash	4,044
Certificates of deposit	153,358
Total restricted assets	157,402
Capital Assets:	
Land	31,894
Construction in progress	520,060
Buildings and improvements	7,644,833
Machinery and equipment	486,889
Accumulated depreciation	(4,438,184)
Total capital assets (net)	4,245,492
Total non-current assets	4,402,894
<b>TOTAL ASSETS</b>	<b>4,977,840</b>
 <b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	77,501
Accrued expenses	4,462
Total current liabilities	81,963
Current Liabilities Payable from Restricted Assets:	
Accrued interest payable	2,994
Customer deposits	85,544
Current portion -long term debt	38,817
Total current liabilities payable from restricted assets	127,355
Noncurrent Liabilities:	
Notes payable	159,270
Revenue bonds payable	698,200
Total noncurrent liabilities	857,470
<b>TOTAL LIABILITIES</b>	<b>1,066,788</b>
 <b>NET POSITION</b>	
Net Investment in Capital Assets	3,349,205
Restricted	71,858
Unrestricted	489,989
<b>TOTAL NET POSITION</b>	<b>\$ 3,911,052</b>

The accompanying notes are an integral part of these financial statements.

CITY OF BOWLING GREEN, FLORIDA  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-Type Activities Enterprise Fund
<b>Operating Revenues:</b>	
Charges for sales and services:	
Water charges	\$ 220,670
Sewer charges	369,620
Sanitation charges	266,841
Penalties, late fees and miscellaneous	22,402
<b>Total Operating Revenues</b>	<b>879,533</b>
<b>Operating Expenses:</b>	
Cost of sales and services:	
Personal services	304,650
Other operating expenses	492,192
Depreciation and amortization	244,290
<b>Total Operating Expenses</b>	<b>1,041,132</b>
<b>Operating Income (Loss)</b>	<b>(161,599)</b>
<b>Non-Operating Revenues (Expenses)</b>	
Interest income	2,544
Interest expense	(36,967)
Grant revenues	89,797
<b>Total Non-Operating Revenue (Expenses)</b>	<b>55,374</b>
<b>Transfers Out</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(106,225)</b>
<b>NET POSITION – Beginning</b>	<b>4,017,277</b>
<b>NET POSITION – Ending</b>	<b>\$ 3,911,052</b>

The accompanying notes are an integral part of these financial statements.

CITY OF BOWLING GREEN, FLORIDA  
STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-Type Activities Enterprise Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 881,762
Cash payments to suppliers	(452,799)
Cash payments to employees	(304,650)
Net cash provided (used) by operating activities	124,313
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Interest paid on revenue borrowings and long-term debt borrowings	(36,967)
Proceeds of issuance of long-term debt	17,146
Principal payments on long-term debt	(83,725)
Capital grant proceeds	95,745
Capital expenditures	(123,230)
Net cash provided (used) by capital and related financing activities	(131,031)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest on investments	2,544
Increase in investments	(2,066)
Net cash provided (used) by investing activities	478
NET DECREASE IN CASH	(6,240)
CASH AT BEGINNING OF YEAR	528,475
CASH AT END OF YEAR	\$ 522,235
 <b>Cash</b>	
Unrestricted	\$ 518,191
Restricted	4,044
	\$ 522,235
 <b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
OPERATING LOSS	\$ (161,599)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation and amortization	244,290
Change in assets and liabilities:	
Decrease in accounts receivable	(1,499)
Decrease in accounts payable	39,393
Increase in customer deposits payable	3,728
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 124,313

The accompanying notes are an integral part of these financial statements.

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CITY OF BOWLING GREEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The City of Bowling Green (City) was incorporated in 1927 under the laws of Florida Chapter 12563–(758) and as amended in 1935 under the Laws of Florida Chapter 17496–(725). The present charter calls for a five–member City Commission, one of whom is elected Mayor by the Commission. The City is managed by a City Manager appointed by the Commission. Under the present charter, the City has the power to impose license taxes on occupations, to levy taxes on City property, and to levy charges for services as required for the improvement and government of the City. Services authorized to be provided under the present charter are as follows: public safety, streets and roads, sanitation, water and sewer, health and social services, culture – recreation, public improvements, planning and zoning, and general administrative services. The City does not have any component units.

**B. GOVERNMENT–WIDE AND FUND FINANCIAL STATEMENTS**

The government–wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business–type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental fund and the proprietary fund. All governmental and enterprise funds are considered major funds and are presented as separate columns in the fund financial statements.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government–wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Government wide financial statements

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CITY OF BOWLING GREEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION– CONTINUED

include a Statement of Net Position and a Statement of Activities. The Statement of Net Position reports all financial and capital resources of the City's governmental activities. It is presented in a net position format (assets plus deferred outflows less liabilities plus deferred inflows equal net position) and shown with three components: net investment in capital assets, restricted net position and unrestricted net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following governmental fund:

General Fund

The general fund is the City's general operating fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From this fund, expenditures paid include general operating expenditures, fixed charges, and capital improvement costs not paid through other funds.

The government reports the following proprietary fund:



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CITY OF BOWLING GREEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION – CONTINUED

Enterprise Fund

The enterprise fund accounts for the operation of the City's water and sewer system, as well as sanitation services.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer fund and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. CASH AND INVESTMENTS

Florida Statute 218.415 authorizes the City to invest surplus funds in the following:

- (a) The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes.
- (b) Securities and Exchange Commission registered Money Market Funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest bearing time deposits or savings accounts in state-certified Qualified Public Depositories as defined in Section 280.02, Florida Statutes.
- (d) Direct obligations of the U.S. Treasury.

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CITY OF BOWLING GREEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**D. CASH AND INVESTMENTS - CONTINUED**

All City bank accounts and certificates of deposit are with banking institutions that post collateral as required by state statutes (Qualified Public Depositories). As a result, all amounts which exceed FDIC insured limits are collateralized pursuant to Chapter 280 of the Florida statutes.

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, at September 30, 2015 the City only had demand deposits and time deposits.

**E. RECEIVABLES AND PAYABLES**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources.

All trade receivables are shown net of allowance for doubtful accounts.

**F. PROPERTY TAXES**

Property taxes become due and payable on November 1st of each year. The county tax collector remits the City's portion as such revenues are received. The City collects nearly all of its tax revenue during the period November 1 through April 1, at which time the property taxes become delinquent. The key dates in the property tax cycle are as follows:

Assessment roll validated	July 1
Millage resolution approved	September 30
Beginning of fiscal year for which taxes have been levied	October 1
Tax bills rendered and due	November 1
Property taxes payable:	
Maximum discount	November 30
Delinquent	April 1
Tax certificates sold	May 31

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CITY OF BOWLING GREEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. PROPERTY TAXES – CONTINUED

Property taxes are recognized as revenue in the fiscal year for which the taxes have been levied to the extent they result in current receivables. Under the system outlined above, no material amount of taxes is receivable after the end of the fiscal year.

G. RESTRICTED ASSETS

The following represent restricted resources of each fund:

General Fund

Cash in the General Fund is reserved for the following:

Police Department	<u>\$ 339</u>
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Enterprise Fund

Restricted assets, provided for by ordinances adopted by the City for the issuance of the Sewer System Bonds and customer deposits are as follows:

Customer deposits	\$ 85,544
Revenue bond retirement	<u>71,858</u>
Restricted assets	<u>\$ 157,402</u>

H. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The City has elected to report general infrastructure assets on a prospective basis only.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed as incurred.

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CITY OF BOWLING GREEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**H. CAPITAL ASSETS – CONTINUED**

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 - 40
Infrastructure	20
Machinery and equipment	4 - 10

**I. COMPENSATED ABSENCES**

The City personnel policy provides for the payment of accrued vacation upon separation of its employees. A liability for this amount is recorded in the government-wide and proprietary fund financial statements. A liability for this amount is recorded in the governmental fund only if it has matured. The City also provides sick pay, which is not payable upon separation from the City and is not recorded as a liability. Compensated absences are liquidated out of both funds as applicable.

**J. LONG-TERM OBLIGATIONS**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the year the debt is issued in both the government-wide and fund financial statements.

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CITY OF BOWLING GREEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. NET POSITION

Net position is reported in three parts as applicable: net investment in capital assets, restricted and unrestricted. When both restricted and unrestricted resources are available, restricted resources are used first, and then unrestricted resources, as they are needed.

L. FUND BALANCE

The City follows Governmental Accounting Standards Board (GASB) Statement No. 54. GASB 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications are Nonspendable and Spendable. Spendable is then further classified as Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance.

The City classified governmental fund balance as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

- Restricted – includes amounts that can be spent only for specific purposes because of State or Federal laws or enabling legislation, or which are externally restricted by providers, such as creditors or grantors.
- Committed – includes amounts that can be spent only for specific purposes that are approved by a formal action of the City Commission through a resolution or the budget process.
- Assigned – includes amounts designated for a specific purpose by the City Commission through a resolution or the budget process, which are neither restricted or committed.
- Unassigned – includes residual positive fund balance within the General Fund that has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.



CITY OF BOWLING GREEN, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The City uses restricted amounts first when both restricted and unrestricted fund balance is available, unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The City does not have a formal minimum fund balance policy.

	General Fund
<u>Spendable:</u>	
Restricted to:	
Confiscated fund - police department	\$ 339
	339
Unassigned	830,881
	830,881
Total Fund Balances	\$ 831,220
	831,220

M. INVENTORIES

Inventories are stated at the lower of cost or market as determined on the first in, first out method.

N. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, all highly liquid debt instruments purchased with a maturity of three months or less are considered cash.

O. ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect 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.

CITY OF BOWLING GREEN, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**P. BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for the governmental fund. Expenditures should not exceed total appropriations. All annual appropriations lapse at fiscal year end. Any required budget amendments have to be approved by the City Commissioners through resolutions.

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balance - governmental fund and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay expenditures as additions	\$ 153,170
Depreciation expense	<u>(81,964)</u>
	<u>\$ 71,206</u>

**A. Cash and Investments**

At year-end, the City's carrying amount of cash and cash equivalents was \$919,094 and the bank balance was \$925,430. The City had certificates of deposit classified as investments in the amount of \$640,490.

**B. Receivables**

Receivables as of year-end for the government's funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>
<u>Receivables</u>		
Accounts receivable	\$ 17,720	\$ 73,975
Less: allowance for uncollectibles	<u>-0-</u>	<u>22,000</u>
<b>Net total accounts receivables</b>	<u>\$ 17,720</u>	<u>\$ 51,975</u>

CITY OF BOWLING GREEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 3 – DETAILED NOTES ON ALL FUNDS**

**C. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 468,066	\$ -0-	\$ -0-	\$ -0-	\$ 468,066
Construction in progress	25,610	103,265	-0-	-0-	128,875
Total capital assets, not being depreciated	<u>493,676</u>	<u>103,265</u>	<u>-0-</u>	<u>-0-</u>	<u>596,941</u>
Capital assets, being depreciated:					
Buildings and improvements	531,194	-0-	-0-	-0-	531,194
Infrastructure	153,701	-0-	-0-	-0-	153,701
Machinery and equipment	475,923	49,905	-0-	-0-	525,828
Total capital assets being depreciated	<u>1,160,818</u>	<u>49,905</u>	<u>-0-</u>	<u>-0-</u>	<u>1,210,723</u>
Less accumulated depreciation for:					
Buildings and improvements	(337,217)	(25,861)	-0-	-0-	(363,078)
Machinery and equipment	(372,743)	(48,418)	-0-	-0-	(421,161)
Infrastructure	(39,066)	(7,685)	-0-	-0-	(46,751)
Total accumulated depreciation	<u>(749,026)</u>	<u>(81,964)</u>	<u>-0-</u>	<u>-0-</u>	<u>(830,990)</u>
Total capital assets, being depreciated, net	<u>411,792</u>	<u>(32,059)</u>	<u>-0-</u>	<u>-0-</u>	<u>379,733</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 905,468</u></b>	<b><u>\$ 71,206</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 976,674</u></b>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 31,894	\$ -0-	\$ -0-	\$ -0-	\$ 31,894
Construction in progress	434,586	85,474	-0-	-0-	520,060
Total capital assets, not being depreciated	<u>466,480</u>	<u>85,474</u>	<u>-0-</u>	<u>-0-</u>	<u>551,954</u>
Capital assets, being depreciated:					
Buildings and improvements	7,626,413	18,420	-0-	-0-	7,644,833
Machinery and equipment	476,593	19,336	(9,040)	-0-	486,889
Total capital assets being depreciated	<u>8,103,006</u>	<u>37,756</u>	<u>(9,040)</u>	<u>-0-</u>	<u>8,131,722</u>
Less accumulated depreciation for:					
Buildings and improvements	(3,823,401)	(213,754)	-0-	-0-	(4,037,155)
Machinery and equipment	(379,533)	(30,536)	9,040	-0-	(401,029)
Total accumulated depreciation	<u>(4,202,934)</u>	<u>(244,290)</u>	<u>9,040</u>	<u>-0-</u>	<u>(4,438,184)</u>
Total capital assets, being depreciated, net	<u>3,900,072</u>	<u>(206,534)</u>	<u>-0-</u>	<u>-0-</u>	<u>3,693,538</u>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 4,366,552</u></b>	<b><u>\$ (121,060)</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 4,245,492</u></b>

CITY OF BOWLING GREEN, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2015

NOTE 3 – DETAILED NOTES ON ALL FUNDS – CONTINUED

C. Capital Assets – Continued

Depreciation expense was charged to functions/programs of the government as follows:

<b>Governmental activities:</b>		
General government	\$	9,111
Physical environment		13,151
Public safety		28,500
Culture and recreation		<u>31,202</u>
	<b>\$</b>	<b><u>81,964</u></b>
<b>Total depreciation expense – governmental activities</b>		
<b>Business-type activities:</b>		
Water, sewer and sanitation		<u>\$ 244,290</u>

D. Interfund receivables, payables, and transfers

The City transfers resources from the Enterprise Fund to the General Fund to cover expenses paid from the General Fund that relate to the Enterprise Fund. There were no interfund balances as of September 30, 2015 or interfund transfers during the year.

E. Long-Term Debt

Revenue Bonds – Business-type Activities

In 1984, 1993, 1995 and 1999, the City passed bond ordinances to provide for the issuance of Water and Sewer Revenue Certificates. At September 30, 2015, bonds outstanding are as follows:

<u>Ordinance Year</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance Outstanding</u>
1984	06/11/85	09/01/2024	5.0%	257,000	\$ 108,500
1993	09/01/94	09/01/2033	4.5%	300,000	202,000
1995	09/13/95	09/01/2035	4.5%	400,000	289,000
1999	02/10/99	09/01/2038	4.5%	167,000	<u>130,000</u>
<b>TOTAL</b>					<b><u>\$ 729,500</u></b>

Notes Payable – Business-type Activities

The City entered into a loan and grant agreement with the Florida Department of Environmental Protection through the State Revolving Fund. The total amount borrowed was \$144,456, at an interest rate of 0.92%, with interest and principal to be paid in 40 semi-annual payments beginning March 15, 2015. During 2014, the City borrowed an additional \$61,010 with an interest rate of 1.19%. The debt obligation is secured by a pledge of the net revenues of the

CITY OF BOWLING GREEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

**NOTE 3 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

**E. Long-Term Debt – Continued**

Notes Payable – Business-type Activities – Continued

water and sewer systems. During 2015, the City entered into another loan and grant agreement with the Florida Department of Environmental Protection through the State Revolving Fund. The approved amount of the agreement is for \$1,187,750, of which \$833,451 will be forgiven through the grant portion of the agreement. The total amount borrowed as of September 30, 2015 was \$17,146, at an interest rate of 1.15%. The principal borrowed is required to be paid over 40 semi-annual payments beginning July 15, 2016. The debt obligation is secured by a pledge of the net revenues of the water and sewer system.

Total annual debt service requirements for all outstanding business-type activities and enterprise fund debt obligations as of September 30, 2015 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 38,817	\$ 36,651	\$ 75,468
2017	39,844	35,092	74,936
2018	40,425	33,472	73,897
2019	43,606	31,825	75,431
2020	44,289	30,028	74,317
2021 – 2025	233,409	121,143	354,552
2026 – 2030	216,397	76,200	292,597
2031 – 2035	216,520	30,131	246,651
2036 – 2038	22,980	2,153	25,133
<b>Total</b>	<b>\$ 896,287</b>	<b>\$ 396,695</b>	<b>\$ 1,292,982</b>

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
Debt obligations:					
Notes payable					
WW250202	\$ 205,466	\$ -0-	\$ (55,825)	\$ 149,641	\$ 7,198
WW250204	-0-	17,146	-0-	17,146	319
Total notes payable	205,466	17,146	(55,825)	166,787	7,517
Revenue bonds					
1984	117,900	-0-	(9,400)	108,500	9,800
1993	209,000	-0-	(7,000)	202,000	8,000
1995	297,000	-0-	(8,000)	289,000	10,000
1999	133,500	-0-	(3,500)	130,000	3,500
Total revenue bonds	757,400	-0-	(27,900)	729,500	31,300
Long-term liabilities	<b>\$ 962,866</b>	<b>\$ 17,146</b>	<b>\$ (83,725)</b>	<b>\$ 896,287</b>	<b>\$ 38,817</b>



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CITY OF BOWLING GREEN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

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NOTE 3 – DETAILED NOTES ON ALL FUNDS – CONTINUED

E. Long-Term Debt – Continued

Line-of-Credit

In 2012, the City entered into a \$200,000 revolving line of credit with a bank. The line is collateralized by a certificate of deposit in the carrying amount of \$382,995. The note requires quarterly payments of interest only at 3.25%. All outstanding principal and accrued interest, together with all other sums due the bank shall be payable at maturity on August 21, 2016. No amounts were outstanding on the line at September 30, 2015.

In the Statement of Activities, interest expense of \$13,365 is included in Water and \$23,602 is included in Sewer.

NOTE 4 – EMPLOYEE BENEFIT PLAN

The City adopted a defined contribution retirement plan, effective January 1, 1992 for all full-time employees over 21 years of age and twelve months of service with at least 1,000 service hours during the eligibility period. The name of the Plan is the City of Bowling Green Retirement Plan and the plan is administered by the Variable Annuity Life Insurance Company (VALIC), which is also the Trustee. The City Commission may amend the plan by giving the trustee written notification of such Amendments as adopted.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the City's Commission. City contributions to the plan are not fixed or guaranteed. During the year ended September 30, 2015, for each employee in the pension plan, the City contributed 2 percent of total annual salary, including overtime pay, to an individual employee account. The plan requires employees to contribute 2 percent of total annual salary. In addition to the required contributions, employees are permitted to make contributions to the pension plan up to applicable Internal Revenue Code limits. For the year ended September 30, 2015, employee contributions totaled \$10,342 and the City recognized pension expense of \$10,342.

Employees hired prior to October 1, 1997 become vested in the plan at 20% after two years of service with 100% vesting after six years of service for employees. For participants hired on or after October 1, 1997, vesting is 100% after ten years of service. Employees may also become vested 100% at retirement age (sixty-five) or in case of disability or death. Non-vested City contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the year ended September 30, 2015, the City did not apply any available forfeitures towards the City's pension expense.

NOTE 5 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There has been no significant reduction in coverage from the prior year. The City has not experienced any settlements excess of coverage over the past three years.



REQUIRED SUPPLEMENTAL INFORMATION

CITY OF BOWLING GREEN, FLORIDA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>REVENUES</b>				
Taxes	\$ 359,785	\$ 359,785	\$ 424,778	\$ 64,993
Fines and forfeitures	32,000	32,000	32,258	258
Intergovernmental revenue	396,099	396,099	399,492	3,393
Franchise fees	85,000	85,000	92,853	7,853
Licenses and permits	2,800	2,800	4,888	2,088
Grants	126,000	126,000	25,000	(101,000)
Interest	1,000	1,000	6,371	5,371
Miscellaneous	83,934	83,934	88,522	4,588
Total Revenues	<u>1,086,618</u>	<u>1,086,618</u>	<u>1,074,162</u>	<u>(12,456)</u>
<b>EXPENDITURES</b>				
General government	369,808	369,808	316,802	53,006
Public safety	489,879	489,879	484,960	4,919
Culture and recreation	119,200	119,200	24,948	94,252
Physical environment	302,731	302,731	334,701	(31,970)
Total Expenditures	<u>1,281,618</u>	<u>1,281,618</u>	<u>1,161,411</u>	<u>120,207</u>
Transfer from other fund	<u>195,000</u>	<u>195,000</u>	<u>-</u>	<u>(195,000)</u>
Net Change in Fund Balances	-	-	(87,249)	(87,249)
Fund Balance, October 1, 2014	<u>918,469</u>	<u>918,469</u>	<u>918,469</u>	<u>-</u>
Fund Balance, September 30, 2015	<u>\$ 918,469</u>	<u>\$ 918,469</u>	<u>\$ 831,220</u>	<u>\$ (87,249)</u>

**Note 1 – Budget Basis**

The general fund budget is presented on a basis consistent with U.S. generally accepted accounting principles.

OTHER SUPPLEMENTAL INFORMATION

CITY OF BOWLING GREEN, FLORIDA  
 GENERAL FUND  
 DETAIL SCHEDULE OF REVENUE  
 BUDGET AND ACTUAL  
 YEAR ENDED SEPTEMBER 30, 2015

	Final Budget	Actual	Variance
Ad Valorem taxes	205,619	212,873	7,254
Fuel taxes	4,000	3,551	(449)
Utility taxes	124,100	130,928	6,828
Gas taxes	-	38,711	38,711
Communications service tax	26,066	38,715	12,649
Franchise fees	85,000	92,853	7,853
Occupational licenses	1,800	4,110	2,310
State revenue sharing	141,231	150,759	9,528
Mobile home license	800	624	(176)
State beverage license	200	154	(46)
1/2 Cent sales tax	85,836	72,775	(13,061)
1 Cent surtax	169,032	172,863	3,831
State gas tax rebate	-	3,095	3,095
Grants	126,000	25,000	(101,000)
Fines and forfeitures	32,000	32,258	258
Interest income	1,000	6,371	5,371
Rents	60,500	61,507	1,007
Miscellaneous revenue	7,000	13,755	6,755
Cemetery income	7,200	4,025	(3,175)
D.O.T. traffic signal maintenance	1,770	-	(1,770)
D.O.T. highway lighting	7,464	9,235	1,771
Total Revenues	<u>1,086,618</u>	<u>1,074,162</u>	<u>(12,456)</u>

CITY OF BOWLING GREEN, FLORIDA  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2015

	Final Budget	Actual	Variance
<b>Legislative &amp; Executive</b>			
Salaries	\$ 15,600	\$ 15,600	\$ -
<b>Total Legislative &amp; Executive</b>	<u>15,600</u>	<u>15,600</u>	<u>-</u>
<b>Administrative</b>			
Administrative salaries	119,335	126,493	(7,158)
Payroll tax	8,664	9,034	(370)
Employee insurance	16,652	17,961	(1,309)
Retirement contributions	2,387	1,304	1,083
Workers compensation	3,612	5,465	(1,853)
Uniforms	1,200	1,151	49
Operating supplies	500	89	411
Professional fees	28,025	31,660	(3,635)
Telephone	2,000	2,727	(727)
Utilities	6,000	6,549	(549)
Other insurance	6,193	7,591	(1,398)
Repairs and maintenance	4,000	5,572	(1,572)
Building improvements	50,000	20,928	29,072
Miscellaneous expense	11,000	13,503	(2,503)
Office supplies	2,990	3,002	(12)
Gas and oil	2,000	1,219	781
Comprehensive plan	35,800	30,800	5,000
Lease/rent	1,200	1,689	(489)
Dues and subscriptions	1,000	945	55
Advertising	2,500	5,019	(2,519)
Training	3,000	2,763	237
New equipment	2,400	4,311	(1,911)
Shipping and postage	750	1,427	(677)
Contingency	43,000	-	43,000
<b>Total Administrative</b>	<u>354,208</u>	<u>301,202</u>	<u>53,006</u>
<b>Law Enforcement</b>			
Salaries	292,271	298,599	(6,328)
Payroll taxes	22,359	20,187	2,172
Employee insurance	43,358	41,615	1,743
Retirement contributions	5,845	5,062	783
Workers compensation	8,428	5,465	2,963
Uniforms	3,000	2,836	164
Telephone	6,000	6,382	(382)
Utilities	2,000	1,950	50
Insurance	6,193	7,591	(1,398)
Repairs and maintenance	18,000	12,151	5,849
Miscellaneous expense	4,000	2,105	1,895
Building improvement	-	1,146	(1,146)
Professional fees	2,425	2,330	95
Office supplies	2,000	2,245	(245)
Materials and supplies	500	27	473
Investigation funds	500	47	453
Gas and oil	28,000	27,686	314
Operating supplies	2,000	2,781	(781)
Shipping and postage	500	266	234
New equipment	42,000	44,489	(2,489)
Training	500	-	500
<b>Total Law Enforcement</b>	<u>489,879</u>	<u>484,960</u>	<u>4,919</u>

CITY OF BOWLING GREEN, FLORIDA  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2015

	Final Budget	Actual	Variance
<b>Recreation</b>			
Contribution to recreation center	\$ 7,700	\$ 7,700	\$ -
Grant expenditures	100,000	3,000	97,000
Utilities	3,000	2,814	186
Repairs and maintenance	2,500	3,617	(1,117)
Miscellaneous expense	4,000	6,513	(2,513)
Operating supplies	1,000	400	600
New equipment & grants	1,000	904	96
Total Recreation	<u>119,200</u>	<u>24,948</u>	<u>94,252</u>
<b>Physical Environment</b>			
P/E salaries	78,119	105,153	(27,034)
FICA tax	6,359	7,415	(1,056)
Employee insurance	16,652	21,221	(4,569)
Retirement contributions	1,662	1,121	541
Workers compensation	3,612	5,465	(1,853)
Uniforms	900	1,353	(453)
Other insurance	6,193	7,591	(1,398)
Repairs & maintenance	15,770	22,940	(7,170)
Miscellaneous expense	5,500	1,733	3,767
Gas & oil	16,000	14,499	1,501
Operating supplies	2,500	2,884	(384)
Dog pound	1,000	2,960	(1,960)
New equipment	6,000	6,382	(382)
Streets & roads	100,000	93,071	6,929
Utilities	41,264	40,058	1,206
Shipping and Postage	200	2	198
Office supplies	1,000	853	147
Total Physical Environment	<u>302,731</u>	<u>334,701</u>	<u>(31,970)</u>
Total Expenditures	<u>\$ 1,281,618</u>	<u>\$ 1,161,411</u>	<u>\$ 120,207</u>



CITY OF BOWLING GREEN, FLORIDA  
ENTERPRISE FUND  
DETAIL SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
NON-GAAP BUDGETARY BASIS  
YEAR ENDED SEPTEMBER 30, 2015

	Final Budget	Actual	Variance
<b>Operating Revenues</b>			
Water charges	\$ 272,050	\$ 220,670	\$ (51,380)
Sewer charges	405,000	369,620	(35,380)
Sanitation charges	291,500	266,841	(24,659)
Penalties, late fees and miscellaneous	20,100	22,402	2,302
<b>Total Operating Revenues</b>	<u>988,650</u>	<u>879,533</u>	<u>(109,117)</u>
<b>Operating Expenses</b>			
Water Department	286,425	272,958	13,467
Sewer Department	338,770	286,023	52,747
Sanitation Department	253,248	237,861	15,387
<b>Total Operating Expenses</b>	<u>878,443</u>	<u>796,842</u>	<u>81,601</u>
<b>Non Operating Revenues (Expenses)</b>			
Interest income	500	2,544	2,044
Grant revenue	1,387,780	89,797	(1,297,983)
Grant expense	(1,387,780)	(102,656)	1,285,124
Principal and interest expense	(70,707)	(120,692)	(49,985)
	<u>(70,207)</u>	<u>(131,007)</u>	<u>(60,800)</u>
<b>Transfer Out</b>	<u>(40,000)</u>	<u>-</u>	<u>40,000</u>
<b>Revenues Over (Under) Expenses</b>	<u>\$ -</u>	<u>\$ (48,316)</u>	<u>\$ (48,316)</u>
<b>Adjustments to GAAP Basis</b>			
Non Budgeted depreciation & amortization		(244,290)	
Non GAAP basis principal payments		83,725	
CDBG and EDA grant expenses		102,656	
<b>GAAP Net Income (Loss)</b>		<u>\$ (106,225)</u>	

CITY OF BOWLING GREEN, FLORIDA  
ENTERPRISE FUND  
DETAIL SCHEDULE OF EXPENSES  
BUDGET AND ACTUAL  
NON-GAAP BUDGETARY BASIS  
YEAR ENDED SEPTEMBER 30, 2015

	Budget	Actual	Variance
<b>Water Department</b>			
Salaries	\$ 79,628	\$ 79,409	\$ 219
Payroll tax	6,092	6,025	67
Employee insurance	18,582	14,958	3,624
Retirement	1,593	674	919
Workers compensation	3,612	5,465	(1,853)
Contract labor	1,000	750	250
Contract operators	12,000	19,488	(7,488)
Professional fees	12,225	18,889	(6,664)
Telephone	4,500	4,209	291
Utilities	46,100	29,609	16,491
Liability insurance	6,193	7,591	(1,398)
Repairs and maintenance	62,000	65,398	(3,398)
Lease/rent	500	-	500
Miscellaneous	2,000	2,960	(960)
Uniforms	900	626	274
Training	500	45	455
Postage	1,500	1,101	399
Office supplies	1,000	734	266
Gas and oil	6,000	2,767	3,233
Dues and subscriptions	800	560	240
Materials and supplies	9,100	9,847	(747)
Meter expense	2,600	530	2,070
Equipment	8,000	1,323	6,677
<b>Total Water Department</b>	<b>\$ 286,425</b>	<b>\$ 272,958</b>	<b>\$ 13,467</b>
<b>Sewer Department</b>			
Salaries	\$ 97,573	\$ 54,446	\$ 43,127
Payroll tax	7,435	4,157	3,278
Employee insurance	18,582	13,991	4,591
Retirement	1,951	793	1,158
Workers compensation	3,612	5,465	(1,853)
Uniforms	900	849	51
Contract labor	1,000	750	250
Contract operators	-	22,451	(22,451)
Training	1,000	328	672
Professional fees	31,225	11,375	19,850
Sludge hauling	40,000	24,600	15,400
Telephone	4,000	3,309	691
Utilities	40,000	43,248	(3,248)
Liability insurance	6,192	8,125	(1,933)
Repairs and maintenance	48,000	78,956	(30,956)
Postage	1,500	1,114	386
Miscellaneous	5,500	2,394	3,106
Office supplies/ expense	800	134	666
Permitting	500	-	500
Gas and oil	7,000	2,607	4,393
Operating supplies	10,000	6,931	3,069
Equipment	12,000	-	12,000
<b>Total Sewer Department</b>	<b>\$ 338,770</b>	<b>\$ 286,023</b>	<b>\$ 52,747</b>

CITY OF BOWLING GREEN, FLORIDA  
 ENTERPRISE FUND  
 DETAIL SCHEDULE OF EXPENSES  
 BUDGET AND ACTUAL  
 NON-GAAP BUDGETARY BASIS  
 YEAR ENDED SEPTEMBER 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Sanitation Department			
Salaries	\$ 92,082	\$ 68,216	\$ 23,866
Payroll tax	7,044	5,021	2,023
Employee insurance	24,776	16,582	8,194
Retirement	1,842	1,387	455
Workers compensation	4,816	5,465	(649)
Uniforms	1,200	885	315
Postage	500	-	500
Liability insurance	6,193	7,591	(1,398)
Miscellaneous	1,000	1,875	(875)
Professional fees	7,225	8,358	(1,133)
Contract labor	500	15,869	(15,369)
Repairs and maintenance	11,000	9,090	1,910
Lease/rent	500	-	500
Telephone	500	728	(228)
Landfill	80,000	87,851	(7,851)
Gas and oil	11,000	7,568	3,432
Operating supplies	1,070	1,375	(305)
Equipment	2,000	-	2,000
Total Sanitation Department	<u>\$ 253,248</u>	<u>\$ 237,861</u>	<u>\$ 15,387</u>

CITY OF BOWLING GREEN, FLORIDA  
ENTERPRISE FUND  
DETAIL SCHEDULE OF EXPENSES BY DEPARTMENT  
NON GAAP BUDGET BASIS  
YEAR ENDED SEPTEMBER 30, 2015

	WATER	SEWER	TOTAL WATER & SEWER	SANITATION	TOTAL
Salaries	\$ 79,409	\$ 54,446	\$ 133,855	\$ 68,216	\$ 202,071
Payroll tax	6,025	4,157	10,182	5,021	15,203
Employee insurance	14,958	13,991	28,949	16,582	45,531
Retirement	674	793	1,467	1,387	2,854
Workers compensation	5,465	5,465	10,930	5,465	16,395
Contract labor	750	750	1,500	15,869	17,369
Contract operators	19,488	22,451	41,939	-	41,939
Uniforms	626	849	1,475	885	2,360
Professional fees	18,889	11,375	30,264	8,358	38,622
Sludge hauling	-	24,600	24,600	-	24,600
Telephone	4,209	3,309	7,518	-	7,518
Utilities	29,609	43,248	72,857	728	73,585
Liability insurance	7,591	8,125	15,716	7,591	23,307
Repairs and maintenance	65,398	78,956	144,354	9,090	153,444
Landfill	-	-	-	87,851	87,851
Miscellaneous	2,960	2,394	5,354	1,875	7,229
Dues and subscriptions	560	-	560	-	560
Postage	1,101	1,114	2,215	-	2,215
Office supplies	734	134	868	-	868
Gas and oil	2,767	2,607	5,374	7,568	12,942
Lease/rent	-	-	-	-	-
Materials and supplies	9,847	6,931	16,778	1,375	18,153
Meter expense	530	-	530	-	530
Equipment	1,323	-	1,323	-	1,323
Training	45	328	373	-	373
	<u>\$ 272,958</u>	<u>\$ 286,023</u>	<u>\$ 558,981</u>	<u>\$ 237,861</u>	<u>\$ 796,842</u>

## OTHER REPORTS

INDEPENDENT AUDITOR'S 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

SCHEDULE OF FINDINGS AND RESPONSES

MANAGEMENT LETTER

MANAGEMENT'S RESPONSE TO AUDIT FINDINGS

INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE



INDEPENDENT AUDITOR'S 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*

To the Honorable Mayor and City Commission  
City of Bowling Green, Florida

We have audited, in accordance with the 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, the business-type activities, and each major fund of the City of Bowling Green, Florida, (City) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 24, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City'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 City'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses, (finding 15-01), that we consider to be a significant deficiency.



### Compliance and Other Matters

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

We noted a certain matter that we reported to management of the City of Bowling Green, Florida in a separate letter dated February 24, 2016.

### City of Bowling Green, Florida's Response to Findings

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

### 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'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Christopher, Smith, Leonard,  
Bristow & Stanell, P.A.*

CHRISTOPHER SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

February 24, 2016  
Bradenton, Florida

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CITY OF BOWLING GREEN, FLORIDA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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**Financial Statement Findings**

2015-01    Year End Adjustments

Comment

Numerous year end adjustments were required to correctly reflect the City's financial position and results of operations.

Recommendation

We continue to suggest that monthly financial statement review procedures be increased to reduce the need for year end corrections.

Management's Response

The budget is monitored monthly and on an as-needed basis to ensure that any required adjustments are processed in a timely manner. With the City's turnover rate in office personnel, training to those in the current positions has been continuous. City staff will continue to pursue training in governmental budgeting and financing procedures until this issue can be corrected.

**PRIOR YEAR FINDINGS**

Comment 2015-01 in the current year is a continuation of comment 14-01, 13-01, 12-01, 11-01, 10-01, and 09-02 from the 2009 - 2014 audits.

MANAGEMENT LETTER

To the Honorable Mayor and City Commissioners  
City of Bowling Green, Florida

**Report on the Financial Statements**

We have audited the financial statements of the City of Bowling Green, Florida, as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated February 24, 2016.

**Auditor's Responsibility**

We conducted our audit 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 Chapter 10.550, Rules of the Florida Auditor General.

**Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Schedule of Findings and Responses, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 24, 2016, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the findings and recommendations made in the preceding annual financial report.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

**Financial Condition**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, required that we apply appropriate procedures and report the results of our determination as to whether or not the City of Bowling Green, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City of Bowling Green, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of Bowling Green, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

### Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City of Bowling Green, Florida for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

### Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, recommendations are included in the Schedule of Findings and Responses. We also noted the following comments:

#### 2015-02 Utility Billing Function

##### Comment

As a reminder, due to the small size of the City's business office, there is a lack of segregation of duties that exists. One individual is responsible for billing and collecting payments and also has the ability to post transactions to customer accounts. The basic premise is that no one individual should have unlimited access to assets or to all phases of a transaction.

##### Recommendation

The City should explore ways to properly segregate the duties over the utility billing function. In addition, the City should implement additional mitigating procedures to include review and approval processes to ensure oversight. These procedures could include independent review and approval of all credits performed, as well as review of the accounts receivable detail for unauthorized billing adjustments.

#### 2015-03 Payroll

##### Comment

During our audit of the payroll process, we noted an employee was paid at a different rate than was authorized in their personnel file. The difference appears to be a result of a transposition error.

##### Recommendation

We recommend the City review all current pay rates for employees and verify to the actual authorized pay rate. In addition, an independent review of the payroll and rates should be performed by management.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Christopher, Smith, Leonard,  
Bristow & Stanell, P.A.*  
CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

February 24, 2016  
Bradenton, Florida



CITY OFFICIALS  
Jerry Conerly, City Manager  
Maria Carmen Silva, City Clerk  
John Scheel, Police Chief  
Gerald Buhr, City Attorney



COMMISSIONERS  
Robert S. Fite Jr., Mayor  
Mary Alice Tucker, Vice Mayor  
Richard Barone  
Steven Spinks  
Herbert Cliff Lunn Jr

P.O. Box 608, 104 E. Main Street  
Bowling Green, FL 33834-0608  
(863) 375-2255, Fax (863) 375-3362

March 1, 2016

State of Florida  
Office of the Auditor General  
P.O. Box 1735  
Tallahassee, FL 32302-1735

To Whom It May Concern:

The City of Bowling Green received its annual audit for 2014/15 and has the following responses:

**Management Letter:**

2015-01 Year End Adjustments

The budget is monitored monthly and on an as-needed basis to ensure that any required adjustments are processed in a timely manner. With the City's turnover rate in office personnel, training to those in the current positions has been continuous. City staff will continue to pursue training in governmental budgeting and financing procedures until this issue can be corrected.

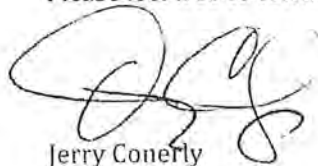
2015-02 Utility Billing Function

The City Clerk will enter all customer account adjustments as needed. Another individual independent of utility billing will review and approve all adjustments to customer accounts. Accounts Specialist will compare all approved adjustments to those recorded in the General Ledger to avoid any unapproved adjustments.

2015-03 Payroll

The Accounts Specialist will be required to compare any pay adjustments to approved budgeted pay before the processing of payroll the week of the changes. The City Clerk will then double check pay changes to ensure accuracy.

Please feel free to contact this office with any questions you might have.



Jerry Conerly  
City Manager

INDEPENDENT ACCOUNTANT'S REPORT  
ON INVESTMENT COMPLIANCE

To the Honorable Mayor and City Commission  
City of Bowling Green, Florida

We have examined the City of Bowling Green, Florida's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

This report is intended solely for the information and use of the City of Bowling Green and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Christopher, Smith, Leonard,  
Bristow & Stanell, P.A.*  
CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

February 24, 2016  
Bradenton, Florida