

CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
SEPTEMBER 30, 2019

**CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1 – 2
MANAGEMENT’S DISCUSSION AND ANALYSIS	3 – 8
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION	9
STATEMENT OF ACTIVITIES	10
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET – GOVERNMENTAL FUNDS	11
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	12
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	13
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	14
STATEMENT OF NET POSITION – PROPRIETARY FUND	15
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUND	16
STATEMENT OF CASH FLOWS – PROPRIETARY FUND	17
NOTES TO FINANCIAL STATEMENTS	18 – 34
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND	35

**CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

TABLE OF CONTENTS – CONTINUED

	<u>PAGE</u>
OTHER SUPPLEMENTAL INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – SPECIAL REVENUE FUND	36
DETAIL SCHEDULE OF REVENUE – BUDGET AND ACTUAL – GENERAL FUND	37
DETAIL SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL FUND	38 – 39
DETAIL SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL – ENTERPRISE FUND – NON-GAAP BUDGETARY BASIS	40
DETAIL SCHEDULE OF EXPENSES – BUDGET AND ACTUAL – ENTERPRISE FUND – NON-GAAP BUDGETARY BASIS	41 – 42
DETAIL SCHEDULE OF EXPENSES BY DEPARTMENT – ENTERPRISE FUND – NON- GAAP BUDGET BASIS	43
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE	44
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE	45 – 46
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 <i>GOVERNMENT AUDITING STANDARDS</i>	47 – 48
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL	49 – 50
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	51 – 52
MANAGEMENT LETTER	53 – 54
MANAGEMENT’S RESPONSE TO AUDIT FINDINGS	55
INDEPENDENT ACCOUNTANT’S REPORT ON INVESTMENT COMPLIANCE	56

**CITY OF BOWLING GREEN, FLORIDA
OFFICIALS**

**City of Bowling Green, Florida
Principal City Officials**

September 30, 2019

CITY COMMISSION

STEVEN M. SPINKS, MAYOR
MARY ALICE TUCKER, VICE MAYOR
ROBERT S. FITE, JR.
DAVID DURASTANTI
DUANE GARDNER

CITY OFFICIALS

WILLIAM LAWRENCE, CITY MANAGER
CARMEN SILVA, CITY CLERK
JOHN SCHEEL, POLICE CHIEF
GERALD BUHR, CITY ATTORNEY



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, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Florida, (City), as of and for the year ended September 30, 2019, 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, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Florida, as of September 30, 2019, 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 35 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

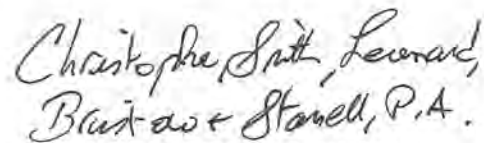
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information as listed in the table of contents on pages 36 - 43 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and state financial assistance on pages 44-46 are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Florida Single Audit Act and Rules of the Auditor General of the State of Florida, and are also not a required part of the basic financial statements.

The other supplemental information and schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate 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 and schedule of expenditures of federal awards and state financial assistance are 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 7, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

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



COMMISSIONERS
Steven M. Spinks, Mayor
Mary Alice Tucker, Vice Mayor
Robert S. Fite, Jr.
David Durastanti
Duane Gardner

P.O. Box 608, 104 E. Main Street
Bowling Green, FL 33834-0608
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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, 2019. 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 \$12,760,535 (net position). Of this amount, \$1,637,898 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$4,674,166.
- As of the close of the current fiscal year, the City's general fund reported ending fund balance of \$836,288, a decrease of \$76,279. Of this total amount, \$788,546 is available for spending at the City'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, as well as the Community Redevelopment Agency. 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 utilizes a general fund and special revenue fund. In fiscal year 2016, the City established the Community Redevelopment Agency (CRA) – a special revenue fund – which began operations in fiscal year 2017 and is also reported as a governmental fund. The General Fund is considered by the City to be a major fund and the Special Revenue Fund is considered a non-major fund.

The City adopts an annual appropriated budget for both its general fund and special revenue fund. A budgetary comparison statement has been provided for both funds to demonstrate compliance with their respective budgets.

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 35 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 \$12,760,535 at the close of the most recent fiscal year. The following table presents a condensed statement of net position as of September 30, 2019 with comparative totals as of September 30, 2018:

NET POSITION AT SEPTEMBER 30, 2019 AND 2018

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 1,158,390	\$ 1,026,361	\$ 1,592,641	\$ 1,755,762	\$ 2,751,031	\$ 2,782,123
Capital assets	1,312,776	1,083,704	13,131,553	6,470,447	14,444,329	7,554,151
Total assets	<u>2,471,166</u>	<u>2,110,065</u>	<u>14,724,194</u>	<u>8,226,209</u>	<u>17,195,360</u>	<u>10,336,274</u>
Long-term liabilities						
outstanding	-0-	-0-	3,589,782	1,185,885	3,589,782	1,185,885
Other liabilities	55,025	57,075	790,018	1,006,945	845,043	1,064,020
Total liabilities	55,025	57,075	4,379,800	2,192,830	4,434,825	2,249,905
Net position:						
Net investment in capital						
assets	1,312,776	1,083,704	9,541,771	5,284,562	10,854,547	6,368,266
Restricted	97,141	54,453	170,949	155,921	268,090	210,374
Unrestricted	1,006,224	914,833	631,674	592,896	1,637,898	1,507,729
Total net position	<u>\$ 2,416,141</u>	<u>\$ 2,052,990</u>	<u>\$10,344,394</u>	<u>\$ 6,033,379</u>	<u>\$12,760,535</u>	<u>\$ 8,086,369</u>

The majority of the City's net position, \$10,854,547, (or 85%) 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, \$268,090, 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 \$1,637,898 may be used to meet the government's ongoing obligations to citizens and creditors.

The following table on page 6 presents a condensed statement of activities, which details the changes in net position for the year ended September 30, 2019 with comparative totals for the year ended September 30, 2018:

**Changes in Net Position
For the Years Ended September 30, 2019 and 2018**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 125,338	\$ 118,628	\$ 1,149,670	\$ 1,067,574	\$ 1,275,008	\$ 1,186,202
Operating grants and contributions	-0-	-0-	-0-	-0-	-0-	-0-
Capital grants and contributions	283,040	85,600	4,436,307	787,538	4,719,347	873,138
General revenues:						
Property taxes	287,805	251,196	-0-	-0-	287,805	251,196
Other taxes	722,773	687,618	-0-	-0-	722,773	687,618
Transfers	-0-	61,382	-0-	(61,382)	-0-	-0-
Other	149,592	156,428	30,208	26,118	179,800	182,546
Total Revenues	<u>1,568,548</u>	<u>1,360,852</u>	<u>5,616,185</u>	<u>1,819,848</u>	<u>7,184,733</u>	<u>3,180,700</u>
Expenses:						
General government	291,018	320,716	-0-	-0-	291,018	320,716
Public safety	554,503	496,579	-0-	-0-	554,503	496,579
Culture and recreation	70,389	50,532	-0-	-0-	70,389	50,532
Physical environment	289,487	290,218	-0-	-0-	289,487	290,218
Interest on long-term debt	-0-	-0-	82,692	39,492	82,692	39,492
Water	-0-	-0-	406,471	379,882	406,471	379,882
Sewer	-0-	-0-	557,998	508,164	557,998	508,164
Sanitation	-0-	-0-	258,009	259,072	258,009	259,072
Total Expenses	<u>1,205,397</u>	<u>1,158,045</u>	<u>1,305,170</u>	<u>1,186,610</u>	<u>2,510,567</u>	<u>2,344,655</u>
Change in Net Position	<u>363,151</u>	<u>202,807</u>	<u>4,311,015</u>	<u>633,238</u>	<u>4,674,166</u>	<u>836,045</u>
Net position, Beginning of year	2,052,990	1,850,183	6,033,379	5,400,141	8,086,369	7,250,324
Net position, End of Year	<u>\$ 2,416,141</u>	<u>\$ 2,052,990</u>	<u>\$10,344,394</u>	<u>\$ 6,033,379</u>	<u>\$12,760,535</u>	<u>\$ 8,086,369</u>

Governmental activities: Governmental activities increased the City's net position by \$363,151.

Revenues increased by \$207,696 due mainly to increases capital grants and contributions of approximately \$198,000 and taxes of approximately \$72,000, offset by a decrease in transfers in of approximately \$61,000. The key components of revenues were \$722,773 of other tax revenues and \$287,805 of property taxes classified as general revenues. Expenses were consistent with the prior year, increasing by \$47,352.

Business-type activities. Business-type activities increased the City's net position by \$4,311,015. Key elements of the difference between the current year and prior year are:

- Capital grants and contributions increased by \$3,648,769 largely due to grant activity for wastewater treatment plant improvements from the State of Florida Department of Environmental Protection.
- Charges for services increased \$82,096 due largely to increases in rates.
- Expenses increased \$118,650 over the prior year due largely to increased interest expense and operating costs 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 funds 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 \$836,288, a decrease of \$76,279. \$788,546 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 and improvements to the Community Center.

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

- Total general fund revenues increased over prior year by \$111,304. The increase was primarily due to increases in taxes of \$30,372 and grants of \$65,362.
- The general fund expenditures increased by \$191,217. This was primarily due to increased capital outlay compared to the prior year in the amount of \$140,815. Current year capital outlay included park improvements and police vehicles.

The CRA fund – a special revenue fund had \$49,399 of ending fund balance all of which was restricted. The CRA fund balance increased by \$42,680 in the current year.

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 \$83,739 from the prior year, mainly due to increased utility rates.
- Operating expenses increased \$75,360 which was largely due to increases in personnel and related costs during the year.
- Additionally, the City received \$4,436,307 in grant revenues and capital contributions for water and wastewater treatment facility upgrades.

General Fund Budgetary Highlights

The City's General Fund budget was not amended during the year. Budgeted revenues were \$1,565,884 and budgeted expenditures were \$1,625,884. Additionally, the City budgeted transfers from the Enterprise Fund of \$60,000. Actual revenues were less than budgeted revenues by \$208,241. Actual expenditures were less than budget by \$191,962. 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, 2019, amounts to \$14,444,329 (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, 2019 with comparative totals at September 30, 2018:

Capital Assets (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 510,393	\$ 510,393	\$ 31,894	\$ 31,894	\$ 542,287	\$ 542,287
Construction in progress	14,130	14,130	9,167,317	2,289,979	9,181,447	2,304,109
Infrastructure	446,543	244,289	-0-	-0-	446,543	244,289
Building and improvements	176,877	170,886	3,757,966	4,032,282	3,934,843	4,203,168
Machinery and equipment	164,833	144,006	174,376	116,292	339,209	260,298
	<u>\$ 1,312,776</u>	<u>\$ 1,083,704</u>	<u>\$13,131,553</u>	<u>\$ 6,470,447</u>	<u>\$ 14,444,329</u>	<u>\$ 7,554,151</u>

Additional information on the City's capital assets can be found in note 2 of this report.

Long-Term Debt. At the end of the current fiscal year, the City had total debt outstanding of \$3,589,782. The City's debt represents bonds secured solely by specified utility revenue sources of \$597,875 and \$2,991,907 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue bonds	\$ -0-	\$ -0-	\$ 597,875	\$ 634,100	\$ 597,875	\$ 634,100
Notes payable	-0-	-0-	2,991,907	551,785	2,991,907	551,785
	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,589,782</u>	<u>\$ 1,185,885</u>	<u>\$ 3,589,782</u>	<u>\$ 1,185,885</u>

Additional information on the City's long-term debt can be found in note 2 of this report.

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 2020 general fund budget included \$1,232,503 for revenues including transfers in and \$1,232,503 for expenditures. The City's fiscal year 2020 enterprise fund budget includes \$1,373,933 for revenues, and \$1,373,933 for expenses.

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, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 268,663	\$ 616,637	\$ 885,300
Certificates of deposit	503,043	-	503,043
Receivables (net of allowance for uncollectibles)	23,622	86,360	109,982
Grants receivable	-	608,364	608,364
Due from other governmental units	265,805	-	265,805
Inventory	-	4,780	4,780
Restricted:			
Cash	97,257	114,650	211,907
Certificates of deposit	-	161,850	161,850
Capital Assets (net of accumulated depreciation):			
Land	510,393	31,894	542,287
Construction in progress	14,130	9,167,317	9,181,447
Buildings and improvements	176,877	3,757,966	3,934,843
Machinery and equipment	164,833	174,376	339,209
Infrastructure	446,543	-	446,543
TOTAL ASSETS	<u>2,471,166</u>	<u>14,724,194</u>	<u>17,195,360</u>
LIABILITIES			
Accounts payable	37,140	674,669	711,809
Accrued expenses	17,885	6,804	24,689
Accrued interest payable	-	2,994	2,994
Liabilities payable from restricted assets	-	105,551	105,551
Noncurrent liabilities:			
Due within one year	-	178,192	178,192
Due in more than one year	-	3,411,590	3,411,590
Total liabilities	<u>55,025</u>	<u>4,379,800</u>	<u>4,434,825</u>
NET POSITION			
Net investment in capital assets	1,312,776	9,541,771	10,854,547
Restricted			
Revenue bond retirement	-	170,949	170,949
Other purposes	97,141	-	97,141
Unrestricted	1,006,224	631,674	1,637,898
TOTAL NET POSITION	<u>\$ 2,416,141</u>	<u>\$ 10,344,394</u>	<u>\$ 12,760,535</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, 2019**

	<u>Program Revenues</u>				<u>Net (Expenses) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business -type Activities</u>	<u>Total</u>
General government	\$ 291,018	\$ 76,856	\$ -	\$ -	\$ (214,162)	\$ -	\$ (214,162)
Police department	554,503	34,941	-	-	(519,562)	-	(519,562)
Culture and recreation	70,389	-	-	283,040	212,651	-	212,651
Physical environment	289,487	13,541	-	-	(275,946)	-	(275,946)
Total Governmental Activities	<u>1,205,397</u>	<u>125,338</u>	<u>-</u>	<u>283,040</u>	<u>(797,019)</u>	<u>-</u>	<u>(797,019)</u>
Water	417,878	402,611	-	-	-	(15,267)	(15,267)
Sewer	629,283	448,076	-	4,436,307	-	4,255,100	4,255,100
Sanitation	258,009	298,983	-	-	-	40,974	40,974
Total Business-type Activities	<u>1,305,170</u>	<u>1,149,670</u>	<u>-</u>	<u>4,436,307</u>	<u>-</u>	<u>4,280,807</u>	<u>4,280,807</u>
	<u>\$ 2,510,567</u>	<u>\$ 1,275,008</u>	<u>\$ -</u>	<u>\$ 4,719,347</u>	<u>(797,019)</u>	<u>4,280,807</u>	<u>3,483,788</u>
General Revenues:							
Ad valorem					287,805	-	287,805
Utility tax					160,381	-	160,381
Communications service					29,723	-	29,723
Gas taxes and rebates					54,145	-	54,145
State revenue sharing					188,876	-	188,876
Half-cent sales tax					92,433	-	92,433
One-cent surtax					197,215	-	197,215
Unrestricted investment earnings					7,903	5,872	13,775
Franchise fees					100,768	-	100,768
Other					40,921	24,336	65,257
Total General Revenues					<u>1,160,170</u>	<u>30,208</u>	<u>1,190,378</u>
Change in Net Position					363,151	4,311,015	4,674,166
Net Position - Beginning					2,052,990	6,033,379	8,086,369
Net Position - Ending					<u>\$ 2,416,141</u>	<u>\$ 10,344,394</u>	<u>\$ 12,760,535</u>

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

CITY OF BOWLING GREEN, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Special Revenue Fund (Nonmajor)	Total Governmental Funds
ASSETS			
Cash	\$ 268,663	\$ -	\$ 268,663
Certificates of deposit	503,043	-	503,043
Receivables (net of allowance for uncollectible)	23,622	-	23,622
Due from other governmental units	265,805	-	265,805
Cash – restricted	47,742	49,515	97,257
Total assets	<u>\$ 1,108,875</u>	<u>\$ 49,515</u>	<u>\$ 1,158,390</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 37,024	\$ 116	\$ 37,140
Accrued expenses	17,885	-	17,885
Total liabilities	<u>54,909</u>	<u>116</u>	<u>55,025</u>
Deferred inflows of resources:			
Unavailable revenue	217,678	-	217,678
Fund balances:			
Spendable:			
Restricted	47,742	49,399	97,141
Unassigned	788,546	-	788,546
Total fund balances	<u>836,288</u>	<u>49,399</u>	<u>885,687</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,108,875</u>	<u>\$ 49,515</u>	<u>\$ 1,158,390</u>

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

**CITY OF BOWLING GREEN, FLORIDA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

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

Fund Balance–Governmental funds	\$ 885,687
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,312,776
Deferred inflows of resources are not available current financial resources and, therefore, are not reported as revenue in the general fund.	217,678
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,416,141</u>

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 FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund (Nonmajor)</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 486,042	\$ 43,207	\$ 529,249
Fines and forfeitures	34,941	-	34,941
Intergovernmental revenue	481,329	-	481,329
Franchise fees	100,768	-	100,768
Licenses and permits	7,184	-	7,184
Grants	115,362	-	115,362
Interest	7,883	20	7,903
Miscellaneous	124,134	-	124,134
Total Revenues	<u>1,357,643</u>	<u>43,227</u>	<u>1,400,870</u>
Expenditures:			
General government	278,946	-	278,946
Public safety	517,665	-	517,665
Culture and recreation	58,328	547	58,875
Physical environment	249,170	-	249,170
Capital outlay	329,813	-	329,813
Total Expenditures	<u>1,433,922</u>	<u>547</u>	<u>1,434,469</u>
Net Change in Fund Balance	(76,279)	42,680	(33,599)
FUND BALANCE, October 1, 2018	<u>912,567</u>	<u>6,719</u>	<u>919,286</u>
FUND BALANCE, September 30, 2019	<u>\$ 836,288</u>	<u>\$ 49,399</u>	<u>\$ 885,687</u>

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

CITY OF BOWLING GREEN, FLORIDA
 RECONCILIATION OF THE STATEMENT OF REVENUES
 EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

Net changes in fund balances – Governmental funds	\$ (33,599)
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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 capital outlay additions in the current year exceeded depreciation expense and a loss on disposal of capital assets.

Capital outlay	329,813
Loss on disposal of capital assets	(1,958)
Depreciation	(98,783)
	229,072

Revenues in the statement of activities that do not provide current financial resources as they do not meet the availability criteria are not reported as revenues in the funds. This amount represents the change in unavailable revenue.

167,678

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 363,151

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

CITY OF BOWLING GREEN, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2019

	Business-Type Activities
	Enterprise Fund
ASSETS	
Current Assets:	
Cash	\$ 616,637
Accounts receivable, net	86,360
Grants receivable	608,364
Inventory	4,780
Total current assets	1,316,141
Non-current Assets:	
Restricted assets:	
Cash	114,650
Certificates of deposit	161,850
Total restricted assets	276,500
Capital Assets:	
Land	31,894
Construction in progress	9,167,317
Buildings and improvements	8,768,619
Machinery and equipment	710,531
Accumulated depreciation	(5,546,808)
Total capital assets (net)	13,131,553
Total non-current assets	13,408,053
TOTAL ASSETS	14,724,194
LIABILITIES	
Current Liabilities:	
Accounts payable	674,669
Accrued expenses	6,804
Total current liabilities	681,473
Current Liabilities Payable from Restricted Assets:	
Accrued interest payable	2,994
Customer deposits	105,551
Current portion – long term debt	178,192
Total current liabilities payable from restricted assets	286,737
Non-current Liabilities:	
Notes payable	2,849,715
Revenue bonds payable	561,875
Total noncurrent liabilities	3,411,590
TOTAL LIABILITIES	4,379,800
NET POSITION	
Net investment in capital assets	9,541,771
Restricted	170,949
Unrestricted	631,674
TOTAL NET POSITION	\$ 10,344,394

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, 2019

	Business-Type Activities
	Enterprise Fund
Operating Revenues:	
Charges for sales and services:	
Water charges	\$ 402,611
Sewer charges	448,076
Sanitation charges	298,983
Penalties, late fees and miscellaneous	24,336
Total Operating Revenues	1,174,006
Operating Expenses:	
Cost of sales and services:	
Personal services	314,040
Other operating expenses	592,102
Depreciation and amortization	316,336
Total Operating Expenses	1,222,478
Operating Income (Loss)	(48,472)
Non-Operating Revenues (Expenses)	
Interest income	5,872
Interest expense	(82,692)
Total Non-Operating Revenue (Expenses)	(76,820)
Income (Loss) Before Capital Contributions and Transfers	(125,292)
Capital Contributions and Transfers	
Grant revenues and capital contributions	4,436,307
Total Capital Contributions and Transfers	4,436,307
Change in Net Position	4,311,015
NET POSITION – Beginning	6,033,379
NET POSITION – Ending	\$ 10,344,394

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, 2019

	Business-Type Activities Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 1,171,455
Cash payments to suppliers	(761,206)
Cash payments to employees	(313,149)
Net cash provided (used) by operating activities	97,100
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Interest paid on revenue borrowings and long-term direct borrowings	(82,692)
Principal payments on long-term debt	(65,041)
Capital grant proceeds	4,685,421
Capital expenditures	(4,565,276)
Net cash provided (used) by capital and related financing activities	(27,588)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	5,872
Net cash provided (used) by investing activities	5,872
NET INCREASE (DECREASE) IN CASH	75,384
CASH AT BEGINNING OF YEAR	817,753
CASH AT END OF YEAR	\$ 893,137
Cash	
Unrestricted	\$ 616,637
Restricted	276,500
	\$ 893,137
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (48,472)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	316,336
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(10,609)
Increase (decrease) in accounts payable	(169,104)
Increase (decrease) in accrued expenses	891
Increase (decrease) in customer deposits payable	8,058
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 97,100
NONCASH CAPITAL ACTIVITIES	
Capital asset additions financed with long-term debt	\$ 2,468,938

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

CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

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 and recreation, public improvements, planning and zoning, and general administrative services. The City does not have any discretely presented component units.

During the 2016 fiscal year, the City established the City of Bowling Green Community Redevelopment Agency (CRA), which is comprised of a five member Board of Commissioners. The CRA is presented as a special revenue fund within the City’s financial statements because: 1) the CRA substantively operates under the same body as the City through the City Commission which meets separately as the CRA’s governing body to approve the adoption of their annual budget, the transactions of real property, and the execution of contracts and modifications to the community redevelopment plans; 2) the City Commission/CRA Board has operational responsibility of the CRA; and 3) the CRA provides an exclusive service or benefit to the City and its citizens. The CRA is responsible for carrying out the rehabilitation, conservation and redevelopment of the Community Redevelopment Plan. The related tax increment revenue is included in this Special Revenue Fund, all of which is restricted for the CRA.

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.

CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – CONTINUED

Separate financial statements are provided for the governmental funds (General Fund and Special Revenue Fund) and the proprietary fund. The general fund and the enterprise fund are considered major funds and are presented as separate columns in the fund financial statements. The special revenue fund is reported as a non-major fund.

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 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 and deferred outflows less liabilities and 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 funds:

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.

CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Special Revenue Fund

The CRA is the City's only special revenue fund. It accounts for the rehabilitation, conservation and redevelopment of certain slum or blighted areas of the City, included within the community redevelopment area. Financing is provided primarily through tax increment funding from the City and Hardee County. All amounts within this fund are restricted to CRA activities.

The government reports the following proprietary fund:

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.

**CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

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, 2019 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

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.

**CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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	\$ 1,872
Community Center improvements	45,870
	<u>\$ 47,742</u>

Special Revenue Fund

CRA activities	<u>\$ 49,515</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, SRF loans, impact fees, and customer deposits are as follows:

Customer deposits	\$ 105,551
Revenue bond retirement	70,086
Other debt retirement	17,922
Impact fees	<u>82,941</u>
Restricted assets	<u>\$ 276,500</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.

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

**CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. COMPENSATED ABSENCES

The City personnel policy provides for the payment of accrued vacation upon separation from 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 funds 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 the general fund and enterprise fund 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 any 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.

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 which 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.

**CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. FUND BALANCE – CONTINUED

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 nor 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 or committed for those specific purposes.

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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Spendable:</u>		
Restricted to:		
Confiscated fund – Police Department	\$ 1,872	\$ -0-
Community Center improvements	45,870	-0-
Community Redevelopment Agency	<u>-0-</u>	<u>49,399</u>
	47,742	49,399
Unassigned	<u>788,546</u>	<u>-0-</u>
Total Fund Balances	<u>\$ 836,288</u>	<u>\$ 49,399</u>

The entire fund balance of the Special Revenue Fund of \$49,399 is restricted for the purposes of alleviating slum and blight in the City in accordance with Florida Statute 163.

**CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 and certificates of deposit without significant withdrawal penalties 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.

P. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for the governmental funds. 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.

Q. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows or resources, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. On the governmental funds balance sheet, unavailable revenue is classified as deferred inflows of resources. This represents funds which did not meet the availability criteria under the modified accrual basis of accounting and therefore are considered to be deferred charges until available.

NOTE 2 – DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents

At September 30, 2019, the City's carrying amount of cash and cash equivalents was \$1,097,207 and the bank balance was \$1,036,491. The City had certificates of deposit classified as cash equivalents in the amount of \$644,893.

**CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

B. Receivables

Receivables as of September 30, 2019 for the government’s funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

<u>Receivables</u>	<u>General Fund</u>	<u>Enterprise Fund</u>
Accounts receivable	\$ 23,622	\$ 108,360
Less: allowance for uncollectibles	<u>-0-</u>	<u>22,000</u>
Net total accounts receivables	<u>\$ 23,622</u>	<u>\$ 86,360</u>

C. Interfund receivables, payables, and transfers

There were no interfund balances as of September 30, 2019. Additionally, there were no interfund transfers during the year.

D. Capital Assets

Capital asset activity for the year ended September 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 510,393	\$ -0-	\$ -0-	\$ -0-	\$ 510,393
Construction in progress	<u>14,130</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>14,130</u>
Total capital assets, not being depreciated	<u>524,523</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>524,523</u>
Capital assets, being depreciated:					
Buildings and improvements	611,878	25,908	-0-	-0-	637,786
Infrastructure	345,432	231,224	-0-	-0-	576,656
Machinery and equipment	<u>606,901</u>	<u>72,681</u>	<u>(70,140)</u>	<u>-0-</u>	<u>609,442</u>
Total capital assets being depreciated	<u>1,564,211</u>	<u>329,813</u>	<u>(70,140)</u>	<u>-0-</u>	<u>1,823,884</u>
Less accumulated depreciation for:					
Buildings and improvements	(440,992)	(19,917)	-0-	-0-	(460,909)
Machinery and equipment	(462,895)	(49,896)	68,182	-0-	(444,609)
Infrastructure	<u>(101,143)</u>	<u>(28,970)</u>	<u>-0-</u>	<u>-0-</u>	<u>(130,113)</u>
Total accumulated depreciation	<u>(1,005,030)</u>	<u>(98,783)</u>	<u>68,182</u>	<u>-0-</u>	<u>(1,035,631)</u>
Total capital assets, being depreciated, net	<u>559,181</u>	<u>231,030</u>	<u>(1,958)</u>	<u>-0-</u>	<u>788,253</u>
Governmental activities capital assets, net	<u>\$ 1,083,704</u>	<u>\$ 231,030</u>	<u>\$ (1,958)</u>	<u>\$ -0-</u>	<u>\$ 1,312,776</u>

CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

D. Capital Assets – Continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 31,894	\$ -0-	\$ -0-	\$ -0-	\$ 31,894
Construction in progress	<u>2,289,979</u>	<u>6,877,338</u>	<u>-0-</u>	<u>-0-</u>	<u>9,167,317</u>
Total capital assets, not being depreciated	<u>2,321,873</u>	<u>6,877,338</u>	<u>-0-</u>	<u>-0-</u>	<u>9,199,211</u>
Capital assets, being depreciated:					
Buildings and improvements	8,768,619	-0-	-0-	-0-	8,768,619
Machinery and equipment	<u>610,427</u>	<u>100,104</u>	<u>-0-</u>	<u>-0-</u>	<u>710,531</u>
Total capital assets being depreciated	<u>9,379,046</u>	<u>100,104</u>	<u>-0-</u>	<u>-0-</u>	<u>9,479,150</u>
Less accumulated depreciation for:					
Buildings and improvements	(4,736,337)	(274,316)	-0-	-0-	(5,010,653)
Machinery and equipment	<u>(494,135)</u>	<u>(42,020)</u>	<u>-0-</u>	<u>-0-</u>	<u>(536,155)</u>
Total accumulated depreciation	<u>(5,230,472)</u>	<u>(316,336)</u>	<u>-0-</u>	<u>-0-</u>	<u>(5,546,808)</u>
Total capital assets, being depreciated, net	<u>4,148,574</u>	<u>(216,232)</u>	<u>-0-</u>	<u>-0-</u>	<u>3,932,342</u>
Business-type activities capital assets, net	<u>\$ 6,470,447</u>	<u>\$ 6,661,106</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 13,131,553</u>

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

Governmental activities:	
General government	\$ 10,114
Physical environment	40,317
Public safety	36,838
Culture and recreation	<u>11,514</u>
	<u>\$ 98,783</u>
Business-type activities:	
Water, sewer and sanitation	<u>\$ 316,336</u>

**CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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, 2019, 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	\$ 65,915
1993	09/01/94	09/01/2033	4.5%	300,000	168,797
1995	09/13/95	09/01/2035	4.5%	400,000	247,753
1999	02/10/99	09/01/2038	4.5%	167,000	115,410
TOTAL					<u>\$ 597,875</u>

The bonds are secured by the net revenue derived from the operations of the water and sewer system and require the use of a debt service fund, of which is included in restricted cash.

Total annual debt service requirements for the 1984 bonds as of September 30, 2019 are as follows:

<u>Year Ending September 30, 2019</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$12,000	\$ 3,310	\$15,310
2021	12,600	2,710	15,310
2022	13,200	2,080	15,280
2023	13,900	1,420	15,320
2024	14,215	725	14,940
	<u>\$65,915</u>	<u>\$10,245</u>	<u>\$76,160</u>

Total annual debt service requirements for the 1993 bonds as of September 30, 2019 are as follows:

<u>Year Ending September 30, 2019</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 9,000	\$ 8,450	\$ 17,450
2021	9,000	8,000	17,000
2022	10,000	7,550	17,550
2023	10,000	7,050	17,050
2024	11,000	6,550	17,550
2025 – 2029	61,000	24,150	85,150
2030 – 2034	58,797	7,450	66,247
	<u>\$168,797</u>	<u>\$69,200</u>	<u>\$237,997</u>

**CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

E. Long-Term Debt – Continued

Revenue Bonds – Business-type Activities – continued

Total annual debt service requirements for the 1995 bonds as of September 30, 2019 are as follows:

<u>Year Ending September 30, 2019</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 11,000	\$ 11,160	\$ 22,160
2021	11,000	10,665	21,665
2022	12,000	10,170	22,170
2023	12,000	9,630	21,630
2024	13,000	9,090	22,090
2025 – 2029	75,000	36,090	111,090
2030 – 2034	93,000	17,685	110,685
2035 – 2039	<u>20,753</u>	<u>945</u>	<u>21,698</u>
	<u>\$247,753</u>	<u>\$105,435</u>	<u>\$353,188</u>

Total annual debt service requirements for the 1999 bonds as of September 30, 2019 are as follows:

<u>Year Ending September 30, 2019</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 4,000	\$ 5,775	\$ 9,775
2021	4,500	5,575	10,075
2022	4,500	5,350	9,850
2023	4,500	5,125	9,625
2024	5,000	4,900	9,900
2025 – 2029	28,000	20,575	48,575
2030 – 2034	34,500	12,925	47,425
2035 – 2039	<u>30,410</u>	<u>3,675</u>	<u>34,085</u>
	<u>\$115,410</u>	<u>\$ 63,900</u>	<u>\$179,310</u>

Notes Payable from Direct Borrowings – Business-type Activities

The City entered into a loan and grant agreement (WW250202) with the Florida Department of Environmental Protection through the State Revolving Fund. The total amount initially 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 water and sewer systems. The total amount outstanding at September 30, 2019 is \$120,114.

**CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

E. Long-Term Debt – Continued

Total annual debt service requirements as of September 30, 2019 are as follows:

<u>Year Ending September 30, 2019</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 7,487	\$ 1,168	\$ 8,655
2021	7,562	1,094	8,656
2022	7,637	1,020	8,657
2023	7,711	944	8,655
2024	7,788	868	8,656
2025 – 2029	40,107	3,171	43,278
2030 – 2034	<u>41,822</u>	<u>1,150</u>	<u>42,972</u>
	<u>\$120,114</u>	<u>\$ 9,415</u>	<u>\$129,529</u>

During 2015, the City entered into a second loan and grant agreement (WW250204) with the Florida Department of Environmental Protection through the State Revolving Fund. The initial approved amount of the agreement is for \$1,187,750, of which \$833,451 will be forgiven through the grant portion of the agreement. In 2016, the agreement was amended to reduce the approved amount to \$871,777 of which \$803,571 will be forgiven. The total amount borrowed as of September 30, 2019 was \$75,883, at an interest rate of 1.15%. The principal borrowed is required to be paid over 40 semi-annual payments. The debt obligation is secured by a pledge of the net revenues of the water and sewer system. The total amount outstanding at September 30, 2019 is \$72,195.

Total annual debt service requirements as of September 30, 2019 are as follows:

<u>Year Ending September 30, 2019</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,709	\$ 837	\$ 4,546
2021	3,752	795	4,547
2022	3,795	751	4,546
2023	3,839	707	4,546
2024	3,883	663	4,546
2025 – 2029	20,099	2,634	22,733
2030 – 2034	21,285	1,448	22,733
2035 – 2039	<u>11,833</u>	<u>270</u>	<u>12,103</u>
	<u>\$ 72,195</u>	<u>\$ 8,105</u>	<u>\$ 80,300</u>

During fiscal year 2017, the City entered into a third loan and grant agreement (WW250230) with the Florida Department of Environmental Protection through the State Revolving Fund. The initial approved amount of the agreement is for \$553,000, of which \$442,400 will be forgiven through the grant portion of the agreement. The total amount borrowed as of September 30, 2019 was \$119,075, at an interest rate of 0.47%. The principal borrowed is required to be paid over 40 semi-annual payments. The debt obligation is secured by a pledge of the net revenues of the water and sewer system. The total amount outstanding at September 30, 2019 is \$113,235.

**CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

E. Long-Term Debt – Continued

Total annual debt service requirements as of September 30, 2019 are as follows:

<u>Year Ending September 30, 2019</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 5,867	\$ 525	\$ 6,392
2021	5,894	498	6,392
2022	5,922	470	6,392
2023	5,950	442	6,392
2024	5,978	414	6,392
2025 – 2029	30,316	1,645	31,961
2030 – 2034	31,037	924	31,961
2035 – 2039	<u>22,271</u>	<u>203</u>	<u>22,474</u>
	<u>\$ 113,235</u>	<u>\$ 5,121</u>	<u>\$ 118,356</u>

During 2018, the City entered into a fourth loan and grant agreement (WW250231) with the Florida Department of Environmental Protection through the State Revolving Fund. The initial approved amount of the loan agreement was for \$2,018,861, which was amended to \$2,610,385. The total amount borrowed as of September 30, 2019 was \$2,336,645, at an initial interest rate of 0%. The principal borrowed is required to be paid over 40 semi-annual payments beginning March 15, 2020. The debt obligation is secured by a pledge of the net revenues of the water and sewer system. The total amount outstanding at September 30, 2019 is \$2,336,645.

Total annual debt service requirements as of September 30, 2019 are as follows:

<u>Year Ending September 30, 2019</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 116,627	\$ -0-	\$ 116,627
2021	116,627	-0-	116,627
2022	116,627	-0-	116,627
2023	116,627	-0-	116,627
2024	116,627	-0-	116,627
2025 – 2029	583,133	-0-	583,133
2030 – 2034	583,133	-0-	583,133
2035 – 2039	<u>587,244</u>	<u>-0-</u>	<u>587,244</u>
	<u>\$ 2,336,645</u>	<u>\$ -0-</u>	<u>\$ 2,336,645</u>

During 2018, the City entered into a fifth loan and grant agreement (DW250250) with the Florida Department of Environmental Protection through the State Revolving Fund. The initial approved amount of the loan agreement was for \$383,473 which was amended to \$595,598. The total amount borrowed as of September 30, 2019 was \$361,630, at an initial interest rate of 0.46%. The principal borrowed is required to be paid over 40 semi-annual payments beginning November 15, 2019. The debt obligation is secured by a pledge of the net revenues of the water and sewer system. The total amount outstanding at September 30, 2019 is \$349,718.

**CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

E. Long-Term Debt – Continued

Total annual debt service requirements as of September 30, 2019 are as follows:

<u>Year Ending September 30, 2019</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 8,502	\$ 1,161	\$ 9,663
2021	17,739	1,586	19,325
2022	17,820	1,504	19,324
2023	17,903	1,422	19,325
2024	17,985	1,340	19,325
2025 – 2029	91,177	5,447	96,624
2030 – 2034	93,298	3,326	96,624
2035 – 2039	<u>85,294</u>	<u>1,156</u>	<u>86,450</u>
	<u>\$ 349,718</u>	<u>\$ 16,942</u>	<u>\$ 366,660</u>

For all five loans with the Florida Department of Environmental Protection through the State Revolving Funds, an event of default may subject the City to certain finance-related consequences such as:

- The Florida Department of Environmental Protection establishing rates and collecting fees and charges for the use of the Water and Sewer system and applying the revenues to the reduction of the debt obligation.
- Interception of delinquent amounts plus a penalty from any unobligated funds due to the City under any revenue or tax sharing fund established by the State, except as otherwise provided by the State Constitution.
- Imposing a penalty in an amount not to exceed an interest rate of 18 percent on amounts due in addition to charging the cost to handle and process the debt.
- Accelerating the repayment schedule or increasing the financing rate to as much as 1.667 times.

Loans under the City’s State Revolving Funds describe events of default as failure to make required payments, failure of meeting covenants, representing to false or misleading statements in regards to the loan agreements, the City’s appointment of a legal receiver of any part of the water and sewer system or gross revenues thereof, or any agreement with other creditors affecting the gross revenues of the water or sewer system.

The notes also require the use of a debt service fund, of which is included in restricted cash.

**CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

E. Long-Term Debt – Continued

Total annual debt service requirements for all outstanding business-type activities and enterprise fund debt obligations as of September 30, 2019 are as follows:

Year Ending September 30,	Bonds		Notes from Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 36,000	\$ 28,695	\$ 142,192	\$ 3,691	\$ 178,192	\$ 32,386
2021	37,100	26,950	151,574	3,973	188,674	30,923
2022	39,700	25,150	151,801	3,745	191,501	28,895
2023	40,400	23,225	152,030	3,515	192,430	26,740
2024	43,215	21,265	152,261	3,285	195,476	24,550
2025–2029	164,000	80,815	764,832	12,897	928,832	93,712
2030–2034	186,297	38,060	770,575	6,848	956,872	44,908
2035–2039	51,163	4,620	706,642	1,629	757,805	6,249
	<u>\$ 597,875</u>	<u>\$ 248,780</u>	<u>\$2,991,907</u>	<u>\$ 39,583</u>	<u>\$3,589,782</u>	<u>\$ 288,363</u>

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Debt obligations:					
Notes from direct borrowings					
WW250202	\$ 127,490	\$ -0-	\$ (7,376)	\$ 120,114	\$ 7,487
WW250204	64,197	11,686	(3,688)	72,195	3,709
WW250230	110,600	8,475	(5,840)	113,235	5,867
WW250231	213,723	2,122,922	-0-	2,336,645	116,627
DW250250	35,775	325,855	(11,912)	349,718	8,502
Total notes payable from direct borrowings	551,785	2,468,938	(28,816)	2,991,907	142,192
Revenue bonds					
1984	77,600	-0-	(11,685)	65,915	12,000
1993	178,000	-0-	(9,203)	168,797	9,000
1995	259,000	-0-	(11,247)	247,753	11,000
1999	119,500	-0-	(4,090)	115,410	4,000
Total revenue bonds	634,100	-0-	(36,225)	597,875	36,000
Long-term liabilities	<u>\$1,185,885</u>	<u>\$2,468,938</u>	<u>\$ (65,041)</u>	<u>\$3,589,782</u>	<u>\$ 178,192</u>

In the Statement of Activities, interest expense of \$11,407 is included in Water and \$71,285 is included in Sewer.

CITY OF BOWLING GREEN, FLORIDA
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

NOTE 3 – 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, 2019, for each employee in the pension plan, the City contributed 3 percent of total annual salary, including overtime pay, to an individual employee account. The plan requires employees hired after October 1, 2015 to contribute 3 percent of total annual salary and allows employees hired prior to October 1, 2015 to choose to contribute either 2 or 3 percent. 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, 2019, employee contributions totaled \$17,279 and City contributions totaled \$18,373.

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 100% vested 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, 2019, the City did not apply any available forfeitures towards the City's pension expense. As of September 30, 2019, the City had outstanding contributions payable to the Plan in the amount of \$17,182, which are included in accounts payable.

NOTE 4 – 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 in excess of coverage over the past three years.

NOTE 5 – CONSTRUCTION COMMITMENTS

The City has various construction projects that commenced during the year ended September 30, 2019, but were not completed by the end of the fiscal year. Total construction commitments outstanding at September 30, 2019 are approximately \$1,059,000.

REQUIRED SUPPLEMENTARY 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, 2019

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Taxes	\$ 458,479	\$ 458,479	\$ 486,042	\$ 27,563
Fines and forfeitures	41,000	41,000	34,941	(6,059)
Intergovernmental revenue	481,019	481,019	481,329	310
Franchise fees	85,000	85,000	100,768	15,768
Licenses and permits	5,000	5,000	7,184	2,184
Grants	339,185	339,185	115,362	(223,823)
Interest	3,500	3,500	7,883	4,383
Miscellaneous	152,701	152,701	124,134	(28,567)
Total Revenues	1,565,884	1,565,884	1,357,643	(208,241)
EXPENDITURES				
General government	312,972	312,972	306,094	6,878
Public safety	534,124	534,124	576,780	(42,656)
Culture and recreation	356,359	356,359	69,341	287,018
Physical environment	422,429	422,429	481,707	(59,278)
Total Expenditures	1,625,884	1,625,884	1,433,922	191,962
Transfer from other fund	60,000	60,000	-	(60,000)
Net Change in Fund Balances	-	-	(76,279)	(76,279)
Fund Balance, October 1, 2018	912,567	912,567	912,567	-
Fund Balance, September 30, 2019	\$ 912,567	\$ 912,567	\$ 836,288	\$ (76,279)

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
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Taxes	\$ 39,022	\$ 39,022	\$ 43,207	\$ 4,185
Grants	1,000,000	1,000,000	-	(1,000,000)
Interest	-	-	20	20
Total Revenues	1,039,022	1,039,022	43,227	(995,795)
EXPENDITURES				
Culture and recreation	1,000,000	1,000,000	547	999,453
Total Expenditures	1,000,000	1,000,000	547	999,453
Transfer to other fund	(39,022)	(39,022)	-	39,022
Net Change in Fund Balances	-	-	42,680	42,680
Fund Balance, October 1, 2018	6,719	6,719	6,719	-
Fund Balance, September 30, 2019	\$ 6,719	\$ 6,719	\$ 49,399	\$ 42,680

Note 1-Budget Basis

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

CITY OF BOWLING GREEN, FLORIDA
GENERAL FUND
DETAIL SCHEDULE OF REVENUE
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Ad Valorem taxes	240,566	244,598	4,032
Fuel taxes	10,000	13,079	3,079
Utility taxes	142,117	160,381	18,264
Gas taxes	40,106	38,261	(1,845)
Communications service tax	25,690	29,723	4,033
Franchise fees	85,000	100,768	15,768
Occupational licenses	4,000	6,556	2,556
State revenue sharing	188,943	188,876	(67)
Mobile home license	800	474	(326)
State beverage license	200	154	(46)
1/2 Cent sales tax	89,260	92,433	3,173
1 Cent surtax	200,616	197,215	(3,401)
State gas tax rebate	2,200	2,805	605
Grants	339,185	115,362	(223,823)
Fines and forfeitures	41,000	34,941	(6,059)
Interest income	3,500	7,883	4,383
Rents	60,800	70,300	9,500
Miscellaneous revenue	76,500	40,293	(36,207)
Cemetery income	7,000	5,140	(1,860)
D.O.T. highway lighting	8,401	8,401	-
Total Revenues	<u>1,565,884</u>	<u>1,357,643</u>	<u>(208,241)</u>

CITY OF BOWLING GREEN, FLORIDA
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2019

	Final Budget	Actual	Variance
Legislative & Executive			
Salaries	\$ 15,600	\$ 15,600	\$ -
Total Legislative & Executive	15,600	15,600	-
Administrative			
Administrative salaries	143,769	147,674	(3,905)
Payroll tax	10,998	11,958	(960)
Employee insurance	23,625	22,302	1,323
Retirement contributions	4,313	3,326	987
Workers compensation	3,225	4,470	(1,245)
Uniforms	900	786	114
Operating supplies	700	1,102	(402)
Professional fees	15,350	18,573	(3,223)
Telephone	3,000	4,393	(1,393)
Utilities	5,500	5,459	41
Other insurance	6,216	6,843	(627)
Repairs and maintenance	4,000	1,557	2,443
Building improvements	24,148	20,389	3,759
Miscellaneous expense	21,028	13,316	7,712
Office supplies	3,000	1,715	1,285
Gas and oil	1,500	1,698	(198)
Comprehensive plan	6,000	6,000	-
Lease/rent	2,000	1,511	489
Dues and subscriptions	6,000	4,042	1,958
Advertising	4,000	3,765	235
Training	6,000	7,568	(1,568)
New equipment	1,500	1,161	339
Shipping and postage	600	886	(286)
Total Administrative	297,372	290,494	6,878
Law Enforcement			
Salaries	339,676	353,679	(14,003)
Payroll taxes	25,985	24,976	1,009
Employee insurance	55,132	52,574	2,558
Retirement contributions	10,190	8,425	1,765
Workers compensation	7,525	4,470	3,055
Uniforms	3,500	3,764	(264)
Telephone	6,000	7,136	(1,136)
Utilities	1,600	1,509	91
Insurance	6,216	6,843	(627)
Repairs and maintenance	10,000	32,419	(22,419)
Miscellaneous expense	2,500	11,085	(8,585)
Office supplies	2,500	2,582	(82)
Contract Labor	2,000	766	1,234
Investigation funds	500	37	463
Gas and oil	17,000	22,321	(5,321)
Operating supplies	3,500	1,741	1,759
Shipping and postage	300	59	241
New equipment	39,000	41,694	(2,694)
Training	1,000	700	300
Total Law Enforcement	534,124	576,780	(42,656)

CITY OF BOWLING GREEN, FLORIDA
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Recreation			
Contribution to recreation center	\$ 8,000	\$ 8,000	\$ -
Grant expenditures	50,000	11,013	38,987
Utilities	3,000	6,015	(3,015)
Repairs and maintenance	20,000	1,227	18,773
Miscellaneous expense	36,859	36,194	665
Community center	233,000	5,215	227,785
Operating supplies	500	288	212
New equipment & grants	5,000	1,389	3,611
Total Recreation	<u>356,359</u>	<u>69,341</u>	<u>287,018</u>
Physical Environment			
P/E salaries	99,327	93,379	5,948
FICA tax	7,599	6,288	1,311
Employee insurance	23,625	21,656	1,969
Retirement contributions	2,980	2,161	819
Workers compensation	3,225	4,470	(1,245)
Uniforms	900	851	49
Other insurance	6,216	6,843	(627)
Repairs & maintenance	15,000	15,568	(568)
Miscellaneous expense	29,122	26,483	2,639
Gas & oil	15,000	12,693	2,307
Operating supplies	3,000	3,397	(397)
Dog pound	9,000	3,687	5,313
New equipment	13,000	12,326	674
Streets & roads	156,185	229,905	(73,720)
Utilities	37,700	41,607	(3,907)
Shipping and postage	50	14	36
Office supplies	500	379	121
Total Physical Environment	<u>422,429</u>	<u>481,707</u>	<u>(59,278)</u>
Total Expenditures	<u>\$ 1,625,884</u>	<u>\$ 1,433,922</u>	<u>\$ 191,962</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, 2019

	Final Budget	Actual	Variance
Operating Revenues			
Water charges	\$ 445,289	\$ 402,611	\$ (42,678)
Sewer charges	454,513	448,076	(6,437)
Sanitation charges	303,883	298,983	(4,900)
Penalties, late fees and miscellaneous	33,400	24,336	(9,064)
Total Operating Revenues	<u>1,237,085</u>	<u>1,174,006</u>	<u>(63,079)</u>
Operating Expenses			
Water Department	624,580	308,303	316,277
Sewer Department	815,806	339,830	475,976
Sanitation Department	291,358	258,009	33,349
Total Operating Expenses	<u>1,731,744</u>	<u>906,142</u>	<u>825,602</u>
Non-Operating Revenues (Expenses)			
Interest income	4,500	5,872	1,372
Principal and interest expense	(84,341)	(147,733)	(63,392)
Total Non-Operating Revenues (Expenses)	<u>(79,841)</u>	<u>(141,861)</u>	<u>(62,020)</u>
Capital Contributions and Transfers			
Grant revenue	9,250,643	6,885,084	(2,365,559)
Grant expense	(8,616,143)	(6,872,575)	1,743,568
Transfers Out	(60,000)	-	60,000
Total Capital Contributions and Transfers	<u>574,500</u>	<u>12,509</u>	<u>(561,991)</u>
Change in Net Position	<u>\$ -</u>	<u>\$ 138,512</u>	<u>\$ (1,512,692)</u>
Adjustments to GAAP Basis			
Non-Budgeted depreciation & amortization		(316,336)	
Non-GAAP basis principal payments		65,041	
Grant revenues recognized as long-term debt		(2,448,777)	
Grant expenses recognized as capital asset additions		6,872,575	
GAAP Change in Net Position		<u>\$ 4,311,015</u>	

**CITY OF BOWLING GREEN, FLORIDA
ENTERPRISE FUND
DETAIL SCHEDULE OF EXPENSES
BUDGET AND ACTUAL
NON-GAAP BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Water Department			
Salaries	\$ 95,744	92,325	\$ 3,419
Payroll tax	7,324	6,821	503
Employee insurance	23,625	23,625	-
Retirement	2,872	2,746	126
Workers compensation	3,225	4,470	(1,245)
Contract labor	28,122	3,367	24,755
Contract operators	32,730	14,219	18,511
Professional fees	227,500	19,368	208,132
Telephone	2,000	2,112	(112)
Utilities	58,117	22,685	35,432
Liability insurance	6,216	7,071	(855)
Repairs and maintenance	51,000	44,942	6,058
Lease/rent	500	-	500
Miscellaneous	9,000	31,061	(22,061)
Uniforms	1,200	992	208
Training	1,000	848	152
Postage	1,000	788	212
Office supplies	500	670	(170)
Gas and oil	3,000	5,413	(2,413)
Dues and subscriptions	705	785	(80)
Materials and supplies	20,000	18,070	1,930
Meter expense	7,000	5,925	1,075
Equipment	42,200	-	42,200
Total Water Department	<u>\$ 624,580</u>	<u>\$ 308,303</u>	<u>\$ 316,277</u>
Sewer Department			
Salaries	\$ 86,878	63,775	\$ 23,103
Payroll tax	6,646	4,782	1,864
Employee insurance	23,625	19,002	4,623
Retirement	2,606	958	1,648
Workers compensation	3,225	4,470	(1,245)
Contract labor	28,125	21,422	6,703
Contract operators	50,535	42,656	7,879
Professional fees	445,350	18,236	427,114
Sludge hauling	18,000	7,235	10,765
Telephone	2,400	3,571	(1,171)
Permitting	8,000	7,200	800
Utilities	34,000	52,219	(18,219)
Liability insurance	6,216	6,843	(627)
Repairs and maintenance	35,000	37,463	(2,463)
Miscellaneous	17,700	25,456	(7,756)
Uniforms	600	493	107
Training	1,200	1,155	45
Postage	1,000	677	323
Office supplies/ expense	700	1,350	(650)
Gas and oil	4,000	3,078	922
Materials and supplies	20,000	17,789	2,211
Equipment	20,000	-	20,000
Total Sewer Department	<u>\$ 815,806</u>	<u>\$ 339,830</u>	<u>\$ 475,976</u>

CITY OF BOWLING GREEN, FLORIDA
ENTERPRISE FUND
DETAIL SCHEDULE OF EXPENSES
BUDGET AND ACTUAL
NON-GAAP BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Sanitation Department			
Salaries	\$ 53,540	\$ 51,254	\$ 2,286
Payroll tax	4,096	3,852	244
Employee insurance	15,750	11,189	4,561
Retirement	1,606	756	850
Workers compensation	2,150	4,470	(2,320)
Contract labor	56,250	43,083	13,167
Professional fees	15,350	18,236	(2,886)
Telephone	800	990	(190)
Liability insurance	6,216	7,093	(877)
Repairs and maintenance	12,000	12,175	(175)
Postage	-	101	(101)
Landfill	84,000	93,963	(9,963)
Miscellaneous	1,000	1,048	(48)
Uniforms	600	471	129
Gas and oil	7,000	7,604	(604)
Materials and supplies	3,000	1,724	1,276
Equipment	28,000	-	28,000
Total Sanitation Department	<u>\$ 291,358</u>	<u>\$ 258,009</u>	<u>\$ 33,349</u>

CITY OF BOWLING GREEN, FLORIDA
ENTERPRISE FUND
DETAIL SCHEDULE OF EXPENSES BY DEPARTMENT
NON-GAAP BUDGET BASIS
YEAR ENDED SEPTEMBER 30, 2019

	WATER	SEWER	TOTAL WATER & SEWER	SANITATION	TOTAL
Salaries	\$ 92,325	\$ 63,775	\$ 156,100	\$ 51,254	\$ 207,354
Payroll tax	6,821	4,782	11,603	3,852	15,455
Employee insurance	23,625	19,002	42,627	11,189	53,816
Retirement	2,746	958	3,704	756	4,460
Workers compensation	4,470	4,470	8,940	4,470	13,410
Contract labor	3,367	21,422	24,789	43,083	67,872
Contract operators	14,219	42,656	56,875	-	56,875
Professional fees	19,368	18,236	37,604	18,236	55,840
Sludge hauling	-	7,235	7,235	-	7,235
Telephone	2,112	3,571	5,683	990	6,673
Utilities	22,685	52,219	74,904	-	74,904
Liability insurance	7,071	6,843	13,914	7,093	21,007
Repairs and maintenance	44,942	37,463	82,405	12,175	94,580
Landfill	-	-	-	93,963	93,963
Miscellaneous	31,061	25,456	56,517	1,048	57,565
Permitting	-	7,200	7,200	-	7,200
Uniforms	992	493	1,485	471	1,956
Training	848	1,155	2,003	-	2,003
Postage	788	677	1,465	101	1,566
Office supplies	670	1,350	2,020	-	2,020
Gas and oil	5,413	3,078	8,491	7,604	16,095
Dues and subscriptions	785	-	785	-	785
Materials and supplies	18,070	17,789	35,859	1,724	37,583
Meter expense	5,925	-	5,925	-	5,925
Equipment	-	-	-	-	-
	<u>\$ 308,303</u>	<u>\$ 339,830</u>	<u>\$ 648,133</u>	<u>\$ 258,009</u>	<u>\$ 906,142</u>

**CITY OF BOWLING GREEN, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

FEDERAL AWARDS

<u>Federal Grantor/Pass-Through Grantor/ Project</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Expenditures</u>
Department of Housing and Urban Development				
Community Development Block Grants	14.228	17DB-DL-07-35-02-N 33	N/A	\$ 700,000
Environmental Protection Agency				
Capitalization Grants for Drinking Water SRF	66.468	DW250250	N/A	1,211,279
US Department of Homeland Security				
Disaster Grants – Public Assistance	97.036	Z0363	N/A	<u>65,362</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 1,976,641</u>

STATE FINANCIAL ASSISTANCE

<u>State Grantor/Pass-Through Grantor/ Project</u>	<u>CSFA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Expenditures</u>
Florida Department of Environmental Protection				
Wastewater Treatment Facility Construction	37.077	WW250231	N/A	3,224,842
Small Community Wastewater Grant	37.075	WW250231	N/A	<u>1,736,454</u>
Total Florida Department of Environmental Protection				4,961,296
Florida Department of Transportation				
Small Community Outreach Program (SCOP)	55.009	GOR82	N/A	<u>217,678</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE				<u>\$ 5,178,974</u>

**CITY OF BOWLING GREEN, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Bowling Green, Florida (City) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits*, and of the Florida State Single Audit Act and Rules of the Auditor General of the State of Florida, Chapter 10.550. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the City's operations, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City. The City has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

NOTE B – CONTINGENCIES

Grant monies received and distributed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based on prior experience, the City does not believe that such allowances, if any, would have a material effect on the financial position of the City. As of February 7, 2020, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

NOTE C – LOANS

The City has a loan outstanding issued through the State of Florida, Department of Environmental Protection, under the Small Community Wastewater Facility Grant (WW250231). The loan is considered a state award and the amount recognized in the accompanying schedule of expenditures of federal awards and state financial assistance is for expenditures that were incurred during the year ended September 30, 2019 under the accrual basis of accounting. At September 30, 2019, the outstanding loan balance recognized was \$2,336,645.

The City has another loan outstanding issued through the State of Florida, Department of Environmental Protection, under the Small Community Wastewater Facility Grant (WW250202). While there were no expenditures under this agreement during the year, at September 30, 2019 the outstanding loan balance recognized was \$120,114.

The City also has federal loans outstanding issued through the Environmental Protection Agency, under the Capitalization Grants for State Revolving Funds program. Federal expenditures, including loan proceeds, incurred during the year ended September 30, 2019 are recognized in the accompanying schedule of expenditures of federal awards and state financial assistance totaling \$1,196,505. The outstanding loan balances as of September 30, 2019 are as follows:

CITY OF BOWLING GREEN, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

NOTE C – LOANS – CONTINUED

<u>Grant Number</u>	<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at September 30, 2019</u>
WW250204	66.458	Capitalization Grants for State Revolving Funds	\$ 72,195
WW250230	66.458	Capitalization Grants for State Revolving Funds	\$ 113,235
WW250250	66.458	Capitalization Grants for State Revolving Funds	\$ 349,718

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*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Florida, (City) as of and for the year ended September 30, 2019, 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 7, 2020.

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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2019-01 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

City of Bowling Green, Florida's Response to Findings

The City's response to finding 2019-01 identified in our audit is described in the accompanying management's response to audit findings. 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 7, 2020
Bradenton, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Bowling Green, Florida's, (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major Federal programs and State projects for the year ended September 30, 2019. The City's major Federal program and State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its Federal awards and State projects applicable to its Federal programs and State projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major Federal programs and State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program and State project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and State projects for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program and State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and State project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

February 7, 2020
Bradenton, Florida

**CITY OF BOWLING GREEN, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Section I – Summary of Auditors’ Results

Financial Statements

Type of Auditor’s report issued: Unmodified

Internal Control over financial reporting:

Material weakness(es) identified? ___ yes x no

Significant deficiency(ies) identified? x yes ___ none reported

Noncompliance material to financial statements noted? ___ yes x no

Federal Awards and State Projects

Internal Control over major Federal programs and State projects:

Material weakness(es) identified? ___ yes x no

Significant deficiency(ies) identified? ___ yes x none reported

Type of auditor’s report issued on compliance for major Federal programs and State projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.550 ___ yes x no

Identification of Major Federal Programs:

CFDA Number

Capitalization Grants for Drinking Water State Revolving Fund 66.468

Identification of Major State Projects:

CSFA Number

Wastewater Treatment Facility Construction 37.077

Small Community Wastewater Grant 37.075

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	\$750,000
State	\$750,000

Auditee qualified as low-risk auditee ___ yes x no

CITY OF BOWLING GREEN, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section II – Financial Statement Findings

2019-01 – Year End Adjustments

Criteria: Internal controls over financial reporting should ensure that financial statements properly present the net position, fund equity and activities of the City in accordance with accounting principles generally accepted in the United States of America. This would include ensuring that all transactions are properly reflected in the financial statements subjected to auditing.

Condition: In conjunction with our audit, various audit adjustments were required in order to properly present the financial statements in accordance with generally accepted accounting principles.

Context: Audit procedures identified various adjustments that were required to be reflected in the City’s financial statements. This included adjustments to record grant revenue and expenses, long-term debt and related service costs, certain accruals, and depreciation.

Effect: The City did not present financial statements in accordance with generally accepted accounting principles prior to the proposed adjustments.

Cause: The financial statements presented for audit were more representative of the manner in which the City prepares its budget.

Recommendation: We recommend that the City establish internal controls over financial reporting to ensure that all material accounts are reconciled and adjusted prior to the audit in accordance with accounting principles generally accepted in the United States of America.

PRIOR YEAR FINDINGS

Finding 2018-01 included in the prior year management letter was carried forward as comment
2019-01.

Section III – Federal Program and State Project Findings and Questioned Costs

No matters were reported.

PRIOR YEAR FINDINGS

No summary schedule of prior audit findings is required because there were no prior audit findings
related to federal programs or state projects.

MANAGEMENT LETTER

To the Honorable Mayor and City Commission
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, 2019, and have issued our report thereon dated February 7, 2020.

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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our 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*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 7, 2020, 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. Findings 2017-01 and 2018-01 are carried forward from the previous two years' audit reports, as noted in the Schedule of Findings and Questioned Costs, as Finding 2019-01.

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 and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City of Bowling Green, Florida met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City of Bowling Green, Florida was not in a state of financial emergency, as it did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City of Bowling Green, Florida. 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.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 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 7, 2020
Bradenton, Florida

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



COMMISSIONERS
Steven M. Spinks, Mayor
Mary Alice Tucker, Vice Mayor
Robert S. Fite, Jr.
David Durastanti
Duane Gardner

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

February 18, 2020

State of Florida
Office of the Auditor General
PO Box 1735
Tallahassee, FL 32302-1735

To Whom It May Concern:

The City of Bowling Green received its annual audit for 2018/19 and has the following responses:

Management Letter:

2019-01

Financial Reporting

The City hired a new City Manager in April of 2019. Since then, the City has implemented new procedures with the financial statements. Staff have been receiving more training in accounting and have asked the auditors to assist with the adjustment process due to the large amount of grants that the City has obtained. City management was involved with all the adjustments proposed and have reviewed and approved all adjustments and taken responsibility for them. Most of those grants should be ending by summer. The City will continue with ongoing training in governmental budgeting, accounting, and finance procedures.

Please feel free to contact this office with any questions or concerns you may have.

A handwritten signature in black ink, appearing to read 'William Lawrence', is written over a faint, larger version of the same signature.

William Lawrence
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, 2019. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 specified requirements for the year ended September 30, 2019.

This report is intended solely for the information and use of the City of Bowling Green, Florida 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 7, 2020
Bradenton, Florida