

**City of Bowling Green**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30,  
2015**



**Issued by the  
Department of Finance**

## **City of Bowling Green, Kentucky**

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November 30, 2015

Honorable Mayor Bruce Wilkerson  
Members of the City Commission  
Citizens of Bowling Green

Dear Mayor, City Commissioners, and Citizens of Bowling Green:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Bowling Green (City) for the fiscal year ended June 30, 2015. The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and the reporting standards of the Governmental Accounting Standards Board (GASB). The CAFR includes all funds of the City and the component units.

Management of the City is responsible for the accuracy of the data presented as well as the completeness and fairness of the presentation of this information. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived from their use and that such cost-benefit evaluation requires estimates and judgment by management.

To the best of our knowledge and belief, this financial report is complete and reliable in all material respects and fairly presents the financial position and results of the operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in this report.

The independent accounting firm of Mountjoy Chilton Medley LLP, Certified Public Accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015 are free of any material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by the City; and evaluating the overall financial statement presentation. The independent auditor rendered an unmodified ("clean") opinion that the City's financial statements for the fiscal year ended June 30, 2015 are fairly presented in all material respects in conformity with GAAP. Their report is the first component in the Financial Section of this report.

Additionally, Mountjoy Chilton Medley LLP included an audit of federal grants in order to meet the requirements of federal grantor agencies as outlined by the federal Single Audit Act of 1984, the Single Audit Act Amendment of 1996, and related OMB Circular A-133. These standards require the auditor to report not only on the fairness of the representation of the financial statements, but also on the internal controls and compliance with legal requirements of the federal awards. These reports are published separately. Requests for a copy of the Single Audit Report should be directed to the City's Chief Financial Officer or may be found on the City's website.

## PROFILE OF THE CITY

Bowling Green, the "Park City" of Kentucky, was established in 1798, and is located in the south-central part of the state. The City occupies a land area of 38.7 square miles, has an estimated population of 62,500, and serves as the retail, educational, medical, commercial, and social hub for south-central Kentucky and northern Tennessee. The labor market area, which measures employable workers that are 18 years and older, is measured at approximately 442,000 for the area encompassing a sixty minute drive from the City with an additional 26,000 workers being of age in the next two years.

The City operates under the City Manager form of government, one of the alternative forms of municipal government established under Kentucky Statutes. Under this form of government, a Mayor, who is elected for a term of four years, and four City Commissioners, who serve two years each, are all voted into office in non-partisan elections. The Mayor and the City Commissioners comprise the Board of Commissioners (Board), in which all legislative and executive authority of the City is vested. As such, the Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring all City staff. The Board appoints a City Manager, who serves as the Chief Administrative Officer of the City and enforces City ordinances and policy as well as carrying out day-to-day operations. The City's workforce as of June 30, 2015, was comprised of 445 authorized full-time positions, with 60% of the employees dedicated to public safety.

The City provides a full range of municipal services, including police and fire protection, engineering and inspection services, construction and maintenance of streets and other infrastructure, recreational activities and cultural events, and general administrative services. As required by GAAP, the financial statements of the City also include certain other agencies called component units. A component unit is generally a legally separate entity for which the City is financially accountable. The City is financially accountable for a legally separate organization if City officials appoint a voting majority of the board and it is either able to impose its will on that organization or there is potential for the organization to provide the City specific financial benefits, or impose specific financial burdens on the City.

In accordance with GASB Statement No. 61, "*The Financial Reporting Entity*", and based on the foregoing criteria, the City has presented the Bowling Green Police and Firefighters' Retirement Fund and the Convention Center Corporation as blended component units within the City's basic financial statements because the component unit's governing body is substantially the same as the governing body of the City, the component units are dependent upon the City financially and operationally. Bowling Green Municipal Utilities is included as a discretely presented component unit because the City is financially accountable and is able to impose its will on the organization or the component unit provides specific financial benefits or imposes specific financial burdens on the City. The Bowling Green - Warren County Airport, Bowling Green Independent School District, Housing Authority of Bowling Green, and other various related organizations providing services within the City do not meet the financial accountability criteria discussed above and, therefore, are excluded from this report.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager submits a proposed budget to the City Commission in June. Under state statute, this budget must be balanced for each fund and total available funds must equal or exceed total anticipated

expenditures. The Commission then conducts a series of public hearings on the proposed budget. Prior to July 1, the budget is legally enacted through passage of an ordinance. The Chief Financial Officer is authorized to transfer budgeted amounts between departments within any fund. However, the City Commission must approve any revisions that alter the total expenditures of any fund. During this fiscal year, there were five such budget amendments.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The following is a brief discussion of factors affecting the financial condition of the City. Additional detailed information can be found in the Management's Discussion and Analysis (MD&A), in the Financial Section of this report.

### **Local Economy**

The local economy is comprised of a well-balanced blend of service, manufacturing, retail and other industries that support the City's main revenue source, the Employee Withholdings tax. Bowling Green is the home of Western Kentucky University (WKU), the city's largest employer with nearly 4,700 employees and a prime catalyst for the local economy. The University's total enrollment for the Fall 2015 semester was approximately 21,500, which was another strong year for enrollment. WKU also houses the nation's number one rated high school, the Gatton Academy for Mathematics and Sciences, for years 2012 - 2014 according to Newsweek. Other major employers include the General Motors Corvette assembly plant and two regional hospitals. In addition, countless local businesses prosper in the community proving that the entrepreneurial spirit is alive and well in the region.

Aggressive cooperative strategies are in place between the local governments, the Chamber of Commerce and the Economic Development Authority that continue to attract business and jobs to the community. The city consistently scores high in national rankings of preferred business location and favorable environments for the creation and development of businesses due to rich economic, social and cultural environments. According to the Bowling Green Chamber of Commerce 2014 annual report, Bowling Green and Warren County are attracting the top investments in the state, with over \$158 million announced as new investments and creating nearly 110 jobs, and expansion announcements totaling over \$52 million and generating nearly 550 jobs; overall creating almost 660 new jobs with over \$210 million of capital investment. Also, according to the Kentucky Chamber's Economist, the Bowling Green area growth rate topped 9.7%, ranked 3<sup>rd</sup> in the state, while the wage and salary growth rate for manufacturing jobs was over 41%, also 3<sup>rd</sup> in the state, both surpassing the nation average.

Some additional accolades Bowling Green has received in the past year include: ranked by Forbes as 35<sup>th</sup> of 200 locations for "Best Small Places for Business and Careers" and 19<sup>th</sup> for projected job growth through 2015. The positive rankings are a result of the City's low cost of living, which is 4.3% below national average, coupled with projected job growth of +2.9%, and current job growth of +1.8%. Sperling's Best Places has routinely listed Bowling Green in their Best Places lists citing low cost of living, housing, utilities, and transportation costs. The publication also projects future job growth over the next ten years at 36.8%. The city was also recognized by Where to Retire Magazine in the November/December 2015 issue as one of eight appealing low cost cities.

Bowling Green's average unemployment rate during the past fiscal year decreased by -1.8% and ended the year below the state and national average. Bowling Green began fiscal year 2015 with an unemployment rate of 6.2%, versus 6.6% for the state and 6.2% nationally. By the end of the fiscal twelve months, the City's unemployment rate was 5.1%, versus 5.4% for the state and 5.3% for the nation. Bowling Green's unemployment rate during fiscal year 2015 averaged 5.0%.

Bowling Green continued to show signs of economic growth during fiscal year 2014 with growth of 4.3%. Fiscal year 2015 continued this trend with revenue collections outperforming the previous year by +5.8%. The payroll tax base posted a gain of approximately \$55.5 million, which increased employee withholding fee collections by \$1,027,000, or +3.0%, over fiscal year 2014 and contributed to total withholding receipts of \$34.9 million. The employee withholding revenue category has increased by an average of 4.1% over the prior three years, a strong improvement compared to the short period of decline in 2008-09. The City's other important revenue source, net profit tax revenues, increased by \$2,290,000, or +32.8%, during fiscal year 2015 over the prior year, while outperforming budgeted figures by +35.7% and contributing to a total collection of \$9,323,000. New business registrations issued during the fiscal year totaled 883.

Management is optimistic that the future of the local economy is bright and the economic recovery that began four years ago will be sustainable by the continuing efforts to attract jobs to the area. The City plans to continue to commit to offer incentives to new businesses locating in the area and to encourage the expansions of existing businesses to grow the existing job base. Furthermore, Western Kentucky University will remain as a stabilizing force for the local economy along with the continued diversification of industries forming the local tax base.

### **Long-term Financial Planning**

The City's budget team, which is composed of the City Manager, Assistant City Manager, Human Resources Director, Assistant Chief Financial Officer and Chief Financial Officer, is primarily responsible for the long-term financial planning for the City. Long-term fiscal sustainability is the top focus of the budget team. The Chief Financial Officer prepares the revenue forecast for the budget each year and budgeted expenditures are matched to revenue projections. Great emphasis is placed on current year operating revenues equaling or exceeding current year operating expenditures. Conservatism is used when preparing the annual revenue projection in order to avert budget shortfalls and to help encourage fiscal responsibility on the expenditure side. The use of fund balance is reserved for one-time capital expenditures. The City continues to make progress in reducing and eliminating debt and takes advantage of available debt refinancing opportunities.

### **Relevant Financial Policies**

The City maintains an adopted Financial Policies and Procedures Manual that addresses various areas of operations such as revenue collection, banking services, investments, debt management, budget management, and fund balance reserves. The Fund Balance policy is included in the Manual and dictates that the General Fund minimum reserve balance will be 20% of adopted General Fund revenues. Prior to fiscal year 2012, the minimum reserve balance was targeted at 15% of adopted revenues. Segregation of duties and internal controls are a common theme to achieve sound financial operations in the sections covering accounting, accounts payable, revenue collections, payroll, cash management, investments, fixed assets, and procurement card guidelines.

### **Major Initiatives**

The City continues to emphasize delivery of focused public services in a way that provides maximum efficiency, effectiveness, and value to the citizens of Bowling Green. The City's major initiatives during the year are discussed below.

The Neighborhood and Community Services Department completed the move to a new location during FY2015. The new location will allow the department to better serve the community by providing a dedicated space to the Housing Choice Voucher program and the building inspections and permits offices. Additionally, renovations to the City Hall Annex were completed and include an expansion of the information technology data center, new space for legal offices, and additional space for future

renovations for an employee health clinic that will be completed in FY2016, as well as a records retention area.

Recent historic flooding in Bowling Green demonstrated the continued need to direct resources to the City's stormwater efforts. The fiscal year 2015 budget continued the increased commitment to the stormwater improvement effort, which is a significant undertaking that will take a number of years to fully implement. The Public Works Department has identified numerous drainage improvement projects of varying size and scope throughout the City. The fiscal year 2015 budget for stormwater totaled \$500,000. Projects range from deepening an existing basin, to constructing new retention basins on vacant parcels, to any number of smaller projects. Costs depend greatly upon the conditions, such as rock, level of protection desired (75-year storm, 100-year storm), and market conditions for bids.

The City completed the ninth year of participation in the sidewalk program in fiscal year 2015. At the completion of FY2015, the program had accounted for 9,500 linear feet of new sidewalk construction. The program is funded with available reserves on a year-to-year basis with no debt being issued. Funds totaling \$650,000 were available during fiscal year 2015 for this program and an additional \$400,000 will be contributed in fiscal year 2016.

The Parks and Recreation department continued and completed several projects during fiscal year 2015. Ground was broken on the new West End Park that will include soccer fields, a shelter with storage space and restrooms and a play structure; the total estimated cost for all construction is expected to be approximately \$500,000. Hobson Grove Park also received a newly constructed shelter with restrooms during the fiscal year, costing \$56,969. Circus Square Park utilized \$69,608 of FY2015 funding to construct a new electrical pump house to better operate the property's fountain. Additionally, Circus Square Park increased slightly through the acquisition of an adjacent property in the amount of \$140,182.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bowling for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The GFOA has also given an Award for Outstanding Achievement in Financial Reporting to the City of Bowling Green for its Popular Annual Financial Report for the fiscal year ended June 30, 2014. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

A Certificate of Achievement for Excellence in Financial Reporting and an Award for Outstanding Achievement in Popular Financial Reporting are valid for a period of one year only. We believe our current reports continue to conform to the reporting requirements and will be submitting both reports to the GFOA.

**Acknowledgements.** The preparation of this report could not have been accomplished without the dedicated services of the entire staff in the Department of Finance. We wish to express our sincere appreciation to all members of the department for their assistance, with special thanks to Erin Ballou, Assistant Chief Financial Officer; Sean Weeks, Assistant Chief Financial Officer; and to the staff of Mountjoy Chilton Medley LLP, CPA's.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeff Meisel".

Jeff Meisel, CPA  
Chief Financial Officer



Government Finance Officers Association

**Certificate of  
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Reporting**

Presented to

**City of Bowling Green  
Kentucky**

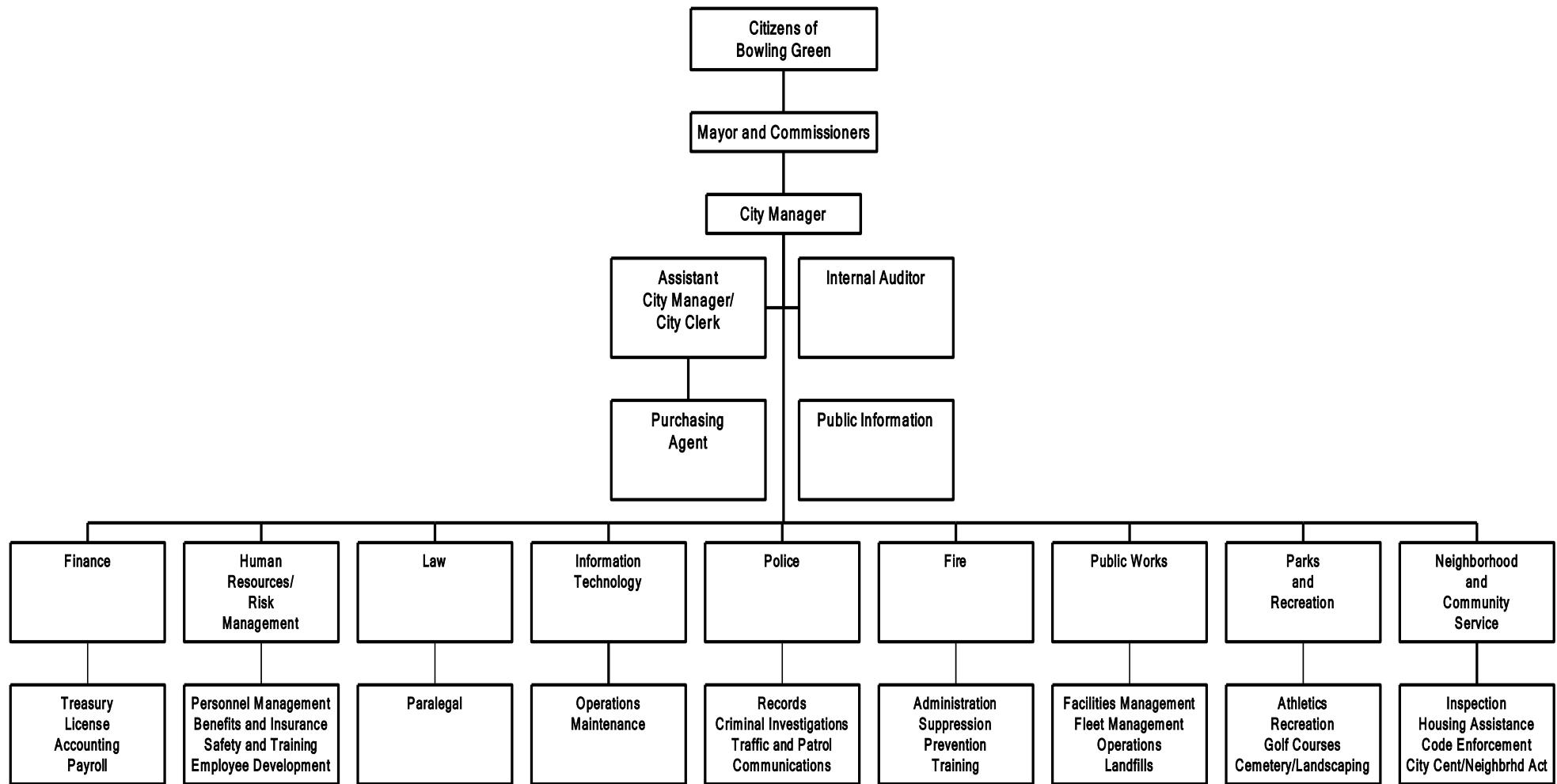
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

A handwritten signature in black ink, appearing to read "Jeffrey R. Einer".

Executive Director/CEO

# CITY OF BOWLING GREEN



**City of Bowling Green, Kentucky  
Directory – Principal Officials**

Mayor and Commissioners

Bruce Wilkerson	Mayor
Melinda Hill	Mayor Pro Tem
Sue Parrigin	Commissioner
Joe Denning	Commissioner
Rick Williams	Commissioner

KEVIN D. DEFEBBO – CITY MANAGER

Administration:

Katie Schaller	Assistant City Manager/ City Clerk
Marilyn Parrigin	Purchasing Agent
Deborah Jenkins	Internal Auditor

Finance:

Jeff Meisel, CPA	Chief Financial Officer
Erin Ballou, CMA, CPFO	Assistant Chief Financial Officer
Sean Weeks, CPFO	Assistant Chief Financial Officer

Human Resources:

Michael Grubbs	Director
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Law:

H. Eugene Harmon	City Attorney
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Information Technology:

Lynn Hartley	Chief Information Officer
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Public Safety:

Doug Hawkins	Police Chief
Greg Johnson	Fire Chief

Public Works:

Jeff Lashlee	Director
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Parks and Recreation:

Brent Belcher	Director
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Neighborhood and Community Services:

Brent Childers	Director
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## Independent Auditor's Report

Honorable Bruce Wilkerson, Mayor  
And the Board of Commissioners  
City of Bowling Green  
Bowling Green, Kentucky

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Kentucky (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Policemen and Firemen's Retirement Fund which reflects total assets of \$7,341,897 and total additions of \$684,522 for the year ended June 30, 2015. We did not audit the financial statements of Bowling Green Municipal Utilities which represents all of the assets and the revenues as of and for the year ended June 30, 2015 of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Policemen and Firemen's Retirement Fund and Bowling Green Municipal Utilities is based solely on the reports of the other auditors. 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.

**Mountjoy Chilton Medley LLP**

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## **Independent Auditor's Report (Continued)**

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, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bowling Green as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

#### **Change in Accounting Principle**

As discussed in Note 9 to the financial statements, the City adopted Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* (GASB 68). The implementation resulted in a restatement of prior year net position. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 22, budgetary comparison information on pages 68 through 70, pension schedules on pages 71 through 75 and the Modified Approach for City Streets Infrastructure Capital Assets on pages 76 through 78 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 introductory section on pages 1 through 9, combining and individual funds statements and schedules on pages 83 through 128, and the statistical section on pages 129 through 148 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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

### **Independent Auditor's Report (Continued)**

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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Nancy Chilton Medley, CPA". The signature is fluid and cursive, with "Nancy" and "Chilton" on the first line and "Medley, CPA" on the second line.

Lexington, Kentucky  
November 30, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis (MD&A) offers readers of the financial statements an overview and analysis of the financial position and activities of the City of Bowling Green ("the City") for the fiscal year ended June 30, 2015. The information presented here should be read in conjunction with the Letter of Transmittal and the financial statements immediately following this analysis.

### **Financial Highlights**

- The City's assets exceeded liabilities at the close of the fiscal year by \$158.3 million (net position). This amount included \$19.4 million of resources that were restricted to specific projects by laws, regulations or contractual agreements. A deficit total of -\$21.5 million of resources was unrestricted due to a change in accounting principle to implement GASB 68 Accounting and Financial Reporting for Pensions.
- The City's total net position increased \$10.0 million this year after the restatement of beginning net position due to changes in accounting principle related to pensions and the reclassification of golf and aquatics to the general fund. Net position of governmental activities increased \$9.1 million and net position of business-type activities increased by \$0.9 million.
- As of June 30, 2015, the City's governmental funds reported combined ending fund balances of \$50.2 million, a decrease of \$0.3 million from the prior year. Of this amount, \$5.3 million in the General Fund was unassigned and available for spending. The City's General Fund minimum reserve policy is 20% of the adopted revenue budget, or \$11.8 million for FY15, and was reflected in the committed fund balance.
- The City's governmental activities total net debt decreased by \$1.5 million due to payment of principal on outstanding debt and the issuance of refunding bonds. Business-type activity debt decreased by \$0.6 million, also due to payment of principal on outstanding debt.

### **Overview of Financial Statements**

This report was published under the standards for governmental financial reporting prescribed by the Governmental Accounting Standards Board in Statement No. 34 (GASB 34). This reporting format consists of a series of financial statements that provide an overview of all services provided by or supported by the City (the government-wide statements) and provides more detailed information about major programs of the City (the fund statements).

The GASB 34 reporting model was designed to provide improved information to the reader. The statements present a financial picture of the City as a whole through the use of a consolidated statement of all funds, eliminating interfund transfers. In addition, the values of fixed assets of governmental-type operations are presented. Under prior reporting standards, the infrastructure assets for governmental type funds were not reported or depreciated.

### **Government-Wide Financial Statements**

Government-wide financial statements include the Statement of Net Position and the Statement of Activities. The statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. In accrual accounting, revenues earned and expenses incurred in the fiscal year are taken into account in the financial statements regardless of when cash is actually received or paid.

The Statement of Net Position presents information on all the City's assets and liabilities as of June 30, 2015. Net position is the difference between assets and liabilities. Over time, increases or decreases in net position are one indicator of whether financial health is improving or deteriorating. Information on other factors, such as changes in the revenue structure and the condition of the City's assets, is also needed to assess the overall financial situation of the City.

The Statement of Activities presents the City's annual revenues and expenses, as well as other transactions that increase or reduce net position. Program revenues are offset by program expenses in order to provide better information as to the net program costs that are financed by general government revenues.

The government-wide statements divide the various City functions into three kinds of activities:

- Governmental activities - Most of the City's basic services are reported here, including police, fire, public works, parks, golf, aquatics, community development and general administration. Occupational license fees, property taxes and service charges finance most activities.
- Business-type activities - Activities are primarily funded from the charges and fees to cover the cost of services. This solely includes the operations of the Sloan Convention Center.
- Component units - The City includes one separate legal entity as a component unit: Bowling Green Municipal Utilities. Although legally separate, component units are important because the City is held financially accountable.

## Fund Financial Statements

Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Some funds are required to be established by local law or by bond covenants. However, many other funds are established to help control and manage money for a particular purpose. Two types of funds are presented in the fund financial statements: governmental funds and proprietary funds.

- Governmental funds - Most of the City's basic services are reported in governmental funds. The statements provide a short-term view of general government operations and show how services are financed as well as the balances left at year end that are available for future spending. Funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The relationship between the governmental activities (reported in the Statement of Net Position and Statement of Activities) and the governmental funds is described in a reconciliation, which is presented immediately following the fund financial statements. Under accounting guidelines, the City considers the General Fund, WKU Athletics Fund, Debt Service Fund, and ITA Bond Fund to be major governmental funds.
- Proprietary funds - When the City charges fees for services that are intended to cover the majority of the cost of providing the services, whether to outside customers or to other units of the City, the services are generally reported in proprietary funds. The subcategories of the funds include enterprise funds, which are business-type activities, and internal service funds that report services provided to internal units of government. The proprietary funds are reported in the same way that all activities are reported in the government-wide statements, but the fund statements provide more detail. The City considers Convention Center Fund to be a major proprietary fund.

## The City as Trustee

The City is trustee, or fiduciary, for the closed Policeman and Fireman's Retirement Fund. The City is also responsible for other assets that, due to a trust arrangement, can be used only for trust beneficiaries. All the City's fiduciary activities are reported separately after the Proprietary Fund Statements. The activities are excluded from the other government-wide and fund statements since the City cannot use these assets to finance operations.

## Government-wide Financial Analysis

### Net Position

The following table summarizes the City's financial position as of June 30, 2015. The City reported assets greater than liabilities by \$158.3 million, an increase of \$10.0 million over last year after the restatement of FY14 ending net position. The increase in net position was primarily a result of increased cash from revenue. A restatement to decrease the governmental activities FY14 ending net position was necessary due to the change in accounting principle resulting from the implementation of GASB 68 in the amount of \$45.1 million. Additionally, a reclassification to increase the governmental activities FY14 ending net position and decrease the business-type activities net position by \$4.8 million was required due to the conversion of the golf and aquatics proprietary funds to the general fund. Of the \$158.3 million in net position, \$160.4 million, or 101.3%, was the net investment in capital assets and a deficit balance of -\$21.5 million, or -13.6%, was unrestricted. The net position of governmental activity funds totaled \$147.6 million, which was comprised of the net investment in capital assets totaling \$156.3 million, or 105.9%, and a deficit balance of -\$28.2 million, or -19.1%, as unrestricted. The unrestricted net position of governmental funds included fund balances of the General Fund and various special revenue funds.

**Statement of Net Position**

**June 30, 2015**

*(in millions)*

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
			(Restated)			
Current and other assets	\$110.4	\$105.9	\$6.7	\$8.2	\$117.1	\$114.1
Capital assets	190.9	186.0	7.0	12.9	197.9	198.9
Total assets	301.3	291.9	13.7	21.1	315.0	313.0
Deferred outflows	7.3	2.7	0.0	0.0	7.3	2.7
Long-term liabilities	142.9	148.6	2.2	5.1	145.1	153.7
Other liabilities	13.8	12.4	0.7	1.3	14.5	13.7
Total liabilities	156.7	161.0	2.9	6.4	159.6	167.4
Deferred inflows	4.3	0.0	0.0	0.0	4.3	0.0
Net position:						
Net Investment in capital assets	156.3	150.2	4.1	6.7	160.4	156.8
Restricted for:						
Debt Service	5.0	0.0	0.0	0.0	5.0	0.0
Capital Projects	12.1	10.9	0.0	0.0	12.1	10.9
Community Development	1.3	1.4	0.0	0.0	1.3	1.4
Perpetual Care	1.0	1.0	0.0	0.0	1.0	1.0
Unrestricted	(28.2)	(29.8)	6.7	8.0	(21.5)	(21.8)
Total net position (Restated)	<u>\$147.6</u>	<u>\$133.7</u>	<u>\$10.8</u>	<u>\$14.7</u>	<u>\$158.3</u>	<u>\$148.3</u>
Reclassification of Golf and Aquatics from Business-type to Governmental Activities			4.8		-4.8	
Adjusted FY2014 net position			<u>\$138.5</u>		<u>\$9.9</u>	

*\*Numbers may not total due to rounding*

The net position of the City's business-type activities totaled \$10.8 million. Of the net position total, \$4.1 million (38%) was net investment in capital assets and \$6.7 million (62%) was unrestricted.

## Analysis of City Operations

The following table summarizes City operations for the fiscal year ended June 30, 2015. Governmental activities increased the City of Bowling Green's net position by \$9.1 million, accounting for 91% of the total increase. The increase in net position was due to an increase in assets, particularly cash, as a result of improved revenue collections. Business-type activities increased the City's net position by \$0.9 million, which was 9% of the total increase. Likewise, the increase in business-type net position, which was adjusted due to reclassification of Golf and Aquatics, is due to growth in assets through spending reductions at the Sloan Convention Center.

### Statement of Activities

June 30, 2015

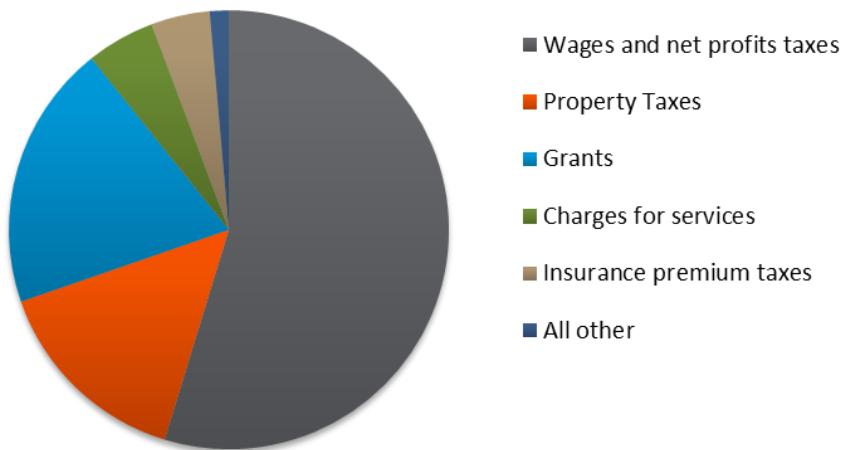
(in millions)

Revenues	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014 (Restated)	2015	2014	2015	2014 (Restated)
<b>Program Revenues:</b>						
Charges for services	\$4.3	\$2.5	\$0.2	\$1.9	\$4.5	\$4.4
Operating grants and contributions	9.3	9.4	0.0	0.0	9.3	9.4
Capital grants and contributions	7.4	4.5	0.0	0.0	7.4	4.5
<b>General revenue:</b>						
Property taxes	12.8	12.3	0.1	0.1	12.9	12.4
Insurance premium taxes	3.7	3.5	0.0	0.0	3.7	3.5
Transient room taxes	0.0	0.0	0.4	0.4	0.4	0.4
Wages and net profits taxes	46.8	43.2	0.0	0.0	46.8	43.2
Other general revenues	1.2	1.1	0.1	0.1	1.3	1.2
<b>Total revenues</b>	<b>85.5</b>	<b>76.5</b>	<b>0.8</b>	<b>2.5</b>	<b>86.3</b>	<b>79.0</b>
<b>Program expenses</b>						
General government	16.1	14.9	0.0	0.0	16.1	14.9
Public safety	25.1	24.4	0.0	0.0	25.1	24.4
Public works	15.5	8.8	0.0	0.0	15.5	8.8
Parks and recreation	7.4	4.9	0.0	2.6	7.4	7.5
Neighborhood & community services	4.3	3.7	0.0	0.0	4.3	3.7
Community services	1.3	1.4	0.0	0.0	1.3	1.4
Interest on long-term debt	5.9	6.9	0.0	0.0	5.9	6.9
Convention Center	0.0	0.0	0.7	1.0	0.7	1.0
<b>Total expenses</b>	<b>75.6</b>	<b>65.0</b>	<b>0.7</b>	<b>3.6</b>	<b>76.3</b>	<b>68.6</b>
Increase/decrease in net position before transfers	9.9	11.5	0.1	-1.1	10.0	10.5
Transfers	-0.8	-2.0	0.8	2.0	0.0	0.0
<b>Change in net positions</b>	<b>9.1</b>	<b>9.5</b>	<b>0.9</b>	<b>1.0</b>	<b>10.0</b>	<b>10.5</b>
Net position, beginning of year (Restated)	138.4	124.1	9.9	13.8	148.3	137.9
<b>Net position end of year</b>	<b>\$147.6</b>	<b>\$133.6</b>	<b>\$10.8</b>	<b>\$14.7</b>	<b>\$158.4</b>	<b>\$148.3</b>

\*Numbers may not total due to rounding

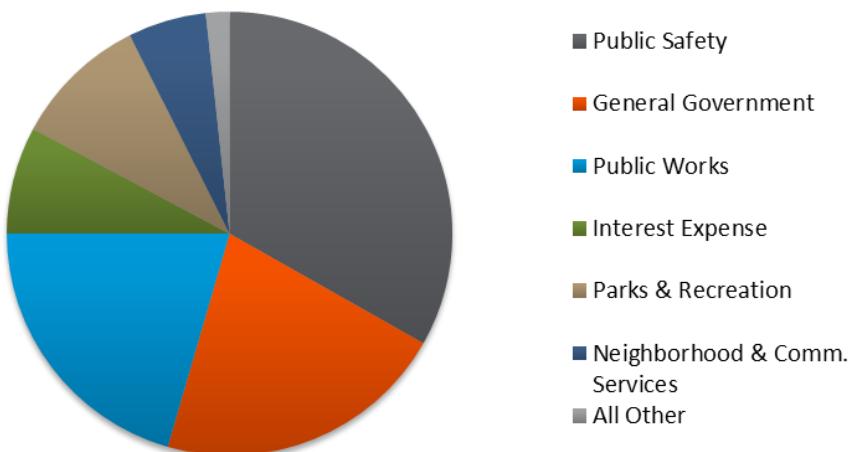
Total revenues for the City's governmental activities totaled \$85.5 million at June 30, 2015, compared to \$76.5 million in the prior year. The increase in revenue was a result of across the board increases in tax revenue due to continued growth in business profits and withholding revenue and the consolidation of the golf and aquatics programs into the General Fund. The City's largest source of revenue, wage and net profits taxes, totaled \$46.8 million, or 54.7%, of governmental revenue during FY2015. The second largest category of revenues was operating and capital grants and contributions, accounted for \$16.7 million, or 19.5%, of total revenue. Other revenue sources included property taxes (\$12.8 million), charges for services (\$4.3 million) and insurance premium taxes (\$3.7 million).

## Governmental Funds Revenue Sources



Current year total expenses of the City's governmental activities totaled \$75.6 million, compared to \$65.0 million in the prior year. The increase in expenses was a result of elevated spending in the Public Works program, specifically for infrastructure and construction costs. The City's largest expense category, Public Safety, ended the fiscal year with expenses totaling \$25.1 million, or 33.2%, of total expenses during FY2015. The second largest category of expenses was General Government, with a total of \$16.1 million, or 21.3%, of total expenses. Other expense categories include Public Works (\$15.5 million), Parks and Recreation (\$7.4 million), interest expense (\$5.9 million), and Neighborhood and Community Services (\$4.3 million).

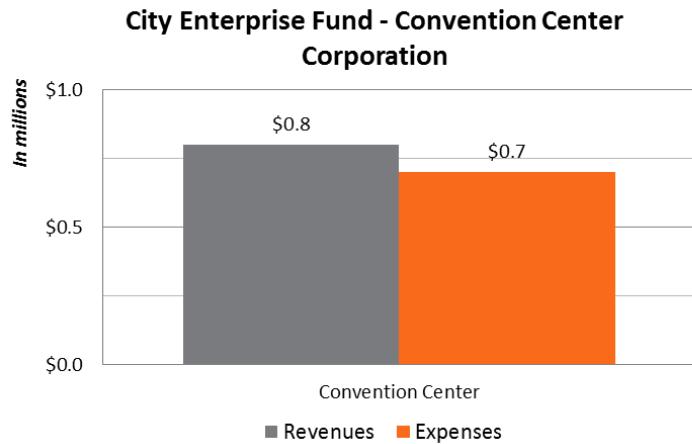
## Governmental Funds Expenditure Categories



## Business-type Activities

Revenues for business-type activities totaled \$0.8 million during fiscal year 2015, compared to \$2.5 million last year. The decrease in revenue is due to the consolidation of the golf and aquatics programs into the General Fund. Otherwise, the flat growth in revenue collections for the Sloan Convention Center during fiscal year 2015 was a result of a stable, predictable revenue stream. Of the \$0.8 million of revenues, \$0.2 million, or 25.0%, was collected as charges for services fees. Non-service fee revenue included a 3% transient room tax, property tax distribution related to the Hartland tax district, and interest income. Expenses for business-type activities totaled \$0.7 million.

during FY2015 and \$3.6 million during FY2014, again, the variance is due to the move of golf and aquatics from enterprise funds to the General Fund.



### Funds of the City of Bowling Green

The City's governmental funds for the year ended June 30, 2015, reflected a combined ending total fund balance of \$50.2 million, a decrease of \$0.3 million from the prior year. The decrease in fund balance was a result of the final payoff of ITA fund debt, Series 2005 Site Development Bonds, financed by cash held in escrow. Of the \$50.2 million total fund balance, \$5.3 million was unassigned in the General Fund and available for spending at the City's discretion. The remaining balance was comprised of non-spendable, assigned, committed, and restricted amounts; indicating that the funds were not available for spending, or that spending was otherwise restricted by state statute or by City ordinance, or has been dedicated to pay outstanding contracts or purchase orders, or to fund future debt service payments, or intended to be used for specific purposes.

The total fund balance in the General Fund at June 30, 2015, was \$22.5 million, which represented an increase of \$3.3 million over the prior year. The increase in fund balance was mainly a result of savings from personnel attrition and an increase of occupational tax withholding revenue. Of the \$22.5 million total fund balance; unassigned fund balance was \$5.3 million and reflected 8.5% of General Fund revenues, representing residual net resources that have not been restricted, committed or assigned to specific purposes. Committed fund balance was \$11.8 million and was the General Fund's minimum reserve balance equal to 20% of budgeted revenues. Assigned fund balance totaled \$5.2 million, or 8.3%, of General Fund revenues; non-spendable fund balance was approximately \$217,000 and restricted was \$3,000. The fund balances for these categories represented prepaid items, inventories, spending restricted to specific purposes, and funds reserved to pay contracts and purchase orders outstanding as of June 30, 2015.

The WKU Athletics Fund is used to account for the revenues and expenditures associated with the City's \$29,580,000 General Obligation Refunding Bonds, Series 2010 and Series 2011. The original bond issuance was utilized to improve and increase public use of athletic and parking facilities belonging to Western Kentucky University. The University reimburses the City for the total annual debt service of the bonds each year through student athletic fees.

The final major governmental fund, the Inter-Modal Transportation Authority, Inc. (ITA) Bond Fund, was used to account for the revenues and expenditures related to the refunding of ITA mortgage-backed bond issues that funded the acquisition and construction of the Kentucky Transpark. Total fund balance of the ITA Bond Fund was \$1.9 million as of June 30, 2015, compared to \$6.6 million in the prior fiscal year. Of the \$1.9 million total fund balance, \$346,000 was restricted and \$1.5 million was assigned. The decrease in fund balance was due to the payment of advanced refunded debt with escrowed funds.

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Total net position in the proprietary fund, which consists solely of the Convention Center Corporation, equaled \$10.8 million as of June 30, 2015, compared to a restated \$9.9 million last year. The gain in the Convention Center fund net position was due to the increase in cash from greater transient room receipts and reduced spending. Of the total net position, \$4.1 million represented the net investment in capital assets, and \$6.7 million was unrestricted.

### **General Fund Budgetary Highlights**

Over the course of the fiscal year, the City Commission approved revisions of the General Fund's budget five times in order to make adjustments for additional revenues collected for grants and donations not known when the budget was initially adopted. In all, the revenue budget was increased by \$194,500 or +0.3%. The changes are briefly summarized below.

Original revenue estimates were changed by the following:

Grants	\$64,000
Contributions & Donations	116,000
Parks and recreation	10,000
Judgements and settlements	4,500

The comparison of actual revenue to the final amended revenue budget yielded significant budgetary variances for net profits (+\$2.3 million), employee withholdings (+\$1.4 million), and real estate taxes (+\$0.3 million). During the fiscal year, employee withholdings realized actual collections of +3.0% over the previous year. Net profits performed extremely well in fiscal year 2015 and resulted in \$2,309,000 of excess collections over the estimated budget due to new businesses or expansions and increased profits. Property tax collections for the year also exceeded budget expectations as a result of higher property value assessments.

The total expenditure budget was increased by \$104,750, or +0.2%, during the fiscal year. The increase was primarily due to the acceptance and appropriation of grant funds for both bullet proof vests and High Intensity Drug Trafficking Area totaling \$45,250. Other major changes are due to the following:

General Government	\$84,500
Fire	134,250
Other Police	-41,000
Parks and Recreation	-25,000
Neighborhood & Community Services	-39,000
Community Services	102,250
Public Works	-156,500

The comparison of actual expenditures to the final amended expenditure budget resulted in significant budgetary variances in the following activities: Parks and Recreation (\$654,000), Public Works (\$633,000), and Community services (\$409,000). The positive variances are a result of unspent budgeted projects and disciplined under-spending.

### **Capital Assets**

The City's investment in capital assets totaled \$197.9 million as of June 30, 2015, which was a decrease of \$1.1 million from the prior year. This investment includes land, buildings, infrastructure, improvements, vehicles, equipment, and intangible assets. For governmental activities, investments totaled \$190.9 million, an increase of \$4.9 million over FY14.

This year's major capital additions included the following:

Renovations to Neighborhood & Community Services building	\$1,605,267
City Hall Annex building renovations	973,047
Guaranteed energy savings for City Hall, Annex, Police and NCS buildings	755,432
CAD public safety software	323,314
Four (4) new dump trucks for public works department	320,504
City Hall sprinkler system	146,950
Acquisition of 601 State Street property	140,182
Mobile education center for fire department	116,705
Crosswinds golf course lake #7 liner	79,835
Circus Square Park electrical pump house	69,608
Hobson Grove shelter construction	56,969
West End Park play structure	52,610

The following table summarizes the changes in net capital assets:

(Net of Depreciation, stated in millions)

	Governmental Activities		Business-type		Total Primary	
	2015	2014	2015	2014	2015	2014
Land	\$18.3	\$17.7	\$2.3	\$2.8	\$20.6	\$20.5
Infrastructure	114.6	115.4	0.0	0.0	114.6	115.4
Buildings	30.9	27.9	4.6	6.3	35.5	34.2
Improvements other than buildings	17.8	14.6	0.0	3.4	17.8	18.0
Vehicles, equipment, and furniture	3.9	3.5	0.1	0.3	4.0	3.8
Construction in progress	4.4	4.3	0.0	0.1	4.4	4.4
Intangibles	0.9	2.6	0.0	0.0	0.9	2.6
Property held under capital lease	0.1	0.0	0.0	0.1	0.1	0.1
Total*	<u>\$190.9</u>	<u>\$186.0</u>	<u>\$7.0</u>	<u>\$13.0</u>	<u>\$197.9</u>	<u>\$199.0</u>

\*Numbers may not total due to rounding

The City has elected to apply the Modified Approach to accounting for street and sidewalk infrastructure systems as set forth in GASB 34. With this approach, the City uses an overall condition index (OCI) to assess the surface condition of individual pavement segments. The City's policy is to consider streets and sidewalks in need when the OCI rating falls below minimum functional classification values. The City's most recent assessment in 2015 found that 97% of streets and 86% of sidewalks met or exceeded this goal. The estimated amount needed to maintain City streets and sidewalks at the specified levels for FY2016 was \$1,300,000 and \$100,000 respectively, which was included in the FY16 budget. Additional information on the City's capital assets activity can be found in note 3C.

### Debt Administration

Bowling Green was the first City in the state to begin issuing general obligation (GO) bonds in fiscal year 1999 as a result of changes in state law that had previously precluded this type of financing. Since GO bonds are backed by the full faith and credit of the City, the bonds carry a higher credit rating than other forms of debt and have lower interest rates. Consequently, the majority of any future issuance of bonded debt by the City will be GO debt.

Prior to the issuance of GO bonds, mortgage revenue bonds were issued through various public corporations in order to finance public projects. For mortgage revenue bonds, the City entered into automatically annually renewable lease agreements with the corporations whereby lease payments from the City, combined with revenues generated by the operation of the facilities, were sufficient to meet debt service obligations. The underlying security for the bonds was the annually renewable lease agreements and the underlying mortgages on the property. Revenue bonds, where only the revenues from the operation of the facilities are pledged as security for the bonds,

are now issued primarily to finance improvements to the sanitary water and sewer system. For additional detail on the City's debt transactions, please refer to note 3E of this report.

At the end of the Fiscal Year, the City had \$110.2 million in bonds and notes outstanding, net of bond discounts and premiums. During FY2015, the City issued \$9,245,000 in General Obligation Refunding Bonds, Series 2015A for the purpose of refinancing a portion of Series 2007A General Obligation Refunding Bonds. This refunding transaction achieved a present value savings of \$1,013,554, or about 11.6%.

The following table is a summary of the changes in the City's outstanding long-term debt obligations, which are further explained in Note 3E.

#### Outstanding Debt at Year End

**June 30, 2015**

*(in millions)*

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
General obligation & revenue bonds	\$100.4	\$104.4	\$2.9	\$6.2	\$103.3	\$110.6
Notes & lease purchase agreements	2.1	2.5	0.0	0.0	2.1	2.5
Compensated absences	1.8	1.7	0.0	0.0	1.8	1.7
Landfill post-closure costs	1.6	1.9	0.0	0.0	1.6	1.9
Component Unit Debt	0.1	0.0	0.0	0.0	0.1	0.0
Bond premiums, discounts, refunding loss	1.1	0.9	0.1	0.0	1.2	0.9
Total	<u><u>\$107.2</u></u>	<u><u>\$111.4</u></u>	<u><u>\$3.0</u></u>	<u><u>\$6.2</u></u>	<u><u>\$110.2</u></u>	<u><u>\$117.6</u></u>

*\*Numbers may not total due to rounding*

The City maintains bond ratings of "Aa2" from Moody's and "AA" from Standard & Poors. Despite the provisions for the issuance of GO debt already discussed, legal limits remain on the total amount of GO indebtedness that may be incurred. The Kentucky Constitution provides that the total principal amount of City net indebtedness, which excludes self-supporting obligations, revenue bonds, special assessment debt, and non-tax supported debt (net debt applicable to limit), cannot exceed 10% of the value of taxable property in the City (\$532,749,000). Therefore, the current debt margin of the City is \$426.1 million (See Statistical Schedule 11).

#### Next Year's Budget

During the budget planning for FY2016, revenue growth projections were conservatively maintained to avoid budget shortfalls and constrain spending. However, adjustments were made in certain revenue lines to align with actual FY2015 performance, particularly in the occupational license fee revenues. The FY2016 adopted General Fund budget is balanced without utilization of fund balance.

The FY2016 adopted expenditure budget for all funds increased by 2.9% over the FY2015 original budget and includes a 1.0% cost of living (COLA) adjustment for all employees and an average step adjustment of an additional 1.25% for most employees. The Capital Improvement Project budget is \$21.2 million, which includes debt service, and is a 4.5% increase compared to the \$20.2 million FY2015 CIP budget. The FY2016 budget also continues funding the committed fund balance equal to 20% of the adopted general fund revenue budget or \$12.1 million. The committed fund balance acts as the City's 'rainy day' account and can be accessed by a majority Board of Commissioners vote.

Improvements in community livability, traffic and roads, parks facilities, and technology enhancements are some of the highlights of the FY2016 capital budget. The City also plans to continue the investment in the new BG Reinvestment/Local Strategy Area with CDBG allocations and general fund dollars to fund neighborhood improvements within targeted areas; budget in the total amount of \$513,000 has been appropriated. Other new initiatives include the Academy for New Americans, which is a free leadership training program to empower new Americans to understand and participate in city government. A new on-site Employee Health Center is also planned

for FY16, which will provide more immediate, routine health services for employees and dependents. This project is expected to reduce the cost of the City's self-funded health plan. Other new initiatives for FY16 include expanding awareness of City services through enhanced advertising and social media campaign and the addition of an intrusion prevention system to add more security to help guard against cyberattacks.

#### **Requests for Information**

This financial report was designed to provide a general overview of the City of Bowling Green's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Jeff Meisel, Chief Financial Officer, PO Box 430, Bowling Green, Kentucky, 42102-0430 or can be e-mailed to [jeff.meisel@bgky.org](mailto:jeff.meisel@bgky.org).

**City of Bowling Green, Kentucky**  
**Statement of Net Position**  
**June 30, 2015**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 43,215,114	\$ -	\$ 43,215,114	\$ -
Non-pooled cash and cash equivalents	2,767,509	2,693,400	5,460,909	19,380,133
Investments	12,497,334	3,885,458	16,382,792	100,000
Receivables (net):				
Accounts	423,860	27,168	451,028	10,008,494
Other	255,687	113,861	369,548	5,373,699
Accrued interest	23,018	638	23,656	-
Due from other governmental units	659,371	-	659,371	-
Due from Western Kentucky University	25,600,000	-	25,600,000	-
Prepaid items	465,562	-	465,562	555,921
Prepaid rent	22,899,957	-	22,899,957	-
Inventories	265,333	-	265,333	1,365,524
Other assets	-	-	-	694,821
Restricted assets:				
Non-pooled cash and cash equivalents	1,258,080	-	1,258,080	-
Restricted cash - TVA	-	-	-	449,792
Investments	-	-	-	7,437,633
Capital assets, net of accumulated depreciation:				
Non-depreciable	126,891,140	2,290,764	129,181,904	3,495,789
Depreciable	64,045,824	4,705,327	68,751,151	192,519,287
Total assets	301,267,789	13,716,616	314,984,405	241,381,093
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension contributions	3,905,623	-	3,905,623	2,058,320
Deferred amounts from refunding debt	3,345,066	2,350	3,347,416	268,780
Total deferred outflows of resources	7,250,689	2,350	7,253,039	2,327,100
<b>LIABILITIES</b>				
Vouchers and accounts payable	1,707,825	500	1,708,325	9,721,007
Accrued payroll	1,697,757	655	1,698,412	-
Accrued interest payable	559,671	4,313	563,984	1,155,746
Insurance claims payable	211,427	-	211,427	-
Other current liabilities	-	-	-	1,632,559
Unearned revenue	208,698	-	208,698	5,235,892
Deposits	552,064	-	552,064	-
Noncurrent liabilities:				
Due within one year				
Compensated absences	978,869	-	978,869	705,829
Bonds payable	7,365,000	715,000	8,080,000	4,607,397
Notes and capital lease obligations	364,129	-	364,129	642,359
Landfill closure and post closure costs	53,052	-	53,052	-
Component unit debt	26,929	-	26,929	-
Due in more than one year				
Bonds payable	94,192,970	2,221,494	96,414,464	78,683,836
Notes and capital lease obligations	1,755,372	-	1,755,372	4,093,465
Compensated absences	800,893	-	800,893	427,771
Landfill closure and post closure costs	1,587,192	-	1,587,192	-
Advances from customers and TVA	-	-	-	82,631
Component unit debt	86,932	-	86,932	-
Net pension liability	44,521,135	-	44,521,135	16,165,000
Total liabilities	156,669,915	2,941,962	159,611,877	123,153,492
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension investment experience	4,302,580	-	4,302,580	2,042,363
Net investment in capital assets	156,304,559	4,061,947	160,366,506	109,159,209
Restricted for:				
Debt service	4,951,512	-	4,951,512	6,366,443
Capital projects	12,137,174	-	12,137,174	-
Community development	1,323,112	-	1,323,112	-
Perpetual care (nonexpendable)	1,003,740	-	1,003,740	-
Unrestricted (deficit)	(28,174,114)	6,715,057	(21,459,057)	2,986,686
Total net position	\$ 147,545,983	\$ 10,777,004	\$ 158,322,987	\$ 118,512,338

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Activities**  
**Year Ended June 30, 2015**

Function/Programs	Expenses	Program Revenues			Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Business-Type Activities	Total	Component Units
					Governmental Activities	Business-Type Activities			
<b>PRIMARY GOVERNMENT</b>									
Governmental activities:									
General government	\$ 16,081,900	\$ 2,084,612	\$ 3,845,005	\$ 3,782,260	\$ (6,370,023)	\$ -	\$ (6,370,023)	\$ -	
Public safety	25,081,145	239,223	1,412,583	1,777,312	(21,652,027)	-	(21,652,027)	-	
Public works	15,513,082	-	886,003	1,837,229	(12,789,850)	-	(12,789,850)	-	
Parks and recreation	7,434,798	1,942,755	-	-	(5,492,043)	-	(5,492,043)	-	
Neighborhood and comm. services	4,308,565	-	3,194,622	-	(1,113,943)	-	(1,113,943)	-	
Community services	1,267,637	-	-	-	(1,267,637)	-	(1,267,637)	-	
Interest expense	5,931,620	-	-	-	(5,931,620)	-	(5,931,620)	-	
Total governmental activities	<u>75,618,747</u>	<u>4,266,590</u>	<u>9,338,213</u>	<u>7,396,801</u>	<u>(54,617,143)</u>	<u>-</u>	<u>(54,617,143)</u>	<u>-</u>	
Business-type activities:									
Convention center	715,458	183,961	-	-	-	(531,497)	(531,497)	-	
Total business-type activities	<u>715,458</u>	<u>183,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(531,497)</u>	<u>(531,497)</u>	<u>-</u>	
Total primary government	<u>\$ 76,334,205</u>	<u>\$ 4,450,551</u>	<u>\$ 9,338,213</u>	<u>\$ 7,396,801</u>	<u>(54,617,143)</u>	<u>(531,497)</u>	<u>(55,148,640)</u>	<u>-</u>	
<b>COMPONENT UNITS</b>									
Bowling Green Municipal Utilities	109,532,064	113,798,614	-	1,102,394	-	-	-	5,368,944	
Total component units	<u>\$ 109,532,064</u>	<u>\$ 113,798,614</u>	<u>\$ -</u>	<u>\$ 1,102,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,368,944</u>	
<b>General revenues:</b>									
Property taxes				12,760,797	96,848	12,857,645	-		
Insurance premium taxes				3,660,165	-	3,660,165	-		
Transient room taxes				-	450,592	450,592	-		
Wages and net profits taxes				46,774,186	-	46,774,186	-		
Investment income				362,436	91,990	454,426	121,564		
Gain on sale of capital assets				223,557	-	223,557	-		
Miscellaneous				724,169	-	724,169	47,083		
Total general revenues				<u>64,505,310</u>	<u>639,430</u>	<u>65,144,740</u>	<u>168,647</u>		
Transfers				<u>(813,791)</u>	<u>813,791</u>	<u>-</u>	<u>-</u>		
				<u>63,691,519</u>	<u>1,453,221</u>	<u>65,144,740</u>	<u>168,647</u>		
<b>Change in net position</b>									
Net position, beginning of year				178,708,342	14,723,763	193,432,105	129,649,748		
Reclassify Golf & Aquatics Funds as General Fund				4,868,483	(4,868,483)	-	-		
Change in accounting principle - GASB68				(45,105,218)	-	(45,105,218)	(16,675,001)		
Net position, beginning of year, restated				138,471,607	9,855,280	148,326,887	112,974,747		
Net position, end of year				<u>\$ 147,545,983</u>	<u>\$ 10,777,004</u>	<u>\$ 158,322,987</u>	<u>\$ 118,512,338</u>		

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Balance Sheet – Governmental Funds**  
**June 30, 2015**

	General	WKU Athletics	Debt Service	ITA Bond	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ 17,309,483	\$ -	\$ -	\$ 1,539,438	\$ 20,812,049	\$ 39,660,970
Non-pooled cash and cash equivalents	1,805,205	-	-	-	962,304	2,767,509
Investments	5,941,425	-	-	-	3,312,439	9,253,864
Receivables (net of allowances for uncollectibles):						
Accounts	66,969	-	-	-	125,729	192,698
Western Kentucky University	-	25,600,000	-	-	-	25,600,000
Interest	14,321	-	-	-	2,943	17,264
Due from other governmental units	115,579	-	-	-	543,792	659,371
Prepaid items	142,562	-	-	-	-	142,562
Inventories	74,567	-	-	-	-	74,567
Restricted assets:						
Non-pooled cash and cash equivalents	-	-	4,481	346,153	907,446	1,258,080
Total assets	<u>\$ 25,470,111</u>	<u>\$ 25,600,000</u>	<u>\$ 4,481</u>	<u>\$ 1,885,591</u>	<u>\$ 26,666,702</u>	<u>\$ 79,626,885</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Vouchers and accounts payable	\$ 542,109	\$ -	\$ -	\$ -	\$ 821,693	\$ 1,363,802
Accrued payroll	1,645,549	-	-	-	22,726	1,668,275
Unearned revenue	208,698	25,600,000	-	-	-	25,808,698
Security deposits	552,064	-	-	-	-	552,064
Total liabilities	<u>2,948,420</u>	<u>25,600,000</u>	<u>-</u>	<u>-</u>	<u>844,419</u>	<u>29,392,839</u>
Fund Balances						
<b>Non-spendable</b>						
Prepaid items	142,562	-	-	-	-	142,562
Inventories	74,567	-	-	-	-	74,567
<b>Restricted for:</b>						
Cemetery perpetual	-	-	-	-	907,446	907,446
Community services	-	-	-	-	779,429	779,429
Streets and sidewalks	-	-	-	-	2,086,503	2,086,503
Public safety grants	2,289	-	-	-	1,842,767	1,845,056
Debt service reserve	-	-	-	346,153	-	346,153
Lampkin park	-	-	-	-	38,815	38,815
<b>Committed to:</b>						
Economic stabilization	11,772,500	-	-	-	1,074,444	12,846,944
Police and fire improvements	-	-	-	-	1,892,821	1,892,821
Landfill	-	-	-	-	1,361,465	1,361,465
Sidewalks	-	-	-	-	660,352	660,352
<b>Assigned to:</b>						
Capital projects	2,300,000	-	-	-	-	2,300,000
Debt service	-	-	4,481	1,539,438	3,061,440	4,605,359
General government services	514,924	-	-	-	1,190,183	1,705,107
Police and fire services	144,950	-	-	-	591,341	736,291
Public works services	1,354,242	-	-	-	8,760,901	10,115,143
Neighborhood and community service	236,153	-	-	-	282,904	519,057
Parks and recreation	621,314	-	-	-	1,195,178	1,816,492
Other purposes	62,575	-	-	-	96,294	158,869
<b>Unassigned</b>	<u>5,295,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,295,615</u>
Total fund balances	<u>22,521,691</u>	<u>-</u>	<u>4,481</u>	<u>1,885,591</u>	<u>25,822,283</u>	<u>50,234,046</u>
Total liabilities and fund balances	<u>\$ 25,470,111</u>	<u>\$ 25,600,000</u>	<u>\$ 4,481</u>	<u>\$ 1,885,591</u>	<u>\$ 26,666,702</u>	<u>\$ 79,626,885</u>

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Position**  
**June 30, 2015**

Fund balances - total governmental funds	\$ 50,234,046
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	243,097,759
Less accumulated depreciation	<u>(52,267,789)</u>
	190,829,970

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

7,048,454

Other long term assets, including the City's receivables from a former employee and WKU, are not available to pay for current period expenditures and, therefore, are deferred in the funds.

25,855,687

Prepaid rent, which represents amounts due from the Inter-Modal Transit Authority, is a noncurrent asset which is not available to pay current period expenditures.

22,899,957

Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension liability	(44,521,135)
Net deferred inflows and outflows associated with pensions	(396,957)
General obligation and revenue bonds	(100,415,000)
Premiums, deferred charges and discounts on bond obligations	2,202,096
Notes and lease purchase agreements	(2,119,501)
Component unit debt	(113,861)
Accrued interest payable	(559,671)
Accrued compensated absences	(1,757,858)
Landfill postclosure care	<u>(1,640,244)</u>
	(149,322,131)

Total net position	\$ 147,545,983
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See accompanying notes.

**City of Bowling Green, Kentucky**

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

**Year Ended June 30, 2015**

	General	WKU Athletics	Debt Service	ITA Bond	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 12,143,824	\$ -	\$ -	\$ -	\$ 498,776	\$ 12,642,600
Insurance premium taxes	1,575,836	-	-	-	2,084,329	3,660,165
Wages and net profits taxes	44,192,467	-	-	-	2,581,717	46,774,184
Licenses and permits	1,315,429	-	-	-	-	1,315,429
Intergovernmental	127,696	2,555,980	-	-	7,163,772	9,847,448
Investment income	117,392	-	-	177,863	18,072	313,327
Charges for services	539,740	-	-	-	118,099	657,839
Parks and recreation	1,918,822	-	-	-	-	1,918,822
Rent income	-	-	-	1,289,025	-	1,289,025
Miscellaneous	181,221	-	-	-	2,201,491	2,382,712
<b>Total Revenues</b>	<b>62,112,427</b>	<b>2,555,980</b>	<b>-</b>	<b>1,466,888</b>	<b>14,666,256</b>	<b>80,801,551</b>
<b>EXPENDITURES</b>						
Current:						
General government	5,381,779	-	-	-	432,929	5,814,708
Public safety	24,284,952	-	-	-	2,130,125	26,415,077
Public works	5,991,091	-	-	-	3,248,561	9,239,652
Parks and recreation	7,553,819	-	-	-	-	7,553,819
Neighborhood and community services	1,770,210	-	-	-	3,241,578	5,011,788
Community services	1,227,637	-	-	415,000	-	1,642,637
Capital Outlay	-	-	-	-	7,316,707	7,316,707
Debt Service:						
Principal	-	1,650,000	4,024,806	6,030,000	525,000	12,229,806
Interest and fiscal charges	-	905,980	1,431,389	1,045,755	1,087,762	4,470,886
<b>Total Expenditures</b>	<b>46,209,488</b>	<b>2,555,980</b>	<b>5,456,195</b>	<b>7,490,755</b>	<b>17,982,662</b>	<b>79,695,080</b>
Excess (deficiency) of revenues over (under) expenditures	15,902,939	-	(5,456,195)	(6,023,867)	(3,316,406)	1,106,471
Other financing sources (uses):						
Transfers in	530,804	-	5,456,195	1,330,000	8,691,356	16,008,355
Transfers out	(13,195,674)	-	-	-	(4,326,472)	(17,522,146)
Issuance of refunding debt	-	-	9,345,485	-	-	9,345,485
Premium on bonds	-	-	359,645	-	-	359,645
Discount on bonds	-	-	(95,408)	-	-	(95,408)
Payment to refunded debt escrow agent	-	-	(9,605,241)	-	-	(9,605,241)
Proceeds from the sale of capital assets	104,601	-	-	-	-	104,601
<b>Total other financing sources (uses)</b>	<b>(12,560,269)</b>	<b>-</b>	<b>5,460,676</b>	<b>1,330,000</b>	<b>4,364,884</b>	<b>(1,404,709)</b>
Net change in fund balances	3,342,670	-	4,481	(4,693,867)	1,048,478	(298,238)
Fund balances, beginning, reclassified	19,179,021	-	-	6,579,458	24,773,805	50,532,284
Fund balances, ending	<b>\$ 22,521,691</b>	<b>\$ -</b>	<b>\$ 4,481</b>	<b>\$ 1,885,591</b>	<b>\$ 25,822,283</b>	<b>\$ 50,234,046</b>

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of the Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2015**

Net change in fund balances - total governmental funds	\$ (298,238)
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Amounts reported for governmental activities in the statement of activities are difference because:

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 as depreciation expense. Governmental funds also report only the proceeds from sales of fixed assets while the net gain or loss is reported in the statement of activities. In addition, infrastructure assets donated to the city are not recorded on the governmental funds but are donated capital on the statement of activities:

Capital asset additions	9,910,053
Depreciation expense	(3,902,010)
Net disposal of assets	<u>(6,607,925)</u> (599,882)

Certain long term receivables are not available for the payment of current expenditures and therefore are not reported in the governmental funds.

Payments on these receivables are recorded as revenue in the governmental funds and reduction of the receivable in the statement of net position. (1,665,239)

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term and related items. 7,267,478

Principal and interest payments made in relation to refunded ITA debt are current expenditures in the governmental funds. These items are recorded as prepaids in the statement of activities as they represent a long term lease agreement. 4,010,894

Accrued interest expense on long-term debt is reported in the statement of activities, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. 183,010

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds:

Compensated absences payable	(17,759)
Landfill postclosure care	273,998

The net pension expense is an actuarial calculation and does not require the use of current financial resources and it excluded as an expenditure in governmental funds. Additionally, since the current year contributions to the pension plan will be included in the subsequent year's pension expense calculation, those contributions should not be considered in the government-wide statements. 187,126

The internal service funds used by management to charge the costs of insurance and fleet maintenance to individual funds are not reported in the entity-wide statement of activities. Governmental fund expenditures and related internal fund revenues are eliminated. (267,012)

Change in net position of governmental activities	<u>\$ 9,074,376</u>
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**City of Bowling Green, Kentucky**  
**Statement of Net Position – Proprietary Funds**  
June 30, 2015

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Funds</u>
	<u>Convention Center</u>	
<b>ASSETS</b>		
Current Assets		
Pooled cash and cash equivalents	\$ -	\$ 3,554,144
Non-pooled cash and cash equivalents	2,693,400	-
Investments	3,885,458	3,243,470
Accounts receivable	27,168	231,162
Interest receivable	638	5,754
Lease receivable from component unit	26,929	-
Inventories	-	190,766
Prepaid items	-	323,000
Total current assets	<u>6,633,593</u>	<u>7,548,296</u>
Noncurrent portion of lease receivable from component unit	86,932	-
Capital assets		
Land	2,290,764	-
Buildings	10,562,775	200,985
Machinery and equipment	<u>1,442,358</u>	<u>274,914</u>
Less accumulated depreciation	14,295,897	475,899
(7,299,806)	<u>(7,299,806)</u>	<u>(368,905)</u>
Capital assets, net	6,996,091	106,994
Total noncurrent assets	<u>7,083,023</u>	<u>106,994</u>
Total assets	<u>\$ 13,716,616</u>	<u>\$ 7,655,290</u>
<b>DEFERRED OUTFLOWS</b>		
Deferred amounts from refunding debt	<u>\$ 2,350</u>	<u>\$ -</u>
<b>LIABILITIES</b>		
Current liabilities		
Vouchers and accounts payable	500	344,023
Accrued payroll	655	29,482
Accrued interest payable	4,313	-
Insurance claims payable	-	211,427
Current portion of compensated absences	-	12,048
Current portion of bond obligations	<u>715,000</u>	<u>-</u>
	<u>720,468</u>	<u>596,980</u>
Noncurrent liabilities		
Noncurrent portion of compensated absences	-	9,856
Noncurrent portion of bond obligations	<u>2,221,494</u>	<u>-</u>
Total noncurrent liabilities	<u>2,221,494</u>	<u>9,856</u>
Total liabilities	<u>2,941,962</u>	<u>606,836</u>
<b>DEFERRED INFLOWS</b>		
Deferred amounts from refunding debt	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	4,061,947	106,994
Unrestricted	6,715,057	6,941,460
Total net position	<u>\$ 10,777,004</u>	<u>\$ 7,048,454</u>

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds**  
**Year Ended June 30, 2015**

	Business-type Activities - Enterprise Fund		Governmental Activities Internal Service Funds	
	Convention Center		Total	
<b>OPERATING REVENUES</b>				
Transient room taxes	\$ 450,592	\$ 450,592	\$ -	
Property taxes	96,848	96,848	-	
Charges for services	183,961	183,961	2,013,765	
Insurance premiums	-	-	5,130,329	
Judgements and settlements	-	-	339,413	
Contributions and donations	-	-	6,000	
Miscellaneous	-	-	720	
Total operating revenues	<u>731,401</u>	<u>731,401</u>	<u>7,490,227</u>	
<b>OPERATING EXPENSES</b>				
Personnel services	13,410	13,410	633,117	
Contractual services	8,163	8,163	493,345	
Supplies	68,862	68,862	1,133,395	
Utilities	-	-	42,478	
Repairs and maintenance	196,563	196,563	154,755	
Insurance premiums and claims	36,671	36,671	6,034,590	
Depreciation	352,490	352,490	11,011	
Miscellaneous	24	24	7,718	
Total operating expenses	<u>676,183</u>	<u>676,183</u>	<u>8,510,409</u>	
Operating income (loss)	55,218	55,218	(1,020,182)	
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	91,990	91,990	49,107	
Gain/(loss) on disposal of assets	-	-	4,063	
Interest expense	(57,813)	(57,813)	-	
Amortization	<u>18,536</u>	<u>18,536</u>	<u>-</u>	
Total nonoperating revenues (expenses)	<u>52,713</u>	<u>52,713</u>	<u>53,170</u>	
Income (loss) before transfers	107,931	107,931	(967,012)	
Transfers in	1,113,791	1,113,791	800,000	
Transfers out	(300,000)	(300,000)	(100,000)	
Change in net position	921,722	921,722	(267,012)	
Net position, beginning	<u>9,855,282</u>	<u>9,855,282</u>	<u>7,315,466</u>	
Net position, ending	<u>\$ 10,777,004</u>	<u>\$ 10,777,004</u>	<u>\$ 7,048,454</u>	

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Cash Flows – Proprietary Funds**  
**Year Ended June 30, 2015**

	Business-type Activities - Enterprise Fund Convention Center	Total	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 172,485	\$ 172,485	\$ 7,268,400
Other cash receipts	547,440	547,440	-
Cash payments to employees	(13,372)	(13,372)	(629,050)
Cash payments to suppliers	(309,783)	(309,783)	(1,755,769)
Claims paid	-	-	(6,137,303)
Net cash provided by (used in) operating activities	<u>396,770</u>	<u>396,770</u>	<u>(1,253,722)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	1,113,791	1,113,791	800,000
Transfers out	(300,000)	(300,000)	(100,000)
Net cash provided by noncapital financing activities	<u>813,791</u>	<u>813,791</u>	<u>700,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	-	-	4,063
Principal paid on bond obligations	(735,000)	(735,000)	-
Interest paid on debt obligations	(59,161)	(59,161)	-
Net cash used in capital and related financing activities	<u>(794,161)</u>	<u>(794,161)</u>	<u>4,063</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	91,990	91,990	51,592
Purchase of investments	(546,160)	(546,160)	-
Proceeds from sale of investments	-	-	744,483
Cash received from lease property	26,929	26,929	-
Net cash provided by (used in) investing activities	<u>(427,241)</u>	<u>(427,241)</u>	<u>796,075</u>
Net increase (decrease) in cash and cash equivalents	<u>(10,841)</u>	<u>(10,841)</u>	<u>246,416</u>
Cash and cash equivalents, beginning of year	<u>2,704,241</u>	<u>2,704,241</u>	<u>3,307,728</u>
Cash and cash equivalents, end of year	<u>\$ 2,693,400</u>	<u>\$ 2,693,400</u>	<u>\$ 3,554,144</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 55,218	\$ 55,218	\$ (1,020,182)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	352,490	352,490	11,011
Change in assets and liabilities			
Accounts receivable	(11,476)	(11,476)	(221,833)
Inventories	-	-	(27,689)
Accounts payable	500	500	103,611
Compensated absences	-	-	(3)
Accrued payroll	38	38	4,076
Insurance claims payable	-	-	(102,713)
Net cash provided by (used in) operating activities	<u>\$ 396,770</u>	<u>\$ 396,770</u>	<u>\$ (1,253,722)</u>

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Fiduciary Net Position**  
**June 30, 2015**

	Pension Trust - Police & Firemen's Retirement	Agency Funds
<b>ASSETS</b>		
Pooled cash and cash equivalents	\$ -	\$ 151,019
Non-pooled cash and cash equivalents	390,925	1,344,705
Investments		
Corporate securities	1,618,282	-
Mutual funds	3,733,439	
United States government securities	546,265	
Kentucky local municipal bonds	1,052,986	-
Total investments at fair value	<u>6,950,972</u>	<u>-</u>
Total assets	<u>\$ 7,341,897</u>	<u>\$ 1,495,724</u>
<b>LIABILITIES</b>		
Due to other governmental units	\$ -	\$ 151,019
Other liabilities	<u>-</u>	<u>1,344,705</u>
Total liabilities	<u>\$ -</u>	<u>\$ 1,495,724</u>
<b>NET POSITION</b>		
Held in trust for pension benefits	<u>\$ 7,341,897</u>	

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2015**

	<u>Pension Trust -</u>
	Police &
	Firemen's
	<u>Retirement</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 400,000
Investment income	<u>284,522</u>
Total additions	<u>684,522</u>
<b>DEDUCTIONS</b>	
Benefit payments	<u>894,710</u>
Total deductions	<u>894,710</u>
Change in net position	(210,188)
Net position, beginning of year	<u>7,552,085</u>
Net position, end of year	<u>\$ 7,341,897</u>

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Net Position**  
**Component Units**  
**June 30, 2015**

Bowling Green  
Municipal  
Utilities

**ASSETS**

Non-pooled cash and cash equivalents	\$ 19,380,133
Investments	100,000
Receivables (net):	
Accounts	10,008,494
Other	5,373,699
Inventories	1,365,524
Prepaid items	555,921
Restricted assets:	
Restricted cash - TVA	449,792
Investments	7,437,633
Other assets	694,821
Capital assets, net of accumulated depreciation:	
Non-depreciable	3,495,789
Depreciable	192,519,287
Total assets	<u>241,381,093</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension contributions	2,058,320
Deferred loss on bond defeasance	268,780
Total deferred outflows of resources	<u>2,327,100</u>

**LIABILITIES**

Vouchers and accounts payable	9,721,007
Compensated absences payable	705,829
Accrued interest payable	1,155,746
Other current liabilities	1,632,559
Customer deposits	5,235,892
Net pension liability, noncurrent	16,165,000
Customer advances, noncurrent	82,631
Compensated absences payable, noncurrent	427,771
Noncurrent liabilities	
Due within one year	5,249,756
Due in more than one year	<u>82,777,301</u>
Total liabilities	<u>123,153,492</u>

**DEFERRED INFLOWS OF RESOURCES**

Pension investment experience	<u>2,042,363</u>
-------------------------------	------------------

**NET POSITION**

Net investment in capital assets	109,159,209
Restricted for capital activities and debt service	6,366,443
Unrestricted	2,986,686
Total net position	<u>\$ 118,512,338</u>

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Activities**  
**Component Units**  
**Year Ended June 30, 2015**

Function/Programs	Expenses	Program Revenues			Net (expense) Revenue and	
		Charges for Services	Operating Contributions	Capital Contributions	Bowling Green Municipal Utilities	
Bowling Green Municipal Utilities	\$109,532,064	\$ 113,798,614	\$ -	\$ 1,102,394	\$ 5,368,944	
<b>General revenues:</b>						
Investment income					121,564	
Miscellaneous					47,083	
Total general revenues					<u>168,647</u>	
Change in net position					5,537,591	
Net position, beginning of year					<u>129,649,748</u>	
Change in accounting principle - GASB68					(16,675,001)	
Net position, beginning of year, restated					<u>112,974,747</u>	
Net position, end of year					<u>\$ 118,512,338</u>	

See accompanying notes.

## **CITY OF BOWLING GREEN, KENTUCKY**

### **NOTES TO FINANCIAL STATEMENTS**

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## **City of Bowling Green, Kentucky**

### **Notes to Financial Statements**

**June 30, 2015**

#### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Bowling Green (the City) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for government accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

**A. Reporting Entity** - The accompanying financial statements present the City and its component units (traditionally separate reporting entities), for which the City is considered to be financially accountable. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the City is required to consider other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units.

**1. Blended Component Units** - The agencies and organizations listed below are, in substance, the same as the City, despite being legally separate from the City. Therefore, they are reported as part of the primary government. They have a governing body that is substantially the same as the governing body of the City; provide services entirely, or almost entirely, to the City; or otherwise exclusively, or almost exclusively, benefit the City even though they do not provide services directly to the City. The agencies and organizations listed below are also financial dependent upon the City and City does have operational responsibility.

#### **Governmental Fund Type**

**City of Bowling Green Policemen and Firemen's Retirement Fund.** Retired or disabled City public safety employees participate in the Policemen and Firemen's Retirement Fund. The Fund functions for the benefit of these employees and surviving spouses and is administered by a Board of Trustees consisting of the Mayor, City Chief Financial Officer and representatives of the police and fire departments.

The City contributes amounts to fund current service costs and interest on unfunded past service costs based upon actuarial valuations. Plan benefit levels are determined by Kentucky Revised Statutes.

#### **Proprietary Fund Type**

**The Convention Center Corporation.** The non-profit corporation was organized as an agency, instrumentality and constituted authority of the City for the express purpose of planning, financing and constructing a municipal convention center and trade show facility and Crosswinds golf course pro shop facility.

The Board of Directors consists of the Mayor, City Commissioners and Warren County Judge-Executive. Special taxing districts have been created by the City and County in the Hartland Planned Community for Convention Center Corporation operations. Bond issuance is approved by the City Commission. The Corporation is reported as an enterprise fund.

**2. Discretely Presented Component Units** - The agencies described below are included in the City's reporting entity because the City appoints the governing body and the agencies are fiscally dependent on the City. All of these agencies are reported as discretely presented component units because the primary government is financially accountable and is able to impose its will on the organization or the component unit provides specific financial benefits or imposes specific financial burdens on the primary government.

## **City of Bowling Green, Kentucky**

### **Notes to Financial Statements**

**June 30, 2015**

#### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **Proprietary Fund Type**

**Bowling Green Municipal Utilities (BGMU).** Board member appointments are made by the City Commission. The Electric Division is a distributor of electrical power under the authority of the Federal Energy Regulatory Commission and the Tennessee Valley Authority and provides service to customers primarily in the City. The Electric Division has erected various street lighting systems for the City for which monthly rental amounts are paid to the utility by the City based on a percentage of total unamortized investment.

The Water-Sewer Division operates the water treatment and the waste-water treatment facilities serving customers primarily in the City. The rates for user charges and bond issuance authorization are approved by the City Commission.

The General Services Division operates the fiber optic network in the City.

**B. Related Organization** - City officials are also responsible for appointing the members of boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments.

**C. Joint Venture** - The Inter-Modal Transportation Authority, Inc. (ITA) is a non-profit corporation organized for the purpose of acquiring and financing public projects and public facilities as an agent for the City and the County of Warren, Kentucky, jointly. In the year ended June 30, 2008, the City approved the issuance of General Obligation bonds (Series 2007 B & C) in the amount of \$27,415,000 to refinance the ITA's mortgage-backed bonds that were outstanding. The City entered into a ground lease with the Authority, providing for the City's acquisition of a leasehold estate in the project. The City, Warren County, and the Authority entered into a Contract, Lease & Option agreement in which the Authority and County shall lease back the project from the City in consideration of rental payments to be utilized by the City in support of the payment of principal and interest on the general obligation bonds. The City and Warren County have each pledged to evenly share any shortfalls towards payment of debt service on the outstanding bonds. In 2013, there was a significant land sale to the State for right-of-way use on the I-65 connector road planned in the near future. It generated approximately \$2.3 million which was used for a partial early redemption call on the 2007C bonds through 2018. During FY15, the City and County made scheduled debt service contributions in the amount of \$2,578,050. Included in this amount was \$415,000 from debt service savings related to the partial early redemption of the C Series bonds which was redirected to the ITA per municipal order for the restricted purpose of future infrastructure in the Transpark. The separately audited financial statements of the ITA can be obtained from the finance department of the City.

##### **D. Basic Financial Statements**

###### **Government-wide and Fund Financial Statements**

The basic financial statements include both government-wide and fund financial statements. The reporting model focus is either on the City as a whole or on major individual funds. The government-wide financial statements report information on all of the non-fiduciary activities of the City and its component units. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

Governmental activities normally are supported by taxes and intergovernmental revenues. Business-type activities rely to a significant extent on fees and charges for support. In the Government-wide Statement of Net Position, both the governmental and business-type activities are presented on a consolidated basis by column.

The Government-wide Statement of Activities demonstrates the degree to which the direct expenses of a function are offset by program revenues. Direct expenses (including depreciation) are those that are clearly identifiable with a specific function. Program revenues are directly associated with the function and include charges for services and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants are capital-specific. Occupational license fees applied to gross wages and net profits, other license

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

fees and permits, taxes, interest income and other revenues not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Non-major funds (by category) are summarized into a single column.

**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 and fiduciary financial statements. With this measurement focus, all assets and all liabilities, including long-term assets, as well as long-term debt and obligations, are included in the Statement of Net Position. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the City, available means expected to be received within sixty days of year end. Major revenue sources not susceptible to accrual include charges for services, penalties and fines, and miscellaneous revenues. Such revenues are recorded as revenues when received because they are generally not measurable or available until actually received. Intergovernmental revenues received for specific purposes or projects are recognized when the applicable eligibility requirements are met. Revenues received before the eligibility requirements are met are reported as unearned revenue. Expenditures are recorded when the liability is incurred except: (1) principal and interest on long-term debt is recorded when due and (2) compensated absences are accounted for as expenditures in the period used.

Since the Government fund statements are presented on a different measurement focus and basis of accounting than the Government-wide statements' governmental column, a reconciliation is presented on the page following each statement which briefly explains the adjustments necessary to transform the fund based financial statements into the Governmental column of the Government-wide presentation.

Internal service funds provide services primarily to other funds of the City and are presented in summary form as part of the proprietary fund statements. Since the principal users of the internal services are the City's governmental activities, the internal service funds' financial statements are consolidated into the Governmental column in the Government-wide statements. Governmental funds reimburse the Employee Health Care, Workers Compensation, Fleet Maintenance funds and Property and Casualty for employer insurance and fleet maintenance expenses; these revenues and expenses are eliminated upon consolidation. Direct expenses of the internal service funds are not eliminated.

The City's fiduciary funds are presented in the fund financial statements by type (pension and agency). Since these assets are being held for the benefit of a third party (private parties, pension participants, etc.) and cannot be used for activities or obligations of the City, these funds are not incorporated into the Government-wide statements.

**E. Basis of Presentation**

The financial statements of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that is comprised of its assets, liabilities, reserves, fund equity, revenues, and expenditures or expenses, as appropriate. The various funds are reported by generic classification within the financial statements.

In accordance with GASB Statement No. 34, major funds are determined by the percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined. Any other governmental or enterprise funds that the City believes is particularly important to financial

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

statement users may also be reported as major. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The focus of governmental fund measurement (in the fund financial statements) is on the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. The balance sheets generally contain only current assets and liabilities. The reported fund balance (net current assets) is a measure of "available spendable resources". The City reports the following major governmental funds:

The **General Fund** is the primary operating unit of the City and accounts for the revenues and expenditures not specifically provided for in other funds. Most of the essential governmental services such as police and fire protection, community services, parks and recreation, and general administration are reported in this fund.

The **WKU Athletics Debt Service Fund** is used to account for revenues received from Western Kentucky University (WKU) consisting of student athletic fees and suite rentals collected by WKU and remitted to the City pursuant to the Memorandum of Agreement between the City, WKU and the Hilltopper Athletic Foundation. The student athletic fees and suite rentals are to be paid to the City each year in sufficient amounts to pay debt services on the City's \$27,775,000 General Obligation and Special Revenue Bonds, Series 2010 and \$1,805,000 General Obligation and Special Revenues Bonds, Series 2011.

The **ITA Bond Debt Service Fund** is used to account for revenues received from lease payments made by the ITA and Warren County and expenditures related to the 2007B and 2007C bond issues that were used for refinancing the Kentucky Transpark.

The **Debt Service Fund** is used to account for the accumulation of resources and payments made for principal and interest on long-term general obligation debt in the governmental funds.

The focus of proprietary fund measurement is upon the determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. All assets and all liabilities associated with the operation of these funds are included on the balance sheet. The City reports the following major proprietary fund:

The **Convention Center Fund** is used to account for the operations of the City's Sloan Convention Center.

**Internal Service Funds** are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City on a user charge basis. Internal Service Funds include the Fleet Maintenance Fund, Employee Health Care Fund, Workers Compensation Fund and Property and Casualty Fund.

**Fiduciary Funds** are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City. Trust funds account for assets held by the City under the terms of a formal trust agreement. Agency funds generally are used to account for assets that the City holds on behalf of others as their agent, are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds are as follows:

The **City of Bowling Green Policemen and Firemen's Retirement Fund**, a pension trust fund, is used to account for the accumulation of resources to be used for retirement annuity payments for retired or disabled public safety employees.

**Agency Funds**

**Claims Fund** is an imprest paying agent for all government funds.

**Payroll Fund** is an imprest paying agent for City payroll.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Tourist and Convention Fund** is used to account for the collection of 4% transient room tax and payment to the Bowling Green Area Convention and Visitors Bureau and the Convention Center Corporation.

**Tax Distribution Fund** is used to account for property tax collections and disbursements to the General Fund and the Bowling Green Independent School System for property taxes billed and collected by the City on its behalf.

**Treasurer's Distribution Fund** is used to account for collection of miscellaneous receipts requiring disbursement to other outside agencies.

**Evidence Storage Fund** is used to account for cash collected as police evidence.

**F. Assets, Liabilities and Fund Equity**

**Deposits and Investments** - The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Some of the cash resources of the individual funds are combined to form a pool of cash for cash management purposes. Interest income earned as a result of pooling is distributed to the appropriate funds based on the ending monthly balance of pooled cash in each fund. Funds that incur a negative balance in pooled cash during the year are not charged interest. No reclassification has been made at year end for negative balances of pooled cash.

Investments for the government, as well as its component units, are reported at fair value.

**Receivables** - Receivables are amounts due representing revenues earned or accrued in the current period.

Property taxes attach as an enforceable lien on property as of January 1 each year. Property values are assessed on January 1 of each year, taxes are levied annually by ordinance, and are payable on December 31. The City bills and collects its own property taxes and also collects for the Bowling Green Independent School District. Collections of the City school taxes and remittance to the District are accounted for in the Tax Distribution Fund. City property tax revenues are recognized when levied to the extent that they are both measurable and available.

A receivable is reported for uncollected property taxes. Since these taxes are all at least six months delinquent at June 30 an allowance for uncollectible accounts has been established for the entire amount.

**Interfund Receivables** - During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded 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".

**Inventories** - Inventories are valued at cost, which approximate market, using the first-in/first-out (FIFO) method. The costs of inventory items are recognized as expenditures or expenses when used.

**Prepaid Items** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both Government-wide and fund financial statements. Prepaid rent consists of payments made by the City in relation to a leasehold estate in the Inter-Modal Transit Authority project, net of current year amortization of rent expense.

**Restricted Assets** - Certain proceeds of bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the balance sheet since their use is limited by applicable bond indentures. Construction fund accounts are used to report proceeds of general obligation and revenue bonds and notes that are restricted for use in construction and capital acquisitions. Depreciation and Maintenance accounts are the resources set aside to provide reasonable reserves for renewals, replacements, improvements, extensions,

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

extraordinary major repairs and contingencies related to bond obligation projects. Sinking Fund accounts are the resources accumulated for debt service payments.

**Capital Assets** – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, traffic signals, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-wide financial statements. Land, building, and improvements expenditures for items having a useful life greater than two years and having a cost greater than \$25,000 are capitalized. Machinery and equipment expenditures for items having a useful life greater than two years and having a cost greater than \$5,000 are capitalized. 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 and recorded as donations at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and improvements	40 years	30 - 50 years
Improvements other than buildings	10 - 40 years	10 - 35 years
Infrastructure - drainage	30 - 100 years	N/A
Machinery and equipment	3 - 7 years	3 - 10 years
Vehicles	5 - 7 years	5 - 7 years
Intangible assets	10 years – infinite	N/A

The City's infrastructure consists of the street and storm sewers systems. The street system consists of streets, right of ways, sidewalks, and curbs. The storm sewers system consists of gutters and storm sewers. The City elected to use the Modified Approach as defined by GASB Statement No. 34 for infrastructure reporting of its street system. Using this approach, the City capitalizes the costs of its street system but does not report depreciation expense for those assets. Instead, the City reports all street system maintenance as expenditures in the period incurred unless those expenditures improve on those streets original condition or add to its capacity. These additions or improvements are not expensed but added to the historical cost of the assets. The City uses an asset management system to provide an up-to-date inventory of its streets, perform condition assessments on the street pavement at least once every three years, and estimate an annual amount needed to maintain the streets at a specified condition level. The asset management system is discussed in the detail in Required Supplemental Information, immediately following these notes.

**Compensated Absences** - It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation leave is earned based on working days for each month of credited service. For most classified employees, earning rates increase at 10, 15 and 20 years of credited service. Accumulated vacation time shall not exceed the amount of time which an employee may earn in 2 years.

Sick leave for most classified employees is earned on the basis of one working day or eight hours per month of service. Sick leave for Fire Department personnel working 24 hours on/48 hours off is earned on the basis of 12 hours per month of service. Earned sick leave may be accumulated up to a maximum of 180 days; thereafter, employees are compensated monthly for days accumulated in excess of 180 days in an amount equal to one-half of the base rate straight-time value. For retiring employees who are participating members of CERS, the City will purchase service credit for up to six months (120 days) of unused sick leave at the time of retirement. Employees who retire with more than 120 accrued sick days may receive cash payment for the number of days over 120 in the amount of \$30/day.

All vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-Term Obligations** – In the Government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position. The discounts and premiums related to bonds and notes issued are deferred and amortized over the life of the bond or note using the straight-line method. Bonds and notes payable are reported net of the applicable bond premium or discount. Issuance costs are reported as expenses.

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

Extraordinary losses, the difference between the re-acquisition price (new debt) and the net carrying value of the old debt on refunded debt are amortized as a component of interest expense over the life of the old or new bonds, whichever is shorter, using the straight-line method. The deferred amount is presented as a deferred inflow of resources.

Long-term liabilities include the following:

- Principal outstanding on general obligation bonds, notes and capital lease obligations.
- Landfill closure and postclosure care liability is the estimated total current cost to place a final cover on the City's landfill sites and to perform certain maintenance and monitoring functions after closure.

**Unearned Revenues** – The City defers revenue recognition in connection with resources that have been received but not yet earned. At the end of fiscal year 2015, licenses and permits paid in advance of \$208,698 have been deferred as these amounts have not yet been earned.

**Fund Equity** –The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by the City itself, by Ordinance approved by the Board of Commissioners; to be reported as committed, amounts cannot be used for any other purpose unless the City takes action to remove or change the constraint;
- Assigned fund balance – amounts the City intends to use for a specific purpose (such as encumbrances); intent can be expressed by the City or the City Manager, Assistant City Manager, and/or Chief Financial Officer or body to which the City delegates authority as established by the City's Fund Balance Policy included in the City's Financial Policies approved the Board of Commissioners.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the General Fund.

When both restricted and unrestricted funds are available for expenditure, restricted funds are spent first unless legal requirements disallow it. When committed, assigned and unassigned funds are available for expenditure, committed funds are spent first, assigned funds second, and unassigned funds last.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Revenues, Expenditures and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing or investing activities.

Interfund transactions that would be treated as revenues or expenditures/expenses if they involved organizations external to the City are similarly treated when involving funds of the City. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the reimbursed fund. Transfers from funds receiving revenues to funds through which the resources are to be expended and operating subsidies are classified as interfund transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the Government-wide columnar presentation.

**H. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Compliance with Finance Related Legal and Contractual Provisions**

The City has no material violations of finance related legal and contractual provisions.

**NOTE 3. DETAIL NOTES ON ALL FUNDS**

**A. Cash and Investments**

**Primary Government**

The Government's bank balances at June 30, 2015 are entirely insured or collateralized with securities held by the City's agent in the City's name. In accordance with Kentucky Revised Statutes (KRS) 66.480 and the Government's investment policy, the Government is allowed to invest in obligations of the U.S. Treasury and U.S. agencies and instruments, repurchase agreements, bankers' acceptances, commercial paper, obligations of the Commonwealth of Kentucky and its agencies and instrumentalities, shares of mutual funds or interest bearing deposits of insured national or state banks. In addition, the Fiduciary Funds are allowed to invest in equity securities, corporate bonds and international stocks listed as American Depository Receipts (ADR). Investments of the City as of June 30, 2015 are summarized and categorized below in the table on the following page:

Investment Type	Primary Government (except Fiduciary Funds)	
	Fair Value	Weighted Average Maturity
Certificate of Deposit	\$ 8,592,335	0.258
Cash Equivalents	71,164	n/a
Tax Free Mutual Funds	1,702,635	n/a
U.S. Agencies CMO	446,347	0.041
U.S. Agencies Bonds	4,263,534	0.243
Municipal Bonds	1,306,777	0.134
	<hr/>	
	\$ 16,382,792	

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

**Interest Rate Risk** - The Government has adopted an investment policy that recommends controlling interest rate risk through maturity diversification. To the extent possible, the Government will attempt to match its investments with anticipated cash flow requirements.

**Credit Risk** - The Government has no policy related to credit risk.

**Concentration of Credit Risk** - To limit credit risk, the government has adopted an investment policy to limit investments held at one financial institution to no more than 25% of total investments, excluding money market mutual funds, unless they are fully insured or fully collateralized or they are authorized investment pools.

**Component Units**

Bowling Green Municipal Utilities

The Bowling Green Municipal Utilities may legally invest in direct obligations of and other obligations guaranteed as to principal by the U. S. Treasury and U. S. Agencies and instrumentalities, Kentucky bonds and certificates of indebtedness, highly-rated securities issued by a state or local government in the United States and certain other investments more fully described in the Kentucky Revised Statutes. Investments of each division of the utility as of June 30, 2015 are summarized and categorized in the following tables:

Bowling Green Municipal Utilities Water-Sewer Division		
Investment Type	Maturities in Years	
	Fair Value	Less than 1
U.S. Agencies obligations	\$ 276,529	\$ 276,529
Money market account	3,052,590	3,052,590
	<u>\$ 3,329,119</u>	<u>\$ 3,329,119</u>

The carrying value of deposits and investments shown above are included in the Combining Statement of Net Position - Component Units - Bowling Green Municipal Utilities for the Water-Sewer Division as follows:

Carrying Value
Deposits
Investments
<u>\$ 6,166,682</u>
<u>3,329,119</u>
<u><u>\$ 9,495,801</u></u>

Included in the following captions:

Cash and cash equivalents	\$ 4,496,862
Noncurrent cash and investments	4,998,939
	<u><u>\$ 9,495,801</u></u>

Bowling Green Municipal Utilities Electric Division

Investment Type	Maturities in Years	
	Fair Value	Less than 1
U.S. Agencies obligations	\$ 683,971	\$ 683,971
Money market account	1,538,721	1,538,721
	<u>\$ 2,222,692</u>	<u>\$ 2,222,692</u>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

The carrying value of deposits and investments are included in the Combining Statement of Net Position - Component Units - Bowling Green Municipal Utilities for the Electric Division as follows:

Carrying Value	
Deposits	\$ 15,150,179
Investments	<u>2,222,692</u>
	<u><u>\$ 17,372,871</u></u>

Included in the following captions:

Cash and cash equivalents	\$ 14,834,177
Noncurrent cash and investments	<u>2,538,694</u>
	<u><u>\$ 17,372,871</u></u>

**Interest Rate Risk** – Investment rate risk is the risk that changes in market interest rates will adversely affect the value of an investment. The Municipal Utilities does not have a formal investment policy that limits its interest rate risk.

**Credit Risk** - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2015, the Utility's investments in U.S. agencies obligations not directly guaranteed by the U.S. government were rated by Standard & Poor's and by Moody's Investors Services as AAA.

**Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Utility will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of June 30, 2015 the Municipal Utilities were not exposed to custodial credit risk.

**Concentration of Credit Risk** - The Utility places no limit on the amount that may be invested in any one issuer. At June 30, 2015, the Water-Sewer Division's investment in Federal Home Loan Bank obligations constituted approximately 8% of its total investments. At June 30, 2015, the Electric Division's investment in Federal Home Loan Mortgage Corporation and Federal National Mortgage Association obligations constituted 24% and 7% of its total investments, respectively.

Policemen and Firefighters' Retirement Fund

Approximately 7% of the net assets held in trust for pension benefits are invested in bonds of the U.S. Government and its instrumentalities. The Fund has no investments in the stocks or bonds of any commercial or industrial organization whose market value exceeds five percent of the net assets available for benefits.

The retirement fund's investments are all categorized as either insured or registered. The securities are held by the retirement fund, or by its agent, in the name of City of Bowling Green Policemen and Firefighter's Retirement Fund.

**Investment Maturities  
(In Years)**

Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. Government	\$ 546,265	\$ -	\$ 23,823	\$ 168,360	\$ 354,082
Corporate Securities	1,618,282	251,035	52,755	1,145,723	168,769
Kentucky Municipal Bonds	1,052,986	-	236,834	503,158	312,994
Mutual Funds	3,733,439	3,733,439	-	-	-
Total	<u><u>\$ 6,950,972</u></u>	<u><u>\$ 3,984,474</u></u>	<u><u>\$ 313,412</u></u>	<u><u>\$ 1,817,241</u></u>	<u><u>\$ 835,845</u></u>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

Debt Securities Investments at Fair Value:

Quality Ratings	2015
AAA	\$ 151,926
AA1	50,238
AA2	242,040
AA3	655,749
A1	110,975
A2	300,936
A3	343,058
BAA1	99,623
BAA2	52,755
BAA3	48,817
NR	<u>615,151</u>
Total Credit Risk Debt Securities	2,671,268
U.S. Government Agencies	<u>546,265</u>
Total Debt Securities	<u>\$ 3,217,533</u>

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the financial institution, the fund will not be able to recover the value of its cash equivalents. At June 30, 2015, the Fund's carrying amounts for cash investments were uninsured, but held in the Fund by the corresponding bank's trust department.

**B. Restricted Assets**

**Governmental Activities**

**Cemetery Perpetual Fund** - Assets totaling \$907,446 are reported in the Cemetery Perpetual Fund as these assets are restricted for cemetery maintenance.

**2007B & C General Obligation Bonds** - For the 2007B and C bonds, various escrowed trustee accounts were established for the Inter-Model Transportation Authority. The balance of these funds at June 30, 2015 is \$346,153.

**Debt Service Fund** – Assets totaling \$4,481 are reported as restricted in the Debt Service Fund as a result of the current year debt General Obligation (GO) Series 2015A, which is a refunding of the GO Issue 2007A. The restricted asset represents funds dedicated to cost of issuance fees or future debt service.

**Unrestricted Assets** represent unrestricted liquid assets. While Government management may have categorized and segmented portions for various purposes, the Commission has the unrestricted authority to revisit or alter these management decisions.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets**

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

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
<b>Primary Government</b>				
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 17,677,804	\$ 589,717	\$ -	\$ 18,267,521
Infrastructure	104,567,052	4,176,653	(4,467,599)	104,276,106
Construction in progress	4,343,552	3,870,316	(3,866,355)	4,347,513
Total capital assets, not being depreciated	<u>126,588,408</u>	<u>8,636,686</u>	<u>(8,333,954)</u>	<u>126,891,140</u>
Capital assets, being depreciated:				
Stormwater Infrastructure	12,784,681	-	(247,366)	12,537,315
Buildings	41,858,389	4,727,911	-	46,586,300
Improvements other than buildings	20,842,512	11,460,900	(4,044)	32,299,368
Intangibles	3,058,457	355,414	(2,178,184)	1,235,687
Vehicles, equipment and furniture	22,366,677	2,309,664	(959,126)	23,717,215
Property held under capital lease	-	306,633	-	306,633
Total capital assets, being depreciated	<u>100,910,716</u>	<u>19,160,522</u>	<u>(3,388,720)</u>	<u>116,682,518</u>
Less accumulated depreciation:				
Stormwater Infrastructure	(1,953,635)	(230,974)	17,117	(2,167,492)
Buildings	(13,999,906)	(1,644,353)	-	(15,644,259)
Improvements	(6,213,332)	(8,310,989)	4,044	(14,520,277)
Intangibles	(469,081)	(148,549)	299,501	(318,129)
Vehicles, equipment and furniture	(18,842,663)	(1,923,408)	957,435	(19,808,636)
Property held under capital lease	-	(177,901)	-	(177,901)
Total accumulated depreciation	<u>(41,478,617)</u>	<u>(12,436,174)</u>	<u>1,278,097</u>	<u>(52,636,694)</u>
Total capital assets, being depreciated, net	<u>59,432,099</u>	<u>6,724,348</u>	<u>(2,110,623)</u>	<u>64,045,824</u>
Governmental activities, capital assets, net	<u>\$186,020,507</u>	<u>\$15,361,034</u>	<u>\$ (10,444,577)</u>	<u>\$190,936,964</u>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
<b>Business-type assets:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,740,298	\$ -	\$ (449,534)	\$ 2,290,764
Construction in progress	52,110	-	(52,110)	-
Total capital assets, not being depreciated	<u>2,792,408</u>	<u>-</u>	<u>(501,644)</u>	<u>2,290,764</u>
Capital assets, being depreciated:				
Buildings	12,508,453	-	(1,945,678)	10,562,775
Improvements other than buildings	10,503,415	-	(10,503,415)	-
Vehicles, equipment and furniture	2,253,936	-	(811,578)	1,442,358
Property held under capital lease	306,633	-	(306,633)	-
Total capital assets, being depreciated	<u>25,572,437</u>	<u>-</u>	<u>(13,567,304)</u>	<u>12,005,133</u>
Less accumulated depreciation:				
Buildings	(6,244,089)	(301,918)	545,605	(6,000,402)
Improvements	(7,116,311)	-	7,116,311	-
Vehicles, equipment and furniture	(1,958,040)	(50,572)	709,207	(1,299,405)
Property held under capital lease	(170,470)	-	170,470	-
Total accumulated depreciation	<u>(15,488,910)</u>	<u>(352,490)</u>	<u>8,541,593</u>	<u>(7,299,807)</u>
Total capital assets, being depreciated, net	<u>10,083,527</u>	<u>(352,490)</u>	<u>(5,025,711)</u>	<u>4,705,327</u>
Business-type activities, capital assets, net	<u>\$ 12,875,935</u>	<u>\$ (352,490)</u>	<u>\$ (5,527,355)</u>	<u>\$ 6,996,091</u>

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

Governmental activities	
General government	\$ 497,489
Public safety	1,386,380
Public works	595,344
Parks and recreation	1,224,366
Housing and community development	198,431
Total depreciation expense - governmental activities	<u>\$ 3,902,010</u>
Business-type activities	
Convention Center	\$ 352,490
Total depreciation expense - business-type activities	<u>\$ 352,490</u>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

Component unit capital asset activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
<b>Bowling Green Municipal Utilities</b>				
Capital assets, not being depreciated:				
Construction in progress	<u>\$ 4,850,002</u>	<u>\$ 3,282,168</u>	<u>\$ (4,636,381)</u>	<u>\$ 3,495,789</u>
Capital assets, being depreciated:				
Transmission plant	2,181,007	82,241	(18,995)	2,244,253
Distribution plant	76,552,519	4,844,493	(547,230)	80,849,782
Structures and improvements, nodes	277,707	1,642	-	279,349
General plant	13,171,662	667,262	-	13,838,924
Water plant	88,837,554	1,463,930	-	90,301,484
Sewer plant	110,283,547	1,303,601	-	111,587,148
Equipment	6,098,612	530,988	(18,394)	6,611,206
Overhead conductors and devices	5,353,945	112,011	(15,060)	5,450,896
Trucks and autos	2,204,417	178,747	(186,709)	2,196,455
Office equipment	1,285,941	50,499	(111,938)	1,224,502
Office additions	65,716	-	-	65,716
Total capital assets, being depreciated	<u>306,312,627</u>	<u>9,235,414</u>	<u>(898,326)</u>	<u>314,649,715</u>
Less accumulated depreciation	<u>(113,639,529)</u>	<u>(9,634,352)</u>	<u>1,143,453</u>	<u>(122,130,428)</u>
Total capital assets, being depreciated, net	<u>192,673,098</u>	<u>(398,938)</u>	<u>245,127</u>	<u>192,519,287</u>
Bowling Green Municipal Utilities, capital assets, net	<u>\$197,523,100</u>	<u>\$ 2,883,230</u>	<u>\$ (4,391,254)</u>	<u>\$196,015,076</u>

**D. Interfund Transfers**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statutes or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The following schedule briefly summarizes the City's transfer activity:

Transfers In	Transfers Out				
	Within the primary government:	General	Non-Major Governmental	Internal Service	Convention Center
General	\$ -	\$ 530,804	\$ -	\$ -	\$ 530,804
ITA Bond	1,330,000	-	-	-	1,330,000
Debt Service	4,637,318	818,877	-	-	5,456,195
Convention Center	-	1,113,791	-	-	1,113,791
Internal Service	700,000	-	100,000	-	800,000
Non-major governmental	<u>6,528,356</u>	<u>1,863,000</u>	<u>-</u>	<u>300,000</u>	<u>8,691,356</u>
Totals	<u>\$ 13,195,674</u>	<u>\$ 4,326,472</u>	<u>\$ 100,000</u>	<u>\$ 300,000</u>	<u>\$ 17,922,146</u>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

**E. Long-term Debt**

Revenue bonds and other directly related long-term liabilities, which are intended to be paid from proprietary funds, are included in the accounts of such funds. All other long-term indebtedness is accounted for in the Governmental column of the Government-wide Statement of Net Position.

**Primary Government:**

	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
<b>Governmental Activities</b>					
<b>General Obligation and Revenue Bonds</b>					
	Lovers Lane Utilities, Park Community Center Expansion, Circus Square, Downtown Signalization, SkyPAC land acquisition, various road projects, Southwest Parkway property acquisition, Broadway Curve Straightening, Fields Drive and Skate Park				
General Obligation Bond, Series 2007A	Inter-Modal Transportation Authority, Inc. refinancing	\$ 14,905,000	4.00% - 5.0%	June 30, 2033	\$ 2,960,000
General Obligation Bond, Series 2007B	Inter-Modal Transportation Authority, Inc. refinancing	20,615,000	3.375% - 4.625%	September 1, 2023	14,470,000
General Obligation Bond, Series 2007C	Baseball Stadium construction	6,800,000	5.60%	September 1, 2023	3,685,000
General Obligation Bond, Series 2008A	Fire stations at Greenwood, Airport and Fire Headquarters	24,835,000	3.50% - 5.00%	June 1, 2038	21,945,000
General Obligation Bond, Series 2008B	Refinance GO Series 1995, 1998 and 2000A	6,585,000	3.50% - 4.75%	June 1, 2028	4,790,000
General Obligation Bond, Series 2009	Refinance GO Series 2002B and 2002C	15,740,000	3.00% - 4.50%	June 1, 2020	7,815,000
General Obligation Bond, Series 2010/ 2011	Refinance GO Series 2004A	29,580,000	0.5% - 3.75%	June 1, 2026	25,600,000
General Obligation Bond, Series 2012A	Refinance GO Series 2004B	6,320,000	2.0% - 3.0%	June 1, 2024	6,170,000
General Obligation Bond, Series 2012B	Refinance GO Series 2004A	1,400,000	1.0% - 3.3%	June 1, 2024	1,225,000
General Obligation Bond, Series 2013A	Refinance GO Series 2002A & 2004A	4,200,000	2.00%	December 1, 2017	2,510,000
General Obligation Bond, Series 2015A	Refinance portion of GO Series 2007A	9,245,000	2.25% - 3.0%	December 1, 2032	9,245,000
Premiums, deferred charges and discounts on bond obligations					\$ 100,415,000
<b>Total General Obligation Bonds</b>					1,142,970
					\$ 101,557,970
<b>Notes and Lease Purchase Agreements</b>					
	Relocation of operations division & realignment of 14th Avenue				
BB&T	Depot project	\$ 1,630,000	10 yr. LIBOR	July 2, 2025	722,490
US Bank	2007 Fire Pumper and Quint	1,000,000	5.02%	June 7, 2018	235,220
Chase Bank	2010 Fire Aerial & Pumper Trucks	1019,193	3.97%	August 1, 2018	327,066
Chase Bank	John Deere bed knife grinder & reel grinder	1,309,391	2.66%	October 1, 2020	826,468
BB&T		38,674	2.74%	June 15, 2016	8,257
<b>Total Notes Payable and Capital Leases</b>					\$ 2,119,501
<b>Other Long-Term Liabilities</b>					
Component unit debt					113,861
Compensated Absences					1,779,762
Landfill					1640,244
					\$ 3,533,867
<b>Total long-term governmental liabilities</b>					\$ 107,211,338
<b>Business-Type Activities</b>					
<b>General Obligation Bonds</b>					
General Obligation Bond, Series 2013C	Refinancing of GO Series 2003	3,595,000	2.00%	December 1, 2018	\$ 2,860,000 2,860,000
Premiums, deferred charges and discounts on bond obligations					76,494
<b>Total General Obligation Bonds</b>					\$ 2,936,494
<b>Total long-term business-type liabilities</b>					\$ 2,936,494

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

**Changes in Long-term Liabilities**

Long-term liability activity for the primary government for the year ended June 30, 2015, includes the reclassification of the golf and aquatics program debt from business-type to governmental activities, and was as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015	Amounts Due In One Year
<b>Governmental Activities:</b>					
General obligation and revenue bonds	\$ 104,365,653	\$ 11,859,348	\$ (15,810,001)	\$ 100,415,000	\$ 7,365,000
Notes and lease purchase agreements	2,459,472	21,671	(361,642)	2,119,501	364,129
Adjustments for deferred amounts:					
Discount on bonds payable	(100,592)	(113,654)	15,719	(198,527)	-
Premium on bonds payable	1,054,278	359,645	(72,426)	1,341,497	-
Total bonds, notes, leases payable	107,778,811	12,127,010	(16,228,350)	103,677,471	7,729,129
Component Unit Debt	-	140,790	(26,929)	113,861	26,929
Compensated absences	1,727,878	998,852	(946,968)	1,779,762	978,869
Landfill postclosure care	1,914,242	-	(273,998)	1,640,244	53,052
Total governmental activities	<u>111,420,931</u>	<u>13,266,652</u>	<u>(17,476,245)</u>	<u>107,211,338</u>	<u>8,787,979</u>
<b>Business Type Activities</b>					
General obligation and revenue bonds	6,206,010	-	(3,346,010)	2,860,000	715,000
Notes and lease purchase agreements	21,671	-	(21,671)	-	-
Compensated absences	34,127	-	(34,127)	-	-
Less: unamortized bond discount and premiums from refunding	(17,682)	113,298	(19,122)	76,494	-
Total business-type activities	<u>6,244,126</u>	<u>113,298</u>	<u>(3,420,930)</u>	<u>2,936,494</u>	<u>715,000</u>
Total governmental and business-type activities	<u><u>\$ 117,665,057</u></u>	<u><u>\$ 13,379,950</u></u>	<u><u>\$ (20,897,175)</u></u>	<u><u>\$ 110,147,832</u></u>	<u><u>\$ 9,502,979</u></u>

**Component Units**

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

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015	Amounts Due In One Year
<b>Component Units</b>					
Bowling Green Municipal Utilities					
Water-Sewer Division					
Notes payable	\$ 76,043,895	\$ -	\$ (4,114,752)	\$ 71,929,143	\$ 4,177,397
Electric Division					
Revenue bonds	12,125,000	-	(415,000)	11,710,000	430,000
General Services Division					
Notes payable	5,000,000	-	(350,000)	4,650,000	600,000
Capital lease obligation	127,106	-	(41,282)	85,824	42,359
Less: unamortized bond discount	(372,111)	-	24,201	(347,910)	-
	<u>\$ 92,923,890</u>	<u>\$ -</u>	<u>\$ (4,896,833)</u>	<u>\$ 88,027,057</u>	<u>\$ 5,249,756</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities are included as part of the above totals for governmental activities. At year end, \$21,904 of internal service fund compensated absences is included in the above amounts. Landfill postclosure liabilities are liquidated by the Landfill Closure special revenue fund and governmental compensated absences are liquidated by the general fund.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

Debt service requirements (principal and interest) to maturity for the Primary Government's bonds and notes are as follows:

Fiscal Year	Governmental Activities				Business-Type Activities			
	General Obligation and Revenue Bonds		Notes and Lease Purchase Agreements		General Obligation and Revenue Bonds		Notes and Lease Purchase Agreements	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2016	\$ 3,796,394	\$ 7,365,000	\$ 72,644	\$ 364,129	\$ 44,538	\$ 715,000	\$ -	\$ -
2017	3,631,369	7,530,000	59,472	363,576	30,538	685,000	-	-
2018	3,371,847	7,995,000	46,288	371,541	16,438	725,000	-	-
2019	3,088,269	8,290,000	35,066	266,547	4,594	735,000	-	-
2020	2,769,970	8,540,000	25,868	213,756	-	-	-	-
2021-2025	9,218,575	35,170,000	53,261	539,952	-	-	-	-
2026-2030	4,185,540	12,625,000	-	-	-	-	-	-
2031-2035	2,172,513	8,515,000	-	-	-	-	-	-
2036-2040	445,750	4,385,000	-	-	-	-	-	-
	<b>\$ 32,680,227</b>	<b>\$ 100,415,000</b>	<b>\$ 292,599</b>	<b>\$ 2,119,501</b>	<b>\$ 96,108</b>	<b>\$ 2,860,000</b>	<b>\$ -</b>	<b>\$ -</b>

**Component Units**

Principal requirements for component units' debt are as follows:

Fiscal Year	Bowling Green Municipal Utilities Water- Sewer Division	Bowling Green Municipal Utilities General Services Division	Bowling Green Municipal Utilities Electric Division	Total
2016	\$ 4,177,397	\$ 600,000	\$ 430,000	\$ 5,207,397
2017	4,235,936	4,050,000	440,000	8,725,936
2018	4,292,398	-	455,000	4,747,398
2019	4,343,845	-	470,000	4,813,845
2020	4,411,654	-	485,000	4,896,654
2021 - 2025	22,524,083	-	2,670,000	25,194,083
2026 - 2030	19,023,152	-	3,205,000	22,228,152
2031 - 2035	8,920,678	-	3,105,000	12,025,678
2036 - 2036	-	-	450,000	450,000
Total	<b>\$ 71,929,143</b>	<b>\$ 4,650,000</b>	<b>\$ 11,710,000</b>	<b>\$ 88,289,143</b>

**General Description of the City's General Obligation and Revenue Bonds**

**General Obligation and Revenue Bonds** - The City routinely issues general obligation and revenue bonds to provide funds for the acquisition and construction of capital assets. The general obligation bonds are secured by an irrevocable pledge of the full faith, credit and taxing power of the City. The City has issued the following general obligation and revenue bonds:

1. \$14,905,000 general obligation bonds, Series 2007A, issued to finance costs for construction of public park improvements, construction of utilities, design and construction of a skate park, Circus Square acquisition and construction, land acquisition, construction of public roads, and installation of downtown signalization upgrades. In 2015, this obligation was partially refunded by Series 2015A.
2. \$27,415,000 general obligation bonds, Series 2007B & C, issued for the purpose of refinancing existing mortgage-backed bond issues used for acquisition and construction of the Kentucky Transpark. Series B is comprised of \$20,615,000 tax-exempt bonds, and Series C is comprised of \$6,800,000 taxable bonds.

**City of Bowling Green, Kentucky  
Notes to Financial Statements  
June 30, 2015**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

3. \$24,835,000 general obligation bonds, Series 2008A, issued for the purpose of constructing a baseball park and related infrastructure for the Bowling Green Hot Rods, a single A baseball team.
4. \$6,585,000 general obligation bonds, Series 2008B, issued for the purpose of constructing the Greenwood Fire Station and the expansions and renovations of the Headquarters and Airport fire stations.
5. \$15,740,000 general obligation bonds, Series 2009, issued for the purpose of refinancing the 1995 Bowling Green Municipal Projects Corporation Lease Revenue Bonds, the 1998 City of Bowling Green General Obligation Bonds, Series A and the 2000 City of Bowling Green General Obligation bonds.
6. \$29,580,000 general obligation and special revenue refunding bonds, Series 2010 and Series 2011, issued for the purpose of refinancing the series 2002B and series 2002C general obligation and special revenue bonds for Western Kentucky University.
7. \$6,320,000 general obligation bonds, Series 2012A, issued for the purpose of refinancing Series 2004A, general obligation bonds. 94.4% of the proceeds were recorded in the Debt Service Fund and 5.6% were recorded in the Golf Enterprise Fund.
8. \$1,400,000 general obligation bonds, Series 2012B, issued for the purpose of refinancing Series 2004B, general obligation bonds.
9. \$4,200,000 general obligation bonds, Series 2013A, issued for the purpose of refinancing Series 2002A and 2004A general obligation bonds.
10. \$3,595,000 general obligation bonds, Series 2013C, issued for the purpose of refinancing Series 2003 general obligation bonds.
11. \$9,245,000 general obligation bonds, Series 2015A, issued for the purpose of refinancing a portion of Series 2007A general obligation bonds. As a result, the refunded portion is considered to be defeased and the corresponding liability removed from the primary government activities column of the statement of net position. The refunding was undertaken to reduce the total debt service payments and results in a net present value savings or benefit of \$1,013,554 or approximately 11.6%. The aggregate difference between the refunding debt and the refunded debt was \$535,000; with \$8,710,000 as the refunded principal.

**Memorandum of Agreement/WKU Project Financing**

In June 2002 the City issued \$30,115,000 General Obligation and Special Revenue Bonds, Series 2002B and \$1,800,000 General Obligation and Special Revenue Bonds, Series 2002C to finance the renovation, improvement and equipping of certain WKU athletic and parking facilities, including the renovation and improvement of E. A. Diddle Arena. The Series 2002C Bonds were issued to finance costs allocated to certain private use facilities (luxury suites) in E. A. Diddle Arena, as renovated, not financed by the 2002B bonds.

Pursuant to a Memorandum of Agreement dated April 15, 2002 and amended by Supplement No. 1 dated June 1, 2002, between the City, WKU and the Hilltopper Athletic Foundation (HAF), WKU and HAF, respectively, pledge to impose and charge student athletic fees and suite rentals during the term of the respective series of bonds sufficient, when transferred to the City, for the payment of principal and interest on the bonds. WKU pledges the student athletic fees to the City for the payment of principal and interest on the Series 2002B bonds and, on a subordinated basis, the Series 2002C bonds, and HAF and WKU pledge the suite rentals (defined as annual luxury suite rentals minus HAF contributions of \$7,500 per suite) to the City for the payment of principal and interest on the Series 2002C bonds. Payments from collected student athletic fees and suite rentals are to be made to the City on or before March 1 and September 1 of each year in amounts sufficient to pay debt service on the Series 2002B bonds and Series 2002C bonds, respectively, to the extent funds are not otherwise provided in the form of capitalized interest and interest earnings in the Series 2002B bond fund and the Series 2002C bond fund. No suite rentals shall be available or used for payment of debt service on the Series 2002B bonds.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

In fiscal year 2011, the City issued general obligation and special revenue refunding bonds Series 2010 and Series 2011 for \$29,580,000 for the purpose of refinancing \$27,595,000 of the Series 2002B and Series 2002C bonds.

The following is a schedule, by year, of future amounts to be provided by WKU pursuant to the Memorandum of Agreement for the retirement of general long-term debt of the City, applicable to the issuance of the \$30,115,000 General Obligation and Special Revenue Bonds, Series 2002B, \$1,800,000 General Obligation and Special Revenue Bonds, Series 2002C, and \$29,580,000 General Obligation and Special Revenue Refunding Bonds, Series 2010 and Series 2011 for the WKU Project:

Year Ending June 30,	Principal 2010/2011	Interest		Total
		2010/2011		
2016	\$ 1,775,000	\$ 872,980		\$ 2,647,980
2017	1,915,000	828,605		2,743,605
2018	2,045,000	771,155		2,816,155
2019	2,185,000	709,805		2,894,805
2020	2,340,000	644,255		2,984,255
2021-2025	12,585,000	1,952,690		14,537,690
2026	<u>2,755,000</u>	<u>106,756</u>		<u>2,861,756</u>
	<u><u>\$ 25,600,000</u></u>	<u><u>\$ 5,886,246</u></u>		<u><u>\$ 31,486,246</u></u>

As of June 30, 2015 the City has recorded a receivable from WKU and deferred revenue of \$25,600,000 in the WKU Athletics Special Revenue Fund applicable to future revenues to be received from WKU related to the above agreement.

**Fund Depository and Administration Agreement/WKU Project Financing**

On June 1, 2002, the City entered into a Fund Depository and Administration Agreement with the Finance and Administration Cabinet of the Commonwealth of Kentucky (FAC) applicable to the WKU project. The WKU project is and will be the property of the Commonwealth of Kentucky for the benefit of WKU and all contracts for the construction, acquisition and installation of the project are awarded, administered and carried out by the FAC through its Department for Facilities Management and its Office of Financial Management as a State-administered capital construction project.

On June 28, 2002 (bond closing date) the City, pursuant to Fund Depository and Administration Agreement, transferred to the State Treasurer the net proceeds of the 2002B bonds (\$28,235,432) and 2002C bonds (\$1,670,716) for deposit to FAC-administered capital construction accounts. The transfers to the State of Series 2002B and 2002C bond net proceeds totaling \$29,906,148 were accounted for as expenditures in the WKU Athletic Special Revenue Fund in fiscal year 2002.

In fiscal years subsequent to the transfer of bond net proceeds to the State, the City will not account for construction expenditures of the project and will not include State-administered construction accounts as assets of the City. The WKU project will be property of the Commonwealth of Kentucky for the benefit of WKU.

**TIF District**

In August 2007, the City approved the establishment of a downtown development area Tax Incremental Financing (TIF) district, which was later amended and expanded in October 2008. With the establishment of the district, the City pledged 80% of new incremental growth in property tax, withholding tax, and net profit fee revenues produced within the boundaries of the district to the Warren County Downtown Economic Development Authority (the Authority), a Chapter 58 agency designated to administer and oversee the project. These incremental revenues are to be used for purposes of debt service on the project. The State also pledged 80% of incremental revenues within the district under the condition that the project reached \$200 million in eligible projects, which was later amended to \$150 million by the State General Assembly in June 2009.

**City of Bowling Green, Kentucky  
Notes to Financial Statements  
June 30, 2015**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

During FY09, the City issued \$25 million in general obligation bonds to fund the construction of a ballpark for a single A team in Bowling Green located inside the TIF district. The bond proceeds included funding for infrastructure and capitalized interest and were placed into a construction fund account. The construction of the ballpark, including the bidding of the project and all construction oversight, was performed by the Authority. Draws totaling \$23 million for construction were requested through the City from the bond construction account and distributed to the contractor monthly. The other \$2 million was set aside for capitalized interest and cost of issuance.

Title to the ballpark is held by the Authority who sold the ballpark to a Single Purpose Entity which will provide new market tax credits in return for additional borrowings to fund other TIF construction. At the end of the bond term (30 years) the County will receive title to the ballpark.

As of December 31, 2012, the TIF District broke the \$150 million threshold and has now reached \$285 million in eligible projects. As a result the State has distributed 80% of State withholdings, individual, corporate, sales and property taxes generated from within the TIF boundaries to the Authority. To date, the state distributions are as follows:

2008-2012	\$3.7M
2013	\$1.5M
2014	\$2.1M

The state TIF revenues received are split between Warren County, the Medical Center, Western Kentucky University, Warren County Downtown Economic Development Authority, the Special Purpose Entity, and to the Wrap project on block 6 for debt service on an Industrial Revenue Bond issue.

**Prior Year Defeasance of Debt**

In a prior year the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2015, \$51,365,000 of bonds outstanding is considered defeased.

**Landfill Closure and Postclosure Care Cost**

Landfill closure and post-closure costs are accounted for in the Landfill Closure Special Revenue Fund. As of June 30, 2015, the cash, investments and due from other governments available totaled \$1,361,475.

In fiscal year 2005, the Environmental and Public Protection Cabinet (EPPC) announced a program under which the Commonwealth might assume responsibility for many aspects of landfill closure currently funded by local jurisdictions. However, under the provisions of the enabling legislation (HB 174 Kentucky Pride Fund, KRS 224.43-505) it appears that jurisdictions may well retain the bulk of costs to maintain landfill sites (e.g. sampling, pumping, transportation and disposal of leachate, erosion control, mowing, etc.). Until the full impact of KRS 224.43-505 is felt, it is prudent to assume annual outlays at all three Bowling Green landfill sites will continue, to some extent, in perpetuity. Under current assumptions and projections the Landfill Closure Special Revenue Fund is sufficiently capitalized through 2025, beyond which the city will need an alternate source of funds to maintain landfill sites.

The estimate of present value of remaining closure and post-closure care liabilities for all three landfill sites as of June 30, 2015 is \$1,640,244. The actual cost may differ due to inflation, changes in technology or applicable laws and regulations, the extent of any damage to landfill caps caused by weather and erosion, the magnitude of site improvements or corrections required by state inspectors to achieve closure, or other unforeseeable circumstances (e.g. acts of nature).

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

*Glen Lily Road Landfill*

The City's Glen Lily Road landfill was closed in 1981. On March 30, 1990, the City and Commonwealth of Kentucky Natural Resources and Environmental Protection Cabinet (the Cabinet) entered into an agreed order stipulating remedial measures to be taken by the City. To finance the Glen Lily Road landfill closure and post-closure costs, the City issued \$2,950,000 Bowling Green Municipal Project Corporation Lease Revenue Bonds, Series 1991, dated April 1, 1991. Landfill closure cap construction is complete and the City performs annual monitoring, testing and reporting.

The City has submitted a closure application for Glen Lily which has not been approved to date, owing to the EPPC backlog of active landfill oversight responsibilities. The City continues to monitor and care for the landfill, submit required reports, and assume the City will incur landfill maintenance costs at least through 2034. A two year post-closure care period will follow the date upon which the City receives acceptance of any closure application, if the application is processed in accordance with precedent.

*Butler County Landfill*

The City submitted a closure plan for its Butler County landfill in May 1991. The site ceased receiving solid waste in June 1992. The closure plan was approved by the state in 1996. The facility met closure standards for a residential landfill rather than a contained landfill. Drawing upon funds from the Landfill Closure Special Revenue Fund, established from proceeds of the 1991 bond issue, the City added a leachate collection system and a passive methane gas venting system. Neither system was required by residential landfill standards. However, the systems were added to reduce the likelihood of discharge of unacceptable leachate in the future. Construction of the landfill cap was completed in fiscal year 1995. The City received a permit for closure construction in 1996. A quality assurance/quality control report was submitted on November 15, 1996. The original closure permit expired in July 1997, and a new permit extending to 2002 was issued. The City submitted quarterly and annual inspections and reports to the cabinet. In 2004, consultants Kamp, Dresser and McKee were engaged to assist in development of a plan to effect final closure of the landfill. In 2005, the City completed the third year of a three-year closure care period. However, the state has not granted final closure to date. Consequently, the City continues to monitor and care for the landfill, submit required reports, and assume the City will incur landfill maintenance costs at least through 2034.

*Old Louisville Road*

Landfill closure cap construction is complete and the City performs annual monitoring, testing and reporting. The Greenways Commission is considering a project for some compatible recreational use of the landfill area with which EPPC agrees in principle, but for which they will not agree in particular without review of such development plans as Greenways may offer for consideration.

Responding to Cabinet directives, in September 2000, the City awarded a project to install a leachate collection system at the Old Louisville Road landfill. The project cost was \$521,955 and was completed in December 2001. The City anticipated a decision from the Cabinet on the closure application in July 2002. However, the Cabinet has not acted on the application. Consequently, the City continues to monitor and care for the landfill, submit required reports, and assume the City will incur landfill maintenance costs at least through 2034. A two year post-closure period will follow the date upon which the state should grant closure if the closure application is processed in accordance with precedent.

**F. Net Position**

The Government-wide and business type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets (net of related debt), restricted and unrestricted.

The Net Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the unspent proceeds and any associated unamortized cost.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**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; injuries to employees; and natural disasters. During fiscal year 1995, the City established the Employee Health Care Fund (EHCF) (an internal service fund) to account for and finance employee medical costs relating to the City's employee self-insured medical benefit plan. The EHCF provides coverage for up to \$75,000 for each health insurance claim. The City purchases commercial insurance for claims in excess of coverage provided.

In July 1996, the City established the Workers Compensation Fund (WCF) (an internal service fund) to account for and finance its participation in the Kentucky League of Cities Workers' Compensation Trust (The "Trust"), a public entity risk pool currently operating as a common risk management and insurance program for Kentucky cities, municipal boards, agencies and authorities. The City pays an annual premium to the Trust for its workers' compensation, general liability and auto insurance coverages. The Trust Participation Agreement provides that the Trust will be self-sustaining through member premiums. The Trust reinsures through commercial companies at various limits, depending on the type of coverage. The WCF provides coverage of up to \$10,000 for each worker's compensation occurrence.

Beginning fiscal year 2012, the City established the Property & Casualty (P&C) Fund to account for and finance its participation in the Kentucky League of Cities Insurance Services (KLCIS) General Insurance Trust. The P&C fund provides payment for premiums for all insurance coverage types except workers' compensation. The fund was also established to make payment on any claim that falls within a City selected per occurrence deductible. KLCIS provides coverage for losses exceeding the chosen deductible level and reinsures through commercial companies at various higher limits. In FY14, the City selected a \$50,000 deductible for General Liability, a \$1,000 deductible for Buildings and Contents Coverage, and a \$0 deductible for Law Enforcement Liability. Additionally, the City has chosen to self-insure a majority of its fleet for auto physical damage.

The City carries all-lines of insurance coverage through the Kentucky League of Cities for other risks of loss, including property loss and public officials. The City also carries commercial insurance for special risks coverage. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

All funds of the City participate in the program and make payments to the EHCF and WCF based on historical cost information of the amounts needed to pay prior and current year claims. Claim liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported based on historical experience.

Changes in the balances of claims liabilities during fiscal years 2015 and 2014 were as follows:

	Health Care	Workers Compensation	Property and Casualty
Liability at June 30, 2013	\$ 169,177	\$ 22,240	\$ -
Claims and changes in estimates FY 2014	2,937,999	(51,988)	(78,513)
Claims paid FY 2014	(2,851,453)	88,165	78,513
Liability at June 30, 2014	255,723	58,417	-
Claims and changes in estimates FY 2015	3,018,391	8,313	229,947
Claims paid FY 2015	(3,104,937)	(45,909)	(184,947)
Liability at June 30, 2015	<u>\$ 169,177</u>	<u>\$ 20,821</u>	<u>\$ 45,000</u>

**NOTE 5. COMMITMENTS AND CONTINGENCIES**

**A. Litigation** - The City of Bowling Green is party to numerous legal proceedings, many of which normally occur in government operations and will not involve any potential liability to the City.

**B. Bowling Green Municipal Utilities** - Bowling Green Municipal Utilities has erected various street lighting systems for the City, which represents a total unamortized investment by the Utility at June 30, 2015 of \$4,489,757. For rental and maintenance of these systems, the City has agreed to pay Bowling Green Municipal Utilities eleven percent per annum on the total street light investments. The City must pay \$493,873 per year on a recurring basis.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 5. COMMITMENTS AND CONTINGENCIES (Continued)**

One-twelfth of the annual charge is billed to the City monthly along with the charge for electric service. Similar arrangements have been in effect in prior years.

**C. Construction Commitments** - The City has active construction projects as of June 30, 2015. At year end, the City had the following commitments on construction contracts:

Project	Remaining Commitment
Sidewalk improvement projects	\$ 48,785
City hall annex and neighborhood & community services building renovations	115,749
West End park construction	107,952
Street resurfacing project	507,311
Stormwater construction projects	547,784
Hennessey Way construction project	149,911
City Hall renovations	330,769
Parks community center roof replacement	251,250
Parks UV disinfection systems replacement	91,924

**D. Contingencies** – The City participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the City complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

On August 1, 2012, the City entered into a sublease agreement to provide a backstop revenue pledge for a mixed-use development. The pledge was designed to cover debt service shortfalls on \$20,500,000 in variable rate taxable industrial building revenue bonds (IRBs) (Series 2012) issued by Warren County for the benefit of a local sub-developer. The project supported by the pledged revenue is located in downtown Bowling Green and consists of over 100,000 square feet of mixed-use development that connects to a newly constructed parking structure, on College and 8th streets, adjacent to the Bowling Green Ballpark. In August of 2013, the Board of Commissioners approved an amendment to the City's parking sublease to cover an additional borrowing of \$5,000,000 in variable rate debt in order to complete construction of the development.

The City agreed to sublease parking facilities in the structure connected to the above-referenced project from the sub-developer, who in-turn subleases the parking garage from Warren County. In May 2012, an Agreement on Sharing of Revenues was executed between the City, County, and the Warren County Downtown Economic Development Authority that outlined the revenue streams from the TIF district pledged to cover the IRB debt. The City's parking sublease agreement is the final line of revenue pledged, following: (1) lease revenues from the building, (2) 80% of state TIF revenues from Blocks 4A, 5, 8, and 10 in the TIF District, (3) 80% of TIF revenues generated by the key tenant of the building, and (4) any debt service reserve funds available from the permanent financing issue scheduled for December 2015.

Following the initial term ending June 30, 2013, the sublease will renew automatically unless the City notifies the sub-developer in writing, at least one hundred twenty (120) days prior to the renewal date, of an election to terminate for the succeeding fiscal year. In the sublease agreement, the City has stated and certified its intention to annually renew and adopt a budget with sufficient funds to cover sublease payments.

In March 2015, the City agreed to assign all State TIF revenues to the County and to adjust City base revenues in specific blocks within the TIF district. In exchange for the adjusted base revenues, the County will provide an annual, renewable lease to fund City debt service shortfalls. The City also agreed to convert the annual, renewable parking sublease to a General Obligation (G.O.) sublease as part of the permanent bond issue scheduled for December 2015. Additionally, the agreement with the original sub-developer was terminated in July 2015, and a new sub-developer was selected to complete construction of the four-story mixed use development and act as the

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 5. COMMITMENTS AND CONTINGENCIES (Continued)**

leasing agent for the building. The City considers the previous risk of funding debt shortfalls eliminated with the reassignment of the City's share of State TIF revenues to the County, and the County's pledge to reimburse the City for any shortfalls on debt service of the IRB financing.

**E. Liens and Encumbrances** - While the City does have satisfactory title to all owned assets, there may be some liens and encumbrances on such assets for matters other than related to bond issues. Only a complete accurate title search of all properties would disclose such liens and encumbrances.

**F. Conduit Debt** - The City has issued Industrial Revenue Bonds to provide financial assistance to private sector and nonprofit entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector or nonprofit entity served by the bond issue. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The City has also issued special assessment bonds to finance various residential improvement projects. The bonds are repaid from amounts levied against the property owners benefited by the improvements. Neither the faith and credit nor the general taxing power of the City has been pledged to the payment of the bonds and the City has no obligation for the payment of the bonds in the case of default. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2015, there were four series of industrial revenue bonds and six series of special assessment bonds outstanding with an aggregate principal balance of \$68,230,000 and \$1,291,000, respectively.

**G. Lease Commitments** - The Golf program in the General Fund leases approximately 53 acres of real estate from the Bowling Green-Warren County Airport Board. This lease provides for future minimum lease payments as of June 30, 2015 as follows:

Year Ended	
2016	\$ 6,226
2017	<u>6,226</u>
	<u><u>\$ 12,452</u></u>

In addition, the Golf program in the General Fund leases the Crosswinds municipal golf course pro shop facility from The Convention Center Corporation, a component unit. The buildings, furnishings and equipment elements of this lease are classified as capital leases and included in the long-term debt footnote. The land element of this lease is classified as an operating lease. Rental payments are based on 7.62% of the total annual debt service of Mortgage Revenue Bonds, Series 1993. Rental payments attributed to the golf pro shop facility is based upon the facility's original cost (\$660,000) as a percentage of total project costs financed by Bonds (\$8,660,000). The following is a schedule by years of minimum future rentals of the land element of the golf pro shop facility lease as of June 30, 2015:

Year Ending June 30,	
2016	\$ 31,670
2017	30,268
2018	31,067
2019	31,036
Total	<u><u>\$ 124,041</u></u>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 6. THE SINGLE AUDIT ACT**

The U.S. Office of Management and Budget's Circular No. A-133 for *Audits of States, Local Governments and Non-Profit Organizations* requires non-federal entities that expend \$500,000 or more a year in federal awards to have an audit performed in accordance with the provisions of the Circular. A separate supplemental report will be issued on active grant programs of the City of Bowling Green in accordance with applicable provisions of the Single Audit Act of 1984, P.L. 98-502 and the Single Audit Act Amendments of 1996, P.L. 104-156.

**NOTE 7. DEFINED BENEFIT PENSION PLANS**

**A. The Policemen and Firemen's Retirement Fund (PFRF)**

*Plan description.* The PFRF is a single-employer defined benefit pension plan administered by a Board of Trustees consisting of the Mayor, City Chief Financial Officer, and two retirees from the Police and Fire Departments. PFRF was established to provide retirement and disability benefits for retiring, disabled, or deceased personnel and their surviving spouse. Benefits are determined by Kentucky Revised Statutes sections 95.851 to 95.884. On August 1, 1988 the plan was closed to new entrants and current active duty police and firemen of the City were given the choice of remaining in this plan or transferring into the County Employees Retirement System (CERS). The PFRF issues a publicly available financial report that includes financial statements and required supplementary information for the PFRF. That report may be obtained from the City's Chief Financial Officer, City Hall, Bowling Green, Kentucky.

*Plan membership.* As of June 30, 2015, the plan consisted of the following:

Active Employees	0
Retirees and Disabled Participants	18
Widow Participants	24
Terminated Vested Employees	0

*Benefits provided.* The fund was established to provide retirement and disability benefits for retiring, disabled, or deceased personnel and their surviving spouses. Benefits are determined by Kentucky Revised Statutes sections 95.851 to 95.884. Members were eligible to retire after age fifty, provided that at least twenty years of service had been completed, and compulsory retirement was required at age fifty-seven. (There are no longer any active employees.) Retirement income is figured at two and one-half percent of the highest average salary for any three consecutive years of service times the years of service, up to and including thirty years. The maximum benefit is seventy-five percent of the participant's average salary. Rights in a retirement annuity are vested upon completion of twenty years of service. Upon termination prior to vesting, a member was eligible to receive a refund of accumulated contributions without interest.

At the time of active employee participation, two types of disability coverage were provided. If a member became disabled due to occupation-related causes, he/she commenced receipt of an annuity equal to seventy percent of the final rate of pay. A member rendered disabled through other than occupation-related causes became entitled to an annuity based on his/her average salary and years of service, subject to a maximum payment of fifty percent of his/her average salary.

Widows/widowers of members retired under occupational disability are entitled to income equal to fifty percent of the member's last rate of pay regardless of the length of service, and an additional twenty-five percent for each minor child, with a combined maximum of seventy-five percent of the member's final salary. If no widow/widower survives or if she/he remarries the following percentages of a member's final average salary will be paid: one minor child – fifty percent; two minor children- sixty-five percent; and three or more minor children- seventy-five percent. A minor child is a child under the age of eighteen or twenty-three if a full-time student.

Widows/widowers of retired members not under occupational disability are entitled to payments of one and one-half percent of the member's average salary times the member's years of service, with a maximum of fifty percent and subject to the following provisions: the widow/widower and the member had been married for at least one year prior to retirement; payments are deferred until the widow/widower reaches the age of forty-five unless she/he becomes disabled or has minor children in her/his care; the payments cease if the widow/widower remarries; and

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 7. DEFINED BENEFIT PENSION PLANS (Continued)**

the payments are increased by fifty percent for the first minor child and twenty-five percent for each additional child, with a maximum of seventy-five percent of the member's average salary.

There are currently five participants receiving retirement annuities, thirteen participants receiving disability annuities, and twenty-four participants receiving widows' annuities.

*Contributions.* The retirement fund's funding policy provided for employee contributions of eight percent of their annual salary. A member reserve was established for member contributions and earnings allocations. As there are no longer any active members, members made no contribution for the year ended June 30, 2015.

The City of Bowling Green (The City) only contributes amounts required to fund current service costs and interest on unfunded past service costs as determined by actuarial valuations in compliance with Kentucky Revised Statutes. The City is not required to make an annual contribution. For 2014-2015, the City made a contribution of \$400,000. For fiscal year 2014-2015, the Board of Trustees did approve a cost of living increase of 1.5%. The City will fund the Plan at \$400,000 per year and the Board will determine a COLA each year based on the net pension liability of the plan. The City's General Fund covers the administrative costs of the plan, approximately \$20,000 per year. There are no assets legally reserved for purposes other than the payment of plan member benefits.

**Net Pension Liability**

The City's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date. (See Note 9 for a restatement related to the net pension liability.)

*Actuarial assumptions.* The total pension liability as of June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market Value
Inflation	None
COLAs	2.0%
Investment rate of return	6.0% per annum.

The rates of mortality are according to the IRS Generational Mortality tables for Males and Females with Improvements under projection Scale AA. This is a change from previous years when the UP-1994 Mortality Rates Projected to 2002 Under Projection Scale AA was utilized. The effect resulting from the change in assumptions is calculated as \$46,957 and is included in the pension expense.

The long-term expected rate of return on plan assets was determined using a method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Long Term Expected Real Rate of Return</b>
US Equity	6.50%
Non-US Equity	8.00%
Fixed Income	3.00%
Cash	0.10%

*Discount rate.* The discount rate used to measure the total pension liability was 6.0 percent.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 7. DEFINED BENEFIT PENSION PLANS (Continued)**

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents the net pension liability (asset) of the City calculated using the discount rate of 6.0 percent, as well as the net pension liability (asset) if calculated using a discount rate that is 1-percentage-point lower (5.0 percent) or 1-percentage-point higher (7.0 percent) than the current rate:

	Current Discount Rate		
	1% Decrease (5.0%)	(6.0%)	1% Increase (7.0%)
<i>City of Bowling Green's net pension liability (Assuming 2.0% COLAs)</i>	\$ 1,969,328	\$ 1,310,135	\$ 731,531

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension expense.* For the year ended June 30, 2015, the City recognized pension expense of \$336,497.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 124,420	\$ -
Change of assumptions	-	-
Experience losses (gains)	-	-
<hr/>	<hr/>	<hr/>
Total	<u>\$ 124,420</u>	<u>\$ -</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2015," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

**Year Ended June 30th:**

2016	\$ (31,105)
2017	(31,105)
2018	(31,105)
2019	(31,105)
<hr/>	<hr/>
	<u>\$ (124,420)</u>

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**City of Bowling Green, Kentucky  
Notes to Financial Statements  
June 30, 2015**

**NOTE 7. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. The County Employees' Retirement System (CERS)**

**General Information about the Pension Plan**

*Plan description.* Employees of the City of Bowling Green are provided a defined benefit pension plan through the CERS, a cost-sharing multiple-employer defined pension plan administered by the KRS. The CERS pension plan has two categories: Non-Hazardous for general employees and Hazardous for police and fire employees. The KRS was created by state statute under Kentucky Revised Statute Section 61.645. The KRS Board of Trustees is responsible for the proper operation and administration of the KRS. The KRS issues a publicly available financial report that can be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

*Benefits provided.* Kentucky Revised Statute Section 61.645 establishes the benefit terms and can be amended only by the Kentucky General Assembly. The chief legislative body may adopt the benefit terms permitted by statute, there are currently three benefit Tiers. Tier 1 members are those participating in the plan before 9/1/2008, Tier 2 are those that began participation 9/1/2008 through 12/31/2013 and Tier 3 are those members that began participation on or after 1/1/14.

*Benefits provided – Non-Hazardous.* Tier 1 Non-Hazardous members are eligible to retire with an unreduced benefit at age 65 with four years of service credit or after 27 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation, which must contain at least 48 months. Reduced benefits for early retirement are available at age 55 and vested or 25 years of service credit. Members vest with five years of service credit. Service related disability benefits are provided after five years of service. Tier 2 Non-Hazardous members are eligible to retire based on the rule of 87: the member must be at least age 57 and age + earned service must equal 87 years at retirement or at age 65 with five years of service credit. Benefits are determined by a formula using the member's highest five consecutive year average compensation, which must be 60 months. Reduced benefits for early retirement are available at age 60 with 10 years of service. Tier 3 Non-Hazardous members are also eligible to retire based on the rule of 87. Benefits are determined by a life annuity calculated in accordance with actuarial assumptions and methods adopted by the board based on a members accumulated account balance. Tier 3 members are not eligible for reduced retirement benefits.

*Benefits provided – Hazardous.* Tier 1 Hazardous members are eligible to retire with an unreduced benefit at age 55 with five years of service credit or after 20 years of service credit regardless of age. Benefits are determined by a formula using the member's highest three consecutive year average compensation, which must have at least 24 months. Reduced benefits for early retirement are available at age 50 with 15 years of service credit. Tier 2 Hazardous members are eligible to retire at any age with 25 years of service or at age 60 with 5 years of service credit. Benefits are determined by a formula using the member's highest three consecutive year average compensation, which must be 36 months. Reduced benefits for early retirement are available at age 50 with 15 years of service. Tier 3 Hazardous members are also eligible to retire at any age with 25 year of service or at age 60 with 5 years of service. Tier 3 members are not eligible for reduced retirement benefits.

Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce cost-of-living adjustments if, in its judgment, the welfare of the Commonwealth so demands.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 7. DEFINED BENEFIT PENSION PLANS (Continued)**

*Contributions.* Contributions for employees are established in the statutes governing the KRS and may only be changed by the Kentucky General Assembly. Non-Hazardous employees contribute 5% and Hazardous employees contribute 8% of salary if they were plan members prior to September 1, 2008. Non-Hazardous and Hazardous employees that entered the plan after September 1, 2008, are required to contribute 6% and 9%, respectively, of their annual creditable compensation. The additional 1% is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E). The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, total employer contributions for the City were \$6,135,256 based on a rate of 17.67% for Non-Hazardous and 34.31% for Hazardous members through covered payroll. The contribution rate of 17.67% for Non-Hazardous is comprised of amounts for pension and insurance benefits, 12.75% or \$1,221,733 was dedicated to pensions and 4.92% or \$471,445 was allocated to insurance. The total contribution rate of 34.31% for Hazardous consists of 20.73% or \$2,683,890 toward pension benefits and 13.58% or \$1,758,188 for insurance benefits. The total City contribution in 2015 for pension benefits was \$3,905,623.

By law, employer contributions are required to be paid. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability**

The City's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date. (See Note 9 for a restatement related to the net pension liability.)

*Actuarial assumptions.* The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.0 percent
Salary increases	Representative values of the assumed annual rates of future salary increases from 4.75%-13.0% for nonhazardous members and 4.5%-20.0% for hazardous members, including inflation.
Investment rate of return	7.75% per annum, compounded annual for retirement and insurance benefits.

The rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Table for other members. The Group Annuity Mortality Table set forward five years is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2005 through June 30, 2008. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on plan assets is reviewed as part of the regular experience study prepared every five years for KRS. The most recent analysis, performed for the period covering fiscal years 2005 through 2008, is outlined in a report dated August 25, 2009. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class (See chart below). These were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 7. DEFINED BENEFIT PENSION PLANS (Continued)**

assumptions is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

<b>Asset Class</b>	<b>Long Term Expected</b>	
	<b>Real Rate of Return</b>	<b>Target Allocation</b>
Domestic Equity	8.45%	30.00%
International Equity	8.85%	22.00%
Emerging Market Equity	10.50%	5.00%
Private Equity	11.25%	7.00%
Real Estate	7.00%	5.00%
Core US Fixed Income	5.25%	10.00%
High Yield US Income	7.25%	5.00%
Non US Fixed Income	5.50%	5.00%
Commodities	7.75%	5.00%
TIPS	5.00%	5.00%
Cash	3.25%	1.00%
		100.00%

The long-term expected rate of return on pension plan investments was established by the KRS Board of Trustees as 7.75 percent based on a blending of the factors described above.

*Discount rate.* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the KRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents the net pension liability (asset) of the City calculated using the discount rate of 7.75 percent, as well as the net pension liability (asset) if calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<b>Current Discount Rate</b>		
	<b>1% Decrease (6.75%)</b>	<b>(7.75%)</b>	<b>1% Increase (8.75%)</b>
<i>City of Bowling Green's net pension liability</i>			
Hazardous	\$ 39,001,000	\$ 29,814,000	\$ 22,013,000
Nonhazardous	17,630,000	13,397,000	9,656,999
Total	<b>\$ 56,631,000</b>	<b>\$ 43,211,000</b>	<b>\$ 31,670,000</b>

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension expense.* For the year ended June 30, 2015, the City recognized pension expense of \$3,382,000.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 7. DEFINED BENEFIT PENSION PLANS (Continued)**

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (4,427,000)
Contributions subsequent to the measurement date of June 30, 2014	<u>3,905,623</u>	-
<b>Total</b>	<b><u>\$ 3,905,623</u></b>	<b><u>\$ (4,427,000)</u></b>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2014," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

**Year Ended June 30th:**

2016	\$ (1,106,750)
2017	(1,106,750)
2018	(1,106,750)
2019	<u>(1,106,750)</u>
	<b><u>\$ (4,427,000)</u></b>

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**C. Deferred Compensation Plan**

On December 5, 1995, the City Commission adopted Municipal Order No. 95-268 extending participation in ICMA Retirement Corporation's Section 457 deferred compensation plan to all eligible City employees as a voluntary retirement supplement. The ICMA plan provides for retirement, disability and death benefits based upon the total value of each participant's contributions plus accrued investment returns. The ICMA plan offers both a 457 option and a 457 Roth option.

Investments are managed by ICMA Retirement Corporation, plan administrator, with various investment options. The choice of the investment option(s) is made by the participants. Participating employees can contribute to the Plan based on either a percentage of compensation or a fixed dollar amount per pay period. The limits for the plan are up to \$18,000 per year for regular contributions and \$6,000 for catch-up contributions. The limits for the Roth plan are up to \$5,500 per year for regular contributions and \$1,000 for catch-up contributions. During the fiscal year ended June 30, 2015, employee contributions for both plans totaled \$294,262.

On December 5, 1995, the City Commission also adopted Municipal Order 95-269 authorizing participation in the Kentucky Public Employees 401(k) Deferred Compensation Plan. During the year ended June 30, 2009, the City also began offering a Roth 401(k) option. The Plans are administered by the Kentucky Public Employees Deferred Compensation Authority and are offered to all eligible City employees as a voluntary retirement supplement. Participating employees can defer a maximum of \$18,000 for regular contributions and \$6,000 for catch-up contributions for the 401(k) and \$5,500 for regular contributions and \$1,000 dollars for the Roth. Benefits are available upon termination of employment, retirement, death or for hardship withdrawal. Employee contributions for both plans totaled \$284,132 for the fiscal year ended June 30, 2015.

## **NOTE 8. SUBSEQUENT EVENTS**

The City has no subsequent events through the date of report.

## **NOTE 9. IMPLEMENTATION OF GASB 67 & 68**

In June 2012, the GASB issued Statements No. 67 and No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. The GASB Statements address accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through trusts that have defined characteristics. The statements establish standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. For defined benefit pensions the Statements identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, this Statement details the recognition and disclosure requirements for employers with liabilities to a defined pension plan.

The provisions of GASB Statement No. 67 are effective for fiscal periods beginning after June 15, 2013. The City adopted GASB 67 for the year ended June 30, 2014. The adoption of this standard did not have an impact on the City's financial position, results of operations, and/or cash flows.

The provisions of GASB Statement No. 68 are effective for fiscal periods beginning after June 15, 2014. The City adopted GASB 68 for the year ended June 30, 2015. The adoption of the standard did impact the City's financial position and resulted in a restatement to reduce beginning net position in the amount of \$45,105,218 for governmental activities and \$0 for business-type activities.

## **NOTE 10. CONVERSION OF ENTERPRISE FUNDS TO GENERAL FUND**

Effective July 1, 2014, the City's annual operating budget adopted by the Board of Commissioners consolidated the Golf and Aquatics Enterprise Funds into the General Fund. This change reduced the City's Proprietary funds to the single Convention Center Fund. All assets, liabilities, deferred outflows/inflows of resources and statements of net position were converted to the General Fund as of July 1, 2014 for the fiscal year ending June 30, 2015. All revenue collections and expenses paid during the fiscal year ending June 30, 2015 were booked and posted to the General Fund. The business-type capital asset and debt footnotes on pages 48 and 51, respectively, present the reclassification activity in the current fiscal year.

The adoption of this provision did impact the City's financial position and resulted in a reclassification to increase the beginning net position in the amount of \$4,868,483 for governmental activities and reduce \$4,868,483 business-type activities.

## **NOTE 11. RECENT PRONOUNCEMENTS**

In February 2015, the GASB issued Statement No. 72, Fair Value and Measurement and Application. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. This statement establishes standards for valuation techniques and establishes a hierarchy of inputs to valuation techniques used to measure fair value. This statement also requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

In June 2015, the GASB issued Statement No. 75, Accounting and Reporting for Postemployment Other Than Pensions. The provisions of this statement are effective for fiscal years beginning after June 15, 2017. This statement establishes new accounting and financial reporting requirements for OPEB plans provided to employees of state and local governments. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions required to project benefit payments, discount projected benefit payments to actuarial present value, and attribute present value to periods of employee service. Note disclosure and required supplementary information requirements of defined benefit OPEB also are addressed.

The City is currently evaluating the impact that will result from adopting GASB No. 72 and GASB No. 75 and is currently unable to disclose the impact of the adoption of these standards upon the financial position and results of operations.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Other than Management's Discussion and Analysis)**

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
<b>REVENUES</b>					
Property taxes					
Real estate	\$ 7,775,000	\$ 7,775,000	\$ 8,117,027	\$ 342,027	
Personal property	1,732,500	1,732,500	1,650,213	(82,287)	
Insurance premium	1,529,000	1,529,000	1,575,836	46,836	
Motor vehicle and boat	871,000	871,000	969,068	98,068	
Payment in lieu of taxes	205,000	205,000	147,702	(57,298)	
Franchise	1,145,000	1,145,000	1,164,671	19,671	
Other taxes	16,000	16,000	15,818	(182)	
Penalties and interest	90,000	90,000	79,325	(10,675)	
Total taxes	<u>13,363,500</u>	<u>13,363,500</u>	<u>13,719,660</u>	<u>356,160</u>	
Licenses and permits					
Occupational:					
Employees' withholding	33,422,000	33,422,000	34,868,286	1,446,286	
Net profits	7,015,000	7,015,000	9,324,181	2,309,181	
Other fees	254,000	254,000	217,017	(36,983)	
Special licenses	230,000	230,000	227,250	(2,750)	
Permits	731,000	731,000	871,162	140,162	
Total licenses and permits	<u>41,652,000</u>	<u>41,652,000</u>	<u>45,507,896</u>	<u>3,855,896</u>	
Intergovernmental					
Federal grants	48,515	112,097	69,208	(42,889)	
State grants	-	-	-	-	
Local grants	58,600	58,600	58,488	(112)	
Total intergovernmental	<u>107,115</u>	<u>170,697</u>	<u>127,696</u>	<u>(43,001)</u>	
Charges for services					
School tax collection fees	190,000	190,000	201,510	11,510	
Other general government fees	10,500	10,500	7,719	(2,781)	
Public safety fees	57,000	57,000	56,624	(376)	
Cemetery lot sales	109,000	109,000	82,772	(26,228)	
Cemetery fees	156,000	156,000	150,858	(5,142)	
Other	75,000	75,000	40,257	(34,743)	
Total charges for services	<u>597,500</u>	<u>597,500</u>	<u>539,740</u>	<u>(57,760)</u>	
Parks and recreation	<u>2,231,395</u>	<u>2,241,395</u>	<u>1,918,822</u>	<u>(322,573)</u>	
Miscellaneous					
Interest income	117,000	117,000	117,392	392	
ABC and parking violations fees	8,500	8,500	5,040	(3,460)	
Contributions and donations	69,000	185,380	66,855	(118,525)	
Judgements and settlements	38,500	43,044	19,558	(23,486)	
Other	139,490	139,490	89,768	(49,722)	
Total miscellaneous	<u>372,490</u>	<u>493,414</u>	<u>298,613</u>	<u>(194,801)</u>	
Total revenues	<u>\$ 58,324,000</u>	<u>\$ 58,518,506</u>	<u>\$ 62,112,427</u>	<u>\$ 3,593,921</u>	

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
General Fund (Continued)  
Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
<b>EXPENDITURES</b>					
General government					
Legislative	\$ 174,029	\$ 150,138	\$ 141,255	\$ 8,883	
Executive	910,349	995,298	895,454	99,844	
Finance	1,419,307	1,323,774	1,315,125	8,649	
Human resources	936,328	780,563	732,081	48,482	
Law	331,049	491,842	473,833	18,009	
Information technology	1,621,806	1,735,698	1,608,850	126,848	
Administrative services	316,240	316,168	215,181	100,987	
Total general government	5,709,108	5,793,481	5,381,779	411,702	
Public safety					
Police	12,807,808	12,811,688	12,700,487	111,201	
Fire	11,566,025	11,700,252	11,584,465	115,787	
Total public safety	24,373,833	24,511,940	24,284,952	226,988	
Public works					
Public works administration	1,233,527	1,253,276	1,189,330	63,946	
Highway and streets	2,667,767	2,454,215	2,407,844	46,371	
Building and plant	2,182,877	2,033,177	1,878,602	154,575	
Environmental Compliance	378,972	566,122	278,205	287,917	
Transportation	317,110	317,110	237,110	80,000	
Total public works	6,780,253	6,623,900	5,991,091	632,809	
Parks and recreation					
Parks	2,425,206	2,438,594	2,278,631	159,963	
Recreation	1,155,199	1,207,325	1,066,434	140,891	
Athletics	556,480	502,317	475,982	26,335	
Community centers	927,160	839,429	805,352	34,077	
Golf Courses	1,849,647	2,001,973	1,741,994	259,979	
Other parks	1,318,649	1,217,796	1,185,426	32,370	
Total parks and recreation	8,232,341	8,207,434	7,553,819	653,615	
Neighborhood & Community Services					
Community services					
Community services	1,172,590	869,800	760,590	109,210	
Intergovernmental	362,000	767,050	467,047	300,003	
Total community services	1,534,590	1,636,850	1,227,637	409,213	
Total Expenditures	48,767,336	48,872,045	46,209,488	2,662,557	
Excess of revenues over expenditures	9,556,664	9,646,461	15,902,939	6,256,478	
Other financing sources (uses):					
Transfers in	514,500	618,825	530,804	(88,021)	
Transfers out	(10,095,164)	(15,286,651)	(13,195,674)	2,090,977	
Proceeds from sale of capital assets	24,000	24,000	104,601	80,601	
Total other financing sources (uses)	(9,556,664)	(14,643,826)	(12,560,269)	2,083,557	
Net change in fund balances	-	(4,997,365)	3,342,670	8,340,035	
Fund balances, beginning, reclassified	19,179,021	19,179,021	19,179,021	-	
Fund balances, ending	\$ 19,179,021	\$ 14,181,656	\$ 22,521,691	\$ 8,340,035	

**City of Bowling Green, Kentucky**

**Notes to Required Supplementary Information on Budgetary Accounting and Control**

**Year Ended June 30, 2015**

**Budget Policy** - Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, debt service and capital projects funds. The City adopts an annual appropriation budget for four Debt Service Funds covering all government debt service activities. A budget is not prepared for the City's permanent fund.

**Legal Compliance** – All departments submit requests for the appropriations to the Budget Team. The Budget Team meets with each department head and reviews the new budget year requests. The budget is prepared by fund, function and activity and includes information of the prior year, current year and requested appropriations for the next fiscal year.

It is the City Manager's responsibility to prepare a budget proposal and message, which must be submitted to the Board of Commissioners at least 30 days prior to July 1<sup>st</sup>. The budget message explains revenue changes and expenditure goals, any significant changes in program goals and appropriations, and any important budget features or major changes in financial policy. Following its submission to the Board, the City Manager presents the recommended budget at a public meeting. The budget is legally enacted through passage of an ordinance by June 30<sup>th</sup>.

The Assistant City Manager is authorized to transfer budget amounts between departments within any fund. The Comptroller is authorized to prepare periodic budget amendments throughout the fiscal year that are passed by an ordinance of the Board of Commissioners. The budget amendments provide supplementary appropriations as necessary to ensure expenditures do not exceed budget appropriations at the activity level.

**Encumbrances** - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year end are included within the appropriate fund balances in the governmental funds and are not reported separately on the financial statements. Encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Encumbrances are not recorded in the financial statements for proprietary, internal service and fiduciary fund types.

The following funds had purchase orders outstanding at June 30, 2015 as follows:

General fund	\$ 1,052,543
Convention Center	6,842
Nonmajor governmental	3,037,224
Internal Service	279,478
	<hr/>
	\$ 4,376,087

**City of Bowling Green, Kentucky**  
**Schedule of Changes in the City's Net Pension Liability**  
**Policemen and Firemen's Retirement Fund**  
**Last Ten Fiscal Years**

	2015	2014**	2013	2012	2011	2010	2009	2008	2007*	2006*
<b>Total pension liability</b>										
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on TPL	499,000	582,822	603,248	613,791	655,938	673,236	694,343	695,445	710,928	-
Changes of benefit terms	(42,390)	-	-	-	-	-	-	-	-	-
Differences between expected & actual experience in measurement of the TPL	241,872	(2,455,968)	(49,224)	162,348	(413,563)	(16,086)	(78,390)	274,621	18,580	-
Changes of assumptions about future economic or demographic factors or other inputs	46,957	-	-	-	-	-	-	-	-	-
Benefit payments	(894,710)	(894,455)	(951,864)	(944,811)	(945,459)	(967,741)	(988,432)	(987,559)	(977,021)	-
<b>Net change in total pension liability</b>	<b>(149,271)</b>	<b>(2,767,601)</b>	<b>(397,840)</b>	<b>(168,672)</b>	<b>(703,084)</b>	<b>(310,591)</b>	<b>(372,479)</b>	<b>(17,493)</b>	<b>(247,513)</b>	<b>-</b>
<b>Total pension liability - beginning</b>	<b>\$ 8,801,303</b>	<b>\$ 10,608,154</b>	<b>\$ 11,005,996</b>	<b>\$ 11,174,668</b>	<b>\$ 11,877,752</b>	<b>\$ 12,188,343</b>	<b>\$ 12,560,822</b>	<b>\$ 12,578,314</b>	<b>\$ 12,825,827</b>	<b>\$ 12,825,827</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 8,652,032</b>	<b>\$ 8,801,303</b>	<b>\$ 10,608,156</b>	<b>\$ 11,005,996</b>	<b>\$ 11,174,668</b>	<b>\$ 11,877,752</b>	<b>\$ 12,188,343</b>	<b>\$ 12,560,822</b>	<b>\$ 12,578,314</b>	<b>\$ 12,825,827</b>
<b>Plan fiduciary net position</b>										
Contribution from City	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 450,000	\$ 410,000	\$ 384,000	\$ 328,000	\$ 328,000
Contribution from nonemployers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions from plan members	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan net investment income	284,523	918,180	630,239	375,513	788,139	621,436	(546,203)	(52,042)	916,577	425,378
Benefit payments	(894,711)	(894,455)	(951,864)	(944,811)	(945,459)	(967,741)	(988,432)	(987,559)	(977,021)	(950,964)
Plan administrative expense	-	-	(19,774)	(18,694)	(19,087)	(18,863)	(18,969)	(20,026)	(19,230)	(14,369)
Other changes	-	-	-	-	-	-	-	(5,174)	5,174	-
<b>Net change in plan fiduciary net position</b>	<b>(210,188)</b>	<b>423,725</b>	<b>58,601</b>	<b>(187,992)</b>	<b>273,593</b>	<b>44,832</b>	<b>(1,169,604)</b>	<b>(736,801)</b>	<b>253,500</b>	<b>(330,955)</b>
<b>Plan fiduciary net position - beginning</b>	<b>\$ 7,552,085</b>	<b>\$ 7,128,360</b>	<b>\$ 7,069,696</b>	<b>\$ 7,257,688</b>	<b>\$ 6,984,095</b>	<b>\$ 6,939,263</b>	<b>\$ 8,108,867</b>	<b>\$ 8,845,668</b>	<b>\$ 8,592,168</b>	<b>\$ 8,923,123</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 7,341,897</b>	<b>\$ 7,552,085</b>	<b>\$ 7,128,297</b>	<b>\$ 7,069,696</b>	<b>\$ 7,257,688</b>	<b>\$ 6,984,095</b>	<b>\$ 6,939,263</b>	<b>\$ 8,108,867</b>	<b>\$ 8,845,668</b>	<b>\$ 8,592,168</b>
<b>City net pension liability ending (a)-(b)</b>	<b>\$ 1,310,135</b>	<b>\$ 1,249,218</b>	<b>\$ 3,479,859</b>	<b>\$ 3,936,300</b>	<b>\$ 3,916,980</b>	<b>\$ 4,893,657</b>	<b>\$ 5,249,080</b>	<b>\$ 4,451,955</b>	<b>\$ 3,732,646</b>	<b>\$ 4,233,659</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	84.86%	85.81%	67.20%	64.23%	64.95%	58.80%	56.93%	64.56%	70.32%	66.99%
Covered-employee payroll	-	-	-	-	-	-	-	-	-	-
NPL as % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* Bi-annual actuarial valuations dated 7/1/2004 and 7/1/2006 were utilized for the total pension liability calculation for years 2005 and 2006.

All other years were derived from annual actuarial reports.

\*\* The Total Pension Liability presented in the previous report dated 6/30/14 assumed 0% COLA in 2014. For 2014, the P&F Board approved a COLA of 1.5% after this report was released. The FY2014 numbers have been restated to reflect the 1.5% COLA.

**City of Bowling Green, Kentucky  
 Schedule of City Contributions  
 Policemen and Firemen's Retirement Fund  
 Last Ten Fiscal Years**

<u>2015</u>		
Actuarially determined contribution	\$	330,058
Contributions in relation to the actuarially determined contribution		<u>400,000</u>
Contribution deficiency (excess)	\$	<u>(69,942)</u>
City's covered-employee payroll	\$	-
Contributions as a percentage of covered-employee payroll		N/A

**Notes to Schedule**

Valuation date: June 30, 2015

**Methods and Assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Salary Scale	Not applicable
Disability, Withdrawal, & Retirement Rates	Not applicable
Rate of Investment Return	6.0% per annum
Cost of Living Adjustment	2.0% per annum
Eligible Dependents	It is assumed that there are no eligible dependent children or parents.
Mortality	In the June 30, 2015 actuarial valuation, the mortality rates for non-disabled lives were changed to the IRS Generational Mortality tables for Males and Females with Improvements Under Projection Scale AA. In prior years, these assumptions were based on the UP-1994 Mortality Rates Projected to 2002 Under Projection Scale AA.

Note: This schedule is intended to present a 10-year trend per GASB 67.

Additional years will be reported as incurred.

**City of Bowling Green, Kentucky  
Schedule of Investment Returns  
Policemen and Firemen's Retirement Fund  
Last Ten Fiscal Years**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Annual money-weighted rate of return	3.85%	12.70%	12.65%	9.64%	4.23%	8.02%	11.59%	-11.55%	6.68%

Starting with 2015, the investment returns will reflect a fiscal year reporting basis.

\*Figures from calendar year 2004-2006 are unavailable.

**City of Bowling Green, Kentucky**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**County Employer's Retirement System of the State of Kentucky**  
**Last Ten Fiscal Years**

	<u>2015</u>
Total Net Pension Liability for County Employees Retirement Systems	\$4,446,202,000
City's proportion of the net pension liability (asset)	0.9719%
City's proportionate share of the net pension liability (asset)	\$ 43,211,000
City's covered-employer payroll	\$ 22,141,166
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employer payroll	195.16%
Total Pension Plan's Fiduciary Net Position	\$ 6,528,146
Total Pension Plan's Pension Liability	\$ 9,772,523
Total Pension Plan's fiduciary net position as a percentage of the total pension liability	66.80%

Note: This schedule is intended to present a 10-year trend per GASB 68. Additional years will be reported as incurred.

**City of Bowling Green, Kentucky**  
**Schedule of City Contributions**  
**County Employer's Retirement System of the State of Kentucky**  
**Last Ten Fiscal Years**

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 3,905,623	\$ 4,021,011
Contributions in relation to the actuarially determined contribution	3,905,623	4,021,011
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 22,529,147	\$ 22,141,166
Contributions as a percentage of covered-employee payroll	17.34%	18.16%

Note: This schedule is intended to present a 10-year trend per GASB 68.  
Additional years will be reported as incurred.

**City of Bowling Green, Kentucky**  
**Modified Approach for City Streets Infrastructure Capital Assets**  
**Year Ended June 30, 2015**

As allowed by GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, the City has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the City expenses certain maintenance and preservation costs and does not report depreciation expense.

In order to utilize the modified approach, the City is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the City.
- Document that the assets are being preserved approximately at, or above, the established condition level.

**Roads**

The City began using its computerized pavement management system in 1997. Surface distress and ride comfort assessments are conducted on all segments. Street assessments are conducted annually, and all segments are assessed within a three year cycle. The most recent assessment was conducted in the summer of 2015.

Upon completion of the assessment, an overall condition index (OCI) is calculated to assess individual pavement segments. Streets are rated on a 0 to 100 scale. An OCI of 100 would correspond to a pavement with proper engineering design and construction at the beginning of its life cycle.

The following pavement quality conditions have been defined:

<u>Condition</u>	<u>OCI Rating</u>
Excellent	88.0 - 100.00
Good	76.0 - 87.99
Fair	64.0 - 75.99
Poor	50.0 - 63.99
Bad	0.0 - 49.99

**Established Condition Level**

The City's policy is to consider streets in need when the OCI rating falls below minimum values. These values are as follows:

<u>Functional Classification</u>	<u>Minimum OCI</u>
Local	67.0
Collector	69.0
Arterial	72.0

Segments considered to be in need are quantitatively prioritized for rehabilitation based on OCI, traffic, functional class and other factors.

**City of Bowling Green, Kentucky  
Modified Approach for City Streets Infrastructure Capital Assets (Continued)  
Year Ended June 30, 2015**

**Assessed Conditions**

The following table reports the percentage of streets meeting the minimum acceptable conditions or above:

<u>Year</u>	<u>Percentage</u>
2015	97%
2014	98%
2013	98%
2012	97%
2011	95%
2010	94%
2009	90%
2008	90%
2007	85%
2006	85%

**Budgeted and Estimated Costs to Maintain**

The following table presents the City's estimate of spending necessary to preserve and maintain the Street infrastructure at, or above, the "Established Condition Levels" cited above, and the actual amount spent in past fiscal years:

Fiscal Year	Estimated Spending	Actual Spending
2015-2016	\$1,300,000	\$0
2014-2015	\$1,000,000	\$1,826,000
2013-2014	\$900,000	\$709,000
2012-2013	\$850,000	\$572,000
2011-2012	\$850,000	\$1,090,000
2010-2011	\$811,000	\$431,000
2009-2010	\$850,000	\$810,000
2008-2009	\$915,000	\$915,000
2007-2008	\$842,000	\$835,000
2006-2007	\$1,192,000	\$842,000
2005-2006	\$842,000	\$842,000
2004-2005	\$875,000	\$920,000

The budgeting process utilized by the City results in spending in one fiscal year from amounts that were budgeted in a previous year(s). Therefore, this timing difference does not allow a true comparison of amounts budgeted and spent within a given year. The table demonstrates that over the past five years, the City spending has been in line with the budgeted amounts and the other tables contained within this narrative demonstrate that the City has met its desired condition levels.

**Sidewalks**

The City utilizes a computerized sidewalk management system. Condition assessments are visually performed on all sidewalks segments, ratings are based on the presence of cracking, heaving, holes, settling and spalling. These assessments were conducted on the entire sidewalk network on a three year cycle. The most recent assessment was completed in the Spring of 2010 and in the Summer/Fall of 2014 with additional inspections conducted during the Summer of 2015.

Upon completion of the assessment, an overall condition index (OCI) is calculated to assess individual pavement segments. Segments are rated on a 0 to 100 scale. An OCI of 100 would correspond to a sidewalk with proper engineering design and construction at the beginning of its life cycle.

**City of Bowling Green, Kentucky**  
**Modified Approach for City Streets Infrastructure Capital Assets (Continued)**  
**Year Ended June 30, 2015**

The following overall condition index for sidewalks has been defined as follows:

<u>Condition</u>	<u>OCI Rating</u>
Excellent	88.0 - 100.00
Good	76.0 - 87.99
Fair	64.0 - 75.99
Poor	50.0 - 63.99
Bad	0.0 - 49.99

**Established Condition Level**

The City's policy is to achieve a rating of 76.0 for all sidewalks, which is a good rating. This rating allows minor cracking and raveling of the sidewalk along with minor roughness that could be noticeable to pedestrians.

**Assessed Conditions**

The sidewalk management system indicates that 86% of city maintained sidewalks had an OCI value greater than or equal to the minimum rating of 76.0 as of June 30, 2015.

**Budgeted and Estimated Costs to Maintain**

The following table presents the City's estimate of spending necessary to preserve and maintain the Sidewalk infrastructure at, or above, the "Established Condition Levels" cited above, and the actual amount spent in past fiscal years:

Fiscal Year	Estimated Spending	Actual Spending
2015-2016	\$100,000	\$0
2014-2015	\$100,000	\$215,000
2013-2014	\$100,000	\$10,000
2012-2013	\$100,000	\$41,000
2011-2012	\$100,000	\$41,000
2010-2011	\$100,000	\$133,000
2009-2010	\$100,000	\$0
2008-2009	\$100,000	\$100,000
2007-2008	\$100,000	\$60,000
2006-2007	\$100,000	\$5,000
2005-2006	\$100,000	\$113,000

The budgeting process utilized by the City results in spending in one fiscal year from amounts that were budgeted in a previous fiscal year(s). Therefore, this timing difference does not allow a true comparison of amounts budgeted and spent within a given year.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

#### **Community Development Fund**

This fund is used to account for revenues and expenditures of the federal community development programs.

#### **Fire Improvement Fund**

This fund is used to account for capital outlays of the fire department. Funding is provided by fire insurance premium license fees.

#### **Municipal Aid Funds**

These funds are used to account for revenues and expenditures of Kentucky public safety, public works and economic development grants, liquid fuel tax, mineral and coal severance tax receipts, and law enforcement special pay programs.

#### **Job Development Fund**

This fund is used to account for job development incentive payments to business prospects within City boundaries to provide incentives for the creation of new jobs. Employee withholdings generated by new jobs are deposited to the fund and reused for future job development incentives and projects.

#### **Parks Development Fund**

This fund is used to account for expenditures of certain parks projects. Funding is provided by property tax receipts and occupational fees from the Hartland Development area.

#### **Landfill Closure Fund**

This fund is used to account for revenues and expenditures applicable to government landfill closure and postclosure care.

#### **Local Law Enforcement Block Grant Fund**

This fund is used to account for a Serious Habitual Offender/Criminal Apprehension Program (SHOCAP) Grant, which targets habitual juvenile offenders for intense supervision with the assistance of the courts, social services and the local schools.

#### **Trunking Operation Fund**

This fund is used to account for the joint operations of an 800 MHZ radio system by the City of Bowling Green, Warren County Government, the Medical Center at Bowling Green, and Western Kentucky University.

#### **Police Improvement Fund**

This fund is used to account for revenue received from citations. The citations revenue will be collected and appropriated for capital expenditures for the Police Department.

#### **Lampkin Park Trust Fund**

This fund is used to account for the receipt of one-seventh of the net income from C.W. Lampkin Charitable Trust. The money shall be used for the maintenance, improvement, and development of Lampkin Park in Bowling Green, Kentucky, as long as the park bears the name Lampkin Park.

#### **Homeland Security Fund**

This fund is used to account for expenditures funded indirectly through the U.S. Department of Homeland Security. The City of Bowling Green acts as the lead agency for regional projects to purchase mobile data terminals and associated hardware and software for seventeen agencies.

## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

#### **Riverfront Development Fund**

This fund was created to account for the development of a riverfront park adjacent to the Barren River. This fund currently provides funds and expenditures for the construction of greenway trails throughout the City.

#### **Equipment Replacement Fund**

This fund is used to account for the general government capital outlays for vehicles and equipment. Financing for this fund is primarily provided by the General Fund.

#### **Road Construction Fund**

This fund is used to account for costs associated with the purchase of land and construction of city road projects.. Funding for the new projects has been made available through the General Fund.

#### **Hennessey Way Construction Fund**

The Hennessey Way Construction Fund will account for costs related to the Hennessey Way construction project. The project has been funded by the General Fund and reimbursements from the Commonwealth of Kentucky.

#### **Heritage Trail Construction Fund**

This fund is used to account for the revenue and expenditures associated with the construction of the Heritage Trail. The trail will ultimately run from Fountain Square Park to Riverfront Park. Funding has been provided by donations and subsidies from the General Fund.

#### **Sidewalk Improvement Fund**

This fund is used to account for costs associated with the improvement of existing and construction of new sidewalks throughout the City. Funding has been provided by the General Fund and Coal Mineral Tax Fund.

#### **Stormwater Infrastructure Improvement Fund**

This fund tracks expenditures related to the improvement of existing storm drainage pipes located throughout the City of Bowling Green. Funding has been provided through a General Fund subsidy.

#### **Municipal Facilities Fund**

This fund is used to monitor costs associated with upgrades and renovation of City buildings. Funding for this project has been made available from General Fund subsidies.

#### **Technology Capital Improvement Fund**

This fund is used to account for expenditures associated with the City's information technology program. Funding is mainly provided by transfers from other funds.

#### **Smallhouse Road Construction Fund**

This fund tracks revenues and expenditures associated with the design and construction of improvements to Smallhouse Road. Funding has been primarily supplied through the General Fund.

#### **Parks Capital Improvement Fund**

This fund accounts for expenses and revenues associated with the planning, design and construction or procurement of capital parks projects, such as a new park or shelter. These projects are funded by General Fund subsidies and transfers from the Convention Center Corporation.

#### **800 Trunking Radio Systems Improvement Fund**

This fund is used to account for the replacement and improvement of the existing 800 Trunking Radio System. Funding has been provided from the General Fund and other local governments, such as Warren County.

## **NONMAJOR GOVERNMENTAL FUNDS**

### **DEBT SERVICE FUNDS**

#### **TIF District**

This fund is used to account for debt service payments for the General Bond Obligation, Series 2008A. The bond issue provided funding for the construction of Bowling Green's Single A baseball park.

## **NONMAJOR GOVERNMENTAL FUNDS**

### **PERMANENT FUNDS**

Permanent funds are used to report resources that are legally restricted to allow only the earnings and not the principal, to be used for the prescribed purposes.

#### **Cemetery Perpetual Trust Fund**

This fund is used to account for monies provided by private donors and from the sale of cemetery lots. The principal amount is to be maintained intact and invested. Investment earnings are used for cemetery maintenance.

**City of Bowling Green, Kentucky**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
June 30, 2015

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund - TIF District	Permanent Fund - Cemetery Perpetual	Nonmajor Governmental Funds
<b>ASSETS</b>					
Pooled cash and cash equivalents	\$ 5,676,857	\$ 12,070,732	\$ 2,968,166	\$ 96,294	\$ 20,812,049
Non-pooled cash and cash equivalents	962,304	-	-	-	962,304
Investments	3,312,439	-	-	-	3,312,439
Receivables (net of allowances for uncollectibles):					
Accounts	10,942	21,513	93,274	-	125,729
Interest	2,943	-	-	-	2,943
Due from other governmental units	263,792	280,000	-	-	543,792
Restricted assets:					
Non-pooled cash and cash equivalents	-	-	-	907,446	907,446
Total assets	<u>\$ 10,229,277</u>	<u>\$ 12,372,245</u>	<u>\$ 3,061,440</u>	<u>\$ 1,003,740</u>	<u>\$ 26,666,702</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Vouchers and accounts payable	\$ 586,622	\$ 235,071	\$ -	\$ -	\$ 821,693
Accrued payroll	<u>22,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,726</u>
Total liabilities	<u>609,348</u>	<u>235,071</u>	<u>-</u>	<u>-</u>	<u>844,419</u>
Fund Balances					
Assigned	-	12,020,507	3,061,440	96,294	15,178,241
Committed	4,989,082	-	-	-	4,989,082
Restricted	4,630,847	116,667	-	907,446	5,654,960
Total fund balances	<u>9,619,929</u>	<u>12,137,174</u>	<u>3,061,440</u>	<u>1,003,740</u>	<u>25,822,283</u>
Total liabilities and fund balances	<u>\$ 10,229,277</u>	<u>\$ 12,372,245</u>	<u>\$ 3,061,440</u>	<u>\$ 1,003,740</u>	<u>\$ 26,666,702</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2015**

	Community Development	Fire Improvement	Municipal Aid	Job Development Incentive	Parks Development	Landfill Closure
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ -	\$ 1,517,862	\$ 2,398,433	\$ 1,074,945	\$ 33,960	\$ 250,748
Non-pooled cash and cash equivalents	816,781	145,523	-	-	-	-
Investments	500,000	34,248	1,668,584	-	-	1,109,607
Receivables (net of allowances for uncollectibles)						
Accounts	10,637	-	305	-	-	-
Interest	411	-	1,412	-	-	1,120
Due from other governmental units	60,742	-	176,202	-	-	-
Total assets	<u>\$ 1,388,571</u>	<u>\$ 1,697,633</u>	<u>\$ 4,244,936</u>	<u>\$ 1,074,945</u>	<u>\$ 33,960</u>	<u>\$ 1,361,475</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Vouchers and accounts payable	\$ 53,582	\$ 128,562	\$ 370,008	\$ 500	\$ 33,960	\$ 10
Accrued payroll	11,877	-	10,849	-	-	-
Total liabilities	<u>65,459</u>	<u>128,562</u>	<u>380,857</u>	<u>500</u>	<u>33,960</u>	<u>10</u>
Fund Balances						
Committed	660,351	1,556,195	103,759	1,074,445	-	1,361,465
Restricted	662,761	12,876	3,760,320	-	-	-
Total fund balances	<u>1,323,112</u>	<u>1,569,071</u>	<u>3,864,079</u>	<u>1,074,445</u>	<u>-</u>	<u>1,361,465</u>
Total liabilities and fund balances	<u>\$ 1,388,571</u>	<u>\$ 1,697,633</u>	<u>\$ 4,244,936</u>	<u>\$ 1,074,945</u>	<u>\$ 33,960</u>	<u>\$ 1,361,475</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Combining Balance Sheet  
Nonmajor Special Revenue Funds (Continued)  
June 30, 2015**

	Local Law Enforcement Block Grant	Trunking Operation	Police Improvement	Lampkin Park Trust	Homeland Security	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ (3,776)	\$ 156,075	\$ 218,596	\$ 38,815	\$ (8,801)	\$ 5,676,857
Non-pooled cash and cash equivalents	-	-	-	-	-	962,304
Investments	-	-	-	-	-	3,312,439
Receivables (net of allowances for uncollectibles)						
Accounts	-	-	-	-	-	10,942
Interest	-	-	-	-	-	2,943
Due from other governmental units	3,776	-	14,271	-	8,801	263,792
Total assets	<u>\$ -</u>	<u>\$ 156,075</u>	<u>\$ 232,867</u>	<u>\$ 38,815</u>	<u>\$ -</u>	<u>\$ 10,229,277</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Vouchers and accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 586,622
Accrued payroll	-	-	-	-	-	22,726
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>609,348</u>
Fund Balances						
Committed	-	-	232,867	-	-	4,989,082
Restricted	-	156,075	-	38,815	-	4,630,847
Total fund balances	<u>-</u>	<u>156,075</u>	<u>232,867</u>	<u>38,815</u>	<u>-</u>	<u>9,619,929</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 156,075</u>	<u>\$ 232,867</u>	<u>\$ 38,815</u>	<u>\$ -</u>	<u>\$ 10,229,277</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2015**

	Riverfront Development	Equipment Replacement	Road Construction	Hennessey Way Construction	Heritage Trail Construction	Sidewalk Improvement	Stormwater Infrastructure Improvement
<b>ASSETS</b>							
Pooled cash and cash equivalents	\$ 202,870	\$ 1,783,699	\$ 1,000,000	\$ 187,819	\$ 196,701	\$ 1,479,848	\$ 1,366,619
Receivables (net of allowances for uncollectibles)							
Accounts	-	-	-	20,818	-	-	-
Due from other governmental units	-	-	-	280,000	-	-	-
Total assets	<u>\$ 202,870</u>	<u>\$ 1,783,699</u>	<u>\$ 1,000,000</u>	<u>\$ 488,637</u>	<u>\$ 196,701</u>	<u>\$ 1,479,848</u>	<u>\$ 1,366,619</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities							
Vouchers and accounts payable	\$ -	\$ 3,491	\$ -	\$ 24,679	\$ -	\$ 453	\$ 2,400
Total liabilities	<u>-</u>	<u>3,491</u>	<u>-</u>	<u>24,679</u>	<u>-</u>	<u>453</u>	<u>2,400</u>
Fund Balances							
Assigned	202,870	1,780,208	1,000,000	463,958	80,034	1,479,395	1,364,219
Restricted	-	-	-	-	116,667	-	-
Total fund balances	<u>202,870</u>	<u>1,780,208</u>	<u>1,000,000</u>	<u>463,958</u>	<u>196,701</u>	<u>1,479,395</u>	<u>1,364,219</u>
Total liabilities and fund balances	<u>\$ 202,870</u>	<u>\$ 1,783,699</u>	<u>\$ 1,000,000</u>	<u>\$ 488,637</u>	<u>\$ 196,701</u>	<u>\$ 1,479,848</u>	<u>\$ 1,366,619</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds (Continued)**  
**June 30, 2015**

	Municipal Facilities	Technology Capital Improvement	Smallhouse Road Construction	Parks Capital Improvements	800 Trunking Radio Systems Improvements	Total Nonmajor Capital Project Funds
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ 1,384,550	\$ 1,190,184	\$ 1,365,863	\$ 1,229,223	\$ 683,356	\$ 12,070,732
Receivables (net of allowances for uncollectibles)						
Accounts	-	-	-	-	695	21,513
Due from other governmental units	-	-	-	-	-	280,000
Total assets	<u>\$ 1,384,550</u>	<u>\$ 1,190,184</u>	<u>\$ 1,365,863</u>	<u>\$ 1,229,223</u>	<u>\$ 684,051</u>	<u>\$ 12,372,245</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Vouchers and accounts payable	\$ 70,437	\$ -	\$ 6,856	\$ 34,045	\$ 92,710	\$ 235,071
Total liabilities	<u>70,437</u>	<u>-</u>	<u>6,856</u>	<u>34,045</u>	<u>92,710</u>	<u>235,071</u>
Fund Balances						
Assigned	1,314,113	1,190,184	1,359,007	1,195,178	591,341	12,020,507
Restricted	-	-	-	-	-	116,667
Total fund balances	<u>1,314,113</u>	<u>1,190,184</u>	<u>1,359,007</u>	<u>1,195,178</u>	<u>591,341</u>	<u>12,137,174</u>
Total liabilities and fund balances	<u>\$ 1,384,550</u>	<u>\$ 1,190,184</u>	<u>\$ 1,365,863</u>	<u>\$ 1,229,223</u>	<u>\$ 684,051</u>	<u>\$ 12,372,245</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2015**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund - TIF District	Nonmajor Permanent Fund - Cemetery Perpetual	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 498,776	\$ -	\$ -	\$ -	\$ 498,776
Insurance premium taxes	2,084,329	-	-	-	2,084,329
Wages and net profits taxes	2,581,717	-	-	-	2,581,717
Judgements and settlements	13,390	-	-	-	13,390
Intergovernmental	7,163,772	-	-	-	7,163,772
Investment income	16,398	-	-	1,674	18,072
Charges for services	118,099	-	-	-	118,099
Contributions and donations	44,449	1,874,771	125,496	-	2,044,716
Miscellaneous	122,892	-	-	20,493	143,385
<b>Total Revenues</b>	<b>12,643,822</b>	<b>1,874,771</b>	<b>125,496</b>	<b>22,167</b>	<b>14,666,256</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	432,929	-	-	432,929
Public safety	2,050,225	79,900	-	-	2,130,125
Public works	3,063,243	185,318	-	-	3,248,561
Parks and recreation	-	-	-	-	-
Neighborhood and community services	3,228,335	13,243	-	-	3,241,578
Capital Outlay	800,155	6,516,552	-	-	7,316,707
Debt service:					
Principal	-	-	525,000	-	525,000
Interest	-	-	1,087,762	-	1,087,762
<b>Total Expenditures</b>	<b>9,141,958</b>	<b>7,227,942</b>	<b>1,612,762</b>	<b>-</b>	<b>17,982,662</b>
Excess (deficiency) of revenues over (under) expenditures	3,501,864	(5,353,171)	(1,487,266)	22,167	(3,316,406)
Other financing sources (uses):					
Sale of Capital Assets	-	-	-	-	-
Transfers in	250,856	6,577,500	1,863,000	-	8,691,356
Transfers out	(4,311,472)	-	-	(15,000)	(4,326,472)
<b>Total other financing sources (uses)</b>	<b>(4,060,616)</b>	<b>6,577,500</b>	<b>1,863,000</b>	<b>(15,000)</b>	<b>4,364,884</b>
Net change in fund balances	(558,752)	1,224,329	375,734	7,167	1,048,478
Fund balances, beginning	10,178,681	10,912,845	2,685,706	996,573	24,773,805
<b>Fund balances, ending</b>	<b>\$ 9,619,929</b>	<b>\$ 12,137,174</b>	<b>\$ 3,061,440</b>	<b>\$ 1,003,740</b>	<b>\$ 25,822,283</b>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2015**

	Community Development	Fire Improvement	Municipal Aid	Job Development Incentive	Parks Development	Landfill Closure	Local Law Enforcement Block Grant	Trunking Operation
<b>REVENUES</b>								
Property taxes	\$ -	\$ -	\$ -	\$ 73,364	\$ 425,412	\$ -	\$ -	\$ -
Insurance premium taxes	-	2,084,329	-	-	-	-	-	-
Wages and net profits taxes	-	-	-	1,377,534	1,204,183	-	-	-
Judgments and settlements	-	13,390	-	-	-	-	-	-
Intergovernmental	3,194,622	-	3,852,885	-	-	-	56,369	-
Investment income	3,070	1,180	(6,529)	-	-	18,677	-	-
Charges for services	-	-	26,572	-	-	-	-	-
Contributions and donations	-	40	-	-	-	-	-	32,100
Miscellaneous	58,392	-	64,500	-	-	-	-	-
Total Revenues	<u>3,256,084</u>	<u>2,098,939</u>	<u>3,937,428</u>	<u>1,450,898</u>	<u>1,629,595</u>	<u>18,677</u>	<u>56,369</u>	<u>32,100</u>
<b>EXPENDITURES</b>								
Current:								
Public safety	-	314,628	1,415,475	-	-	-	56,369	41,470
Public works	-	-	3,042,686	-	-	20,557	-	-
Neighborhood and community services	3,188,335	-	-	40,000	-	-	-	-
Capital outlay	127,130	158,450	514,575	-	-	-	-	-
Total Expenditures	<u>3,315,465</u>	<u>473,078</u>	<u>4,972,736</u>	<u>40,000</u>	<u>-</u>	<u>20,557</u>	<u>56,369</u>	<u>41,470</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(59,381)</u>	<u>1,625,861</u>	<u>(1,035,308)</u>	<u>1,410,898</u>	<u>1,629,595</u>	<u>(1,880)</u>	<u>-</u>	<u>(9,370)</u>
Other financing sources (uses):								
Transfers in	-	-	225,856	-	-	-	-	25,000
Transfers out	-	(1,387,857)	-	(1,294,020)	(1,629,595)	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(1,387,857)</u>	<u>225,856</u>	<u>(1,294,020)</u>	<u>(1,629,595)</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Net change in fund balances	<u>(59,381)</u>	<u>238,004</u>	<u>(809,452)</u>	<u>116,878</u>	<u>-</u>	<u>(1,880)</u>	<u>-</u>	<u>15,630</u>
Fund balances, beginning	<u>1,382,493</u>	<u>1,331,067</u>	<u>4,673,531</u>	<u>957,567</u>	<u>-</u>	<u>1,363,345</u>	<u>-</u>	<u>140,445</u>
Fund balances, ending	<u>\$ 1,323,112</u>	<u>\$ 1,569,071</u>	<u>\$ 3,864,079</u>	<u>\$ 1,074,445</u>	<u>\$ -</u>	<u>\$ 1,361,465</u>	<u>\$ -</u>	<u>\$ 156,075</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds (Continued)**  
**Year Ended June 30, 2015**

	<u>Police Improvement</u>	<u>Lampkin Park</u>	<u>Homeland Security</u>	<u>Total Special Revenue Funds</u>
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 498,776
Insurance premium taxes	-	-	-	2,084,329
Wages and net profits taxes	-	-	-	2,581,717
Judgments and settlements	-	-	-	13,390
Intergovernmental	-	-	59,896	7,163,772
Investment income	-	-	-	16,398
Charges for services	91,527	-	-	118,099
Contributions and donations	-	12,309	-	44,449
Miscellaneous	-	-	-	122,892
<b>Total Revenues</b>	<b>91,527</b>	<b>12,309</b>	<b>59,896</b>	<b>12,643,822</b>
<b>EXPENDITURES</b>				
Current:				
Public safety	162,387	-	59,896	2,050,225
Public works	-	-	-	3,063,243
Neighborhood and community services	-	-	-	3,228,335
Capital outlay	-	-	-	800,155
<b>Total Expenditures</b>	<b>162,387</b>	<b>-</b>	<b>59,896</b>	<b>9,141,958</b>
Excess (deficiency) of revenues over (under) expenditures	(70,860)	12,309	-	3,501,864
Other financing sources (uses):				
Transfers in	-	-	-	250,856
Transfers out	-	-	-	(4,311,472)
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,060,616)</b>
Net change in fund balances	(70,860)	12,309	-	(558,752)
Fund balances, beginning	303,727	26,506	-	10,178,681
<b>Fund balances, ending</b>	<b>\$ 232,867</b>	<b>\$ 38,815</b>	<b>\$ -</b>	<b>\$ 9,619,929</b>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Funds**  
**Year Ended June 30, 2015**

	Riverfront Development	Equipment Replacement	Road Construction	Hennessey Way Construction	Heritage Trail Construction	Sidewalk Improvement	Stormwater Infrastructure Improvement
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and donations	-	-	-	300,819	-	-	-
Total Revenues	-	-	-	300,819	-	-	-
<b>EXPENDITURES</b>							
Current:							
General Government	-	-	-	-	-	-	-
Public safety	-	77,119	-	-	-	-	-
Public works	-	-	-	16,386	-	20,065	35,372
Parks and recreation	-	-	-	-	-	-	-
Neighborhood and community services	13,243	-	-	-	-	-	-
Capital outlay	-	969,117	-	285,481	-	47,198	188,438
Total Expenditures	13,243	1,046,236	-	301,867	-	67,263	223,810
Excess (deficiency) of revenues over (under) expenditures	(13,243)	(1,046,236)	-	(1,048)	-	(67,263)	(223,810)
Other financing sources (uses):							
Transfers in	-	860,000	1,000,000	-	-	650,000	500,000
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	860,000	1,000,000	-	-	650,000	500,000
Net change in fund balances	(13,243)	(186,236)	1,000,000	(1,048)	-	582,737	276,190
Fund balances, beginning	216,113	1,966,444	-	465,006	196,701	896,658	1,088,029
Fund balances, ending	\$ 202,870	\$ 1,780,208	\$ 1,000,000	\$ 463,958	\$ 196,701	\$ 1,479,395	\$ 1,364,219

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Funds (Continued)**  
**Year Ended June 30, 2015**

	Municipal Facilities	Technology Capital Improvement	Smallhouse Road Construction	Parks Capital Improvements	800 Trucking Radio Systems Improvements	Total Nonmajor Capital Project Funds
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and donations	-	-	6,000	-	1,567,952	1,874,771
Total Revenues	-	-	6,000	-	1,567,952	1,874,771
<b>EXPENDITURES</b>						
Current:						
General Government	-	432,929	-	-	-	432,929
Public safety	-	-	-	-	2,781	79,900
Public works	43,511	-	69,984	-	-	185,318
Parks and recreation	-	-	-	-	-	-
Neighborhood and community services	-	-	-	-	-	13,243
Capital outlay	1,824,009	40,713	14,509	199,822	2,947,265	6,516,552
Total Expenditures	1,867,520	473,642	84,493	199,822	2,950,046	7,227,942
Excess (deficiency) of revenues over (under) expenditures	(1,867,520)	(473,642)	(78,493)	(199,822)	(1,382,094)	(5,353,171)
Other financing sources (uses):						
Transfers in	650,000	450,000	1,072,500	1,395,000	-	6,577,500
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	650,000	450,000	1,072,500	1,395,000	-	6,577,500
Net change in fund balances	(1,217,520)	(23,642)	994,007	1,195,178	(1,382,094)	1,224,329
Fund balances, beginning	2,531,633	1,213,826	365,000	-	1,973,435	10,912,845
Fund balances, ending	\$ 1,314,113	\$ 1,190,184	\$ 1,359,007	\$ 1,195,178	\$ 591,341	\$12,137,174

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Debt Service Fund  
Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
<b>EXPENDITURES</b>					
Principal	\$ 4,065,000	\$ 4,066,382	\$ 4,024,806	\$ 41,576	
Interest and fiscal charges	1,486,700	1,485,318	1,431,389	53,929	
Total expenditures	<u>5,551,700</u>	<u>5,551,700</u>	<u>5,456,195</u>	<u>95,505</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(5,551,700)</u>	<u>(5,551,700)</u>	<u>(5,456,195)</u>	<u>95,505</u>	
Other financing sources (uses):					
Proceeds from bond refunding	-	9,345,485	9,345,485	-	
Premium from bond refunding	-	359,645	359,645	-	
Discount on bond refunding	-	(97,630)	(95,408)	2,222	
Payment to refunded debt escrow ac	-	(9,607,500)	(9,605,241)	2,259	
Transfers in	<u>5,551,700</u>	<u>5,551,700</u>	<u>5,456,195</u>	<u>(95,505)</u>	
Total other financing sources	<u>5,551,700</u>	<u>5,551,700</u>	<u>5,460,676</u>	<u>(91,024)</u>	
Net change in fund balances	-	-	4,481	4,481	
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,481</u>	<u>\$ 4,481</u>	

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
WKU Athletics Debt Service Fund  
Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ 2,556,000	\$ 2,556,000	\$ 2,555,980	\$ (20)
Total revenues	2,556,000	2,556,000	2,555,980	(20)
<b>EXPENDITURES</b>				
Debt Service				
Principal	1,650,000	1,650,000	1,650,000	-
Interest	906,000	906,000	905,980	20
Total expenditures	2,556,000	2,556,000	2,555,980	20
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
ITA Bond Debt Service Fund  
Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 177,863	\$ 177,863
Rent Income	<u>1,330,000</u>	<u>1,330,000</u>	<u>1,289,025</u>	<u>(40,975)</u>
Total revenues	<u>1,330,000</u>	<u>1,330,000</u>	<u>1,466,888</u>	<u>136,888</u>
<b>EXPENDITURES</b>				
Community Services	496,650	496,650	415,000	81,650
Debt Service:				
Principal	1,315,000	6,030,000	6,030,000	-
Interest	<u>848,350</u>	<u>1,046,055</u>	<u>1,045,755</u>	<u>300</u>
Total expenditures	<u>2,660,000</u>	<u>7,572,705</u>	<u>7,490,755</u>	<u>81,950</u>
Excess (deficiency) of revenues over (under) expenditures	(1,330,000)	(6,242,705)	(6,023,867)	218,838
Other financing sources (uses):				
Transfers In	<u>1,330,000</u>	<u>1,330,000</u>	<u>1,330,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,330,000</u>	<u>1,330,000</u>	<u>1,330,000</u>	<u>-</u>
Net change in fund balances	-	(4,912,705)	(4,693,867)	218,838
Fund balances, beginning	<u>6,579,458</u>	<u>6,579,458</u>	<u>6,579,458</u>	<u>-</u>
Fund balances, ending	<u>\$ 6,579,458</u>	<u>\$ 1,666,753</u>	<u>\$ 1,885,591</u>	<u>\$ 218,838</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
TIF District Bond Debt Service Fund  
Year Ended June 30, 2015**

	Budgeted Amounts			Variance w/ Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Contributions and donations	\$ 130,000	\$ 130,000	\$ 125,496	\$ (4,504)
Total revenues	130,000	130,000	125,496	(4,504)
<b>EXPENDITURES</b>				
Principal	525,000	525,000	525,000	-
Interest and fiscal charges	1,088,000	1,088,000	1,087,762	238
Total expenditures	1,613,000	1,613,000	1,612,762	238
Excess (deficiency) of revenues over (under) expenditures	(1,483,000)	(1,483,000)	(1,487,266)	(4,266)
Other financing sources (uses):				
Transfers in	1,863,000	1,863,000	1,863,000	-
Total other financing sources	1,863,000	1,863,000	1,863,000	-
Net change in fund balances	380,000	380,000	375,734	(4,266)
Fund balances, beginning	2,685,706	2,685,706	2,685,706	-
Fund balances, ending	\$ 3,065,706	\$ 3,065,706	\$ 3,061,440	\$ (4,266)

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Community Development Special Revenue Fund  
Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
<b>REVENUES</b>					
Intergovernmental	\$ 3,656,283	\$ 4,124,558	\$ 3,194,622	\$ (929,936)	
Investment income	2,750	2,750	3,070	320	
Miscellaneous	23,750	23,750	58,392	34,642	
Total revenues	<u>3,682,783</u>	<u>4,151,058</u>	<u>3,256,084</u>	<u>(894,974)</u>	
<b>EXPENDITURES</b>					
Current:					
Neighborhood and community services	3,380,283	3,750,943	3,188,335	562,608	
Capital outlay	<u>300,000</u>	<u>430,886</u>	<u>127,130</u>	<u>303,756</u>	
Total expenditures	<u>3,680,283</u>	<u>4,181,829</u>	<u>3,315,465</u>	<u>866,364</u>	
Net change in fund balances	2,500	(30,771)	(59,381)	(28,610)	
Fund balances, beginning	<u>1,384,493</u>	<u>1,382,493</u>	<u>1,382,493</u>	<u>-</u>	
Fund balances, ending	<u>\$ 1,386,993</u>	<u>\$ 1,351,722</u>	<u>\$ 1,323,112</u>	<u>\$ (28,610)</u>	

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Fire Improvement Special Revenue Fund  
Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		
<b>REVENUES</b>					
Insurance premium taxes	\$ 1,900,000	\$ 1,900,000	\$ 2,084,329	\$ 184,329	
Judgments and settlements	13,500	13,500	13,390	(110)	
Investment income	3,250	3,250	1,180	(2,070)	
Contributions and donations	-	-	40	40	
Total revenues	<u>1,916,750</u>	<u>1,916,750</u>	<u>2,098,939</u>	<u>182,189</u>	
<b>EXPENDITURES</b>					
Current:					
Public safety	275,048	365,206	314,628	50,578	
Capital outlay	173,000	169,639	158,450	11,189	
Total expenditures	<u>448,048</u>	<u>534,845</u>	<u>473,078</u>	<u>61,767</u>	
Excess (deficiency) of revenues over (under) expenditures	1,468,702	1,381,905	1,625,861	243,956	
Other financing sources (uses):					
Transfers out	(1,390,500)	(1,390,500)	(1,387,857)	2,643	
Total other financing sources (uses)	<u>(1,390,500)</u>	<u>(1,390,500)</u>	<u>(1,387,857)</u>	<u>2,643</u>	
Net change in fund balances	78,202	(8,595)	238,004	246,599	
Fund balances, beginning	<u>1,331,067</u>	<u>1,331,067</u>	<u>1,331,067</u>	<u>-</u>	
Fund balances, ending	<u>\$ 1,409,269</u>	<u>\$ 1,322,472</u>	<u>\$ 1,569,071</u>	<u>\$ 246,599</u>	

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Municipal Aid Special Revenue Fund  
Year Ended June 30, 2015**

	Budgeted Amounts			Variance w ith Final Budget - Positive (Negative)	
	Original	Final	Actual		
<b>REVENUES</b>					
Intergovernmental	\$ 3,904,148	\$ 4,775,995	\$ 3,852,885	\$ (923,110)	
Investment income	17,250	17,250	(6,529)	(23,779)	
Charges for services	12,500	12,500	26,572	14,072	
Miscellaneous	72,000	72,000	64,500	(7,500)	
Total revenues	<u>4,005,898</u>	<u>4,877,745</u>	<u>3,937,428</u>	<u>(940,317)</u>	
<b>EXPENDITURES</b>					
Current:					
Public safety	1,538,750	1,598,686	1,415,475	183,211	
Public works	2,230,000	3,624,111	3,042,686	581,425	
Capital outlay	142,500	596,443	514,575	81,868	
Total expenditures	<u>3,911,250</u>	<u>5,819,240</u>	<u>4,972,736</u>	<u>846,504</u>	
Excess (deficiency) of revenues over (under) expenditures	94,648	(941,495)	(1,035,308)	(93,813)	
Other financing sources (uses):					
Transfers in	<u>27,714</u>	<u>227,714</u>	<u>225,856</u>	<u>(1,858)</u>	
Total other financing sources (uses)	<u>27,714</u>	<u>227,714</u>	<u>225,856</u>	<u>(1,858)</u>	
Net change in fund balances	122,362	(713,781)	(809,452)	(95,671)	
Fund balances, beginning	<u>4,673,531</u>	<u>4,673,531</u>	<u>4,673,531</u>	<u>-</u>	
Fund balances, ending	<u>\$ 4,795,893</u>	<u>\$ 3,959,750</u>	<u>\$ 3,864,079</u>	<u>\$ (95,671)</u>	

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Job Development Incentive Special Revenue Fund  
Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
<b>REVENUES</b>					
Wages and net profits taxes	\$ 1,049,000	\$ 1,049,000	\$ 1,377,534	\$ 328,534	
Property taxes	<u>73,000</u>	<u>73,000</u>	<u>73,364</u>	<u>364</u>	
Total revenues	<u>1,124,500</u>	<u>1,124,500</u>	<u>1,450,898</u>	<u>326,398</u>	
<b>EXPENSES</b>					
Current:					
Neighborhood and community services	<u>73,000</u>	<u>73,000</u>	<u>40,000</u>	<u>33,000</u>	
Excess of revenues over expenditures	<u>1,051,500</u>	<u>1,051,500</u>	<u>1,410,898</u>	<u>359,398</u>	
Other financing sources (uses):					
Transfers out	<u>(1,295,500)</u>	<u>(1,295,500)</u>	<u>(1,294,020)</u>	<u>1,480</u>	
Total other financing sources (uses)	<u>(1,295,500)</u>	<u>(1,295,500)</u>	<u>(1,294,020)</u>	<u>1,480</u>	
Net change in fund balances	<u>(171,000)</u>	<u>(244,000)</u>	<u>116,878</u>	<u>360,878</u>	
Fund balances, beginning	<u>957,567</u>	<u>957,567</u>	<u>957,567</u>	<u>-</u>	
Fund balances, ending	<u>\$ 786,567</u>	<u>\$ 713,567</u>	<u>\$ 1,074,445</u>	<u>\$ 360,878</u>	

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Parks Development Special Revenue Fund  
Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>REVENUES</b>					
Property taxes	\$ 426,000	\$ 426,000	\$ 425,412	\$ (588)	
Wages and net profits taxes	<u>1,197,500</u>	<u>1,203,850</u>	<u>1,204,183</u>		<u>333</u>
Total revenues	<u>1,623,500</u>	<u>1,629,850</u>	<u>1,629,595</u>		<u>(255)</u>
Other financing sources (uses):					
Transfers out	<u>(1,623,500)</u>	<u>(1,629,850)</u>	<u>(1,629,595)</u>		<u>255</u>
Total other financing sources (uses)	<u>(1,623,500)</u>	<u>(1,629,850)</u>	<u>(1,629,595)</u>		<u>255</u>
Net change in fund balances	-	-	-		-
Fund balances, beginning	-	-	-		-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Landfill Closure Special Revenue Fund  
Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Interest income	\$ 25,750	\$ 25,750	\$ 18,677	\$ (7,073)
Total revenues	<u>25,750</u>	<u>25,750</u>	<u>18,677</u>	<u>(7,073)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	94,220	153,728	20,557	133,171
Total expenditures	<u>94,220</u>	<u>153,728</u>	<u>20,557</u>	<u>133,171</u>
Net change in fund balances	(68,470)	(127,978)	(1,880)	126,098
Fund balances, beginning	<u>1,363,345</u>	<u>1,363,345</u>	<u>1,363,345</u>	-
Fund balances, ending	<u>\$ 1,294,875</u>	<u>\$ 1,235,367</u>	<u>\$ 1,361,465</u>	<u>\$ 126,098</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 Local Law Enforcement Block Grant Special Revenue Fund  
 Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 56,369	\$ 56,369	\$ -
<b>EXPENDITURES</b>				
Current:				
Public safety	-	56,369	56,369	-
Total expenditures	-	56,369	56,369	-
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Trunking Operation Special Revenue Fund  
Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Contributions and donations	\$ 233,025	\$ 233,025	\$ 32,100	\$ (200,925)
Total revenues	233,025	233,025	32,100	(200,925)
<b>EXPENDITURES</b>				
Current:				
Public Safety	30,000	50,735	41,470	9,265
Total expenditures	30,000	50,735	41,470	9,265
Excess (deficiency) of revenues over (under) expenditures	203,025	182,290	(9,370)	(191,660)
Other financing sources (uses):				
Transfers in	231,250	231,250	25,000	(206,250)
Total other financing sources (uses)	231,250	231,250	25,000	(206,250)
Net change in fund balances	434,275	413,540	15,630	(397,910)
Fund balances, beginning	140,445	140,445	140,445	-
Fund balances, ending	\$ 574,720	\$ 553,985	\$ 156,075	\$ (397,910)

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Police Improvement Special Revenue Fund  
Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
<b>REVENUES</b>					
Charges for services	\$ 114,500	\$ 114,500	\$ 91,527	\$ (22,973)	
Contributions and donations	-	5,000	-	(5,000)	
Total revenues	<u>114,500</u>	<u>119,500</u>	<u>91,527</u>	<u>(27,973)</u>	
<b>EXPENDITURES</b>					
Public safety	<u>140,000</u>	<u>162,387</u>	<u>162,387</u>	<u>-</u>	
Total expenses	<u>140,000</u>	<u>162,387</u>	<u>162,387</u>	<u>-</u>	
Net change in fund balances	(25,500)	(42,887)	(70,860)	(27,973)	
Fund balances, beginning	<u>303,727</u>	<u>303,727</u>	<u>303,727</u>	<u>-</u>	
Fund balances, ending	<u>\$ 278,227</u>	<u>\$ 260,840</u>	<u>\$ 232,867</u>	<u>\$ (27,973)</u>	

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Lampkin Park Special Revenue Fund**  
**Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
<b>REVENUES</b>					
Contributions and donations	\$ 5,000	\$ 5,000	\$ 12,309	\$ 7,309	
Total revenues	5,000	5,000	12,309	7,309	
Net change in fund balances	5,000	5,000	12,309	7,309	
Fund balances, beginning	26,506	26,506	26,506	-	
Fund balances, ending	<u>\$ 31,506</u>	<u>\$ 31,506</u>	<u>\$ 38,815</u>	<u>\$ 7,309</u>	

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Homeland Security Special Revenue Fund  
Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ 60,000	\$ 59,896	\$ (104)	
Total revenues	-	60,000	59,896	(104)	
<b>EXPENDITURES</b>					
Current:					
Public safety	-	60,000	59,896	104	
Total expenditures	-	60,000	59,896	104	
Net change in fund balances	-	-	-	-	
Fund balances, beginning	-	-	-	-	
Fund balances, ending	\$ -	\$ -	\$ -	\$ -	

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Riverfront Development Capital Projects Fund  
Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ 19,903	\$ -	\$ (19,903)	
Total revenues	-	19,903	-	(19,903)	
<b>EXPENDITURES</b>					
Current:					
Neighborhood and community services	-	17,203	13,243	3,960	
Capital outlay	-	120,000	-	120,000	
Total expenditures	-	137,203	13,243	123,960	
Net change in fund balances	-	(117,300)	(13,243)	104,057	
Fund balances, beginning	216,113	216,113	216,113	-	
Fund balances, ending	\$ 216,113	\$ 98,813	\$ 202,870	\$ 104,057	

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Equipment Replacement Capital Projects Fund  
Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
<b>EXPENDITURES</b>					
Current:					
Public Safety	\$ 144,000	\$ 144,000	\$ 77,119	\$ 66,881	
Capital outlay	1,012,000	1,073,741	969,117	104,624	
Total expenditures	1,156,000	1,217,741	1,046,236	171,505	
Excess (deficiency) of revenues over (under) expenditures	(1,156,000)	(1,217,741)	(1,046,236)	171,505	
Other financing sources (uses):					
Transfers in	460,000	960,000	860,000	(100,000)	
Net change in fund balances	(696,000)	(257,741)	(186,236)	71,505	
Fund balances, beginning	1,966,444	1,966,444	1,966,444	-	
Fund balances, ending	\$ 1,270,444	\$ 1,708,703	\$ 1,780,208	\$ 71,505	

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 Road Construction Capital Projects Fund  
 Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Other financing sources (uses):</b>				
Transfers in	\$ -	\$ 2,000,000	\$ 1,000,000	\$ (1,000,000)
Total other financing sources (uses)	-	2,000,000	1,000,000	-
Net change in fund balances	-	2,000,000	1,000,000	(1,000,000)
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ 2,000,000	\$ 1,000,000	\$ (1,000,000)

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Hennessey Way Construction Capital Projects Fund**  
**Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
<b>EXPENDITURES</b>					
Capital outlay	\$ -	\$ 50,000	\$ -	\$ 50,000	
Net change in fund balances	-	(50,000)	-	50,000	
Fund balances, beginning	<u>196,701</u>	<u>196,701</u>	<u>196,701</u>		-
Fund balances, ending	<u>\$ 196,701</u>	<u>\$ 146,701</u>	<u>\$ 196,701</u>	<u>\$ 50,000</u>	

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 Heritage Trail Construction Capital Projects Fund  
 Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
<b>EXPENDITURES</b>					
Capital outlay	\$ -	\$ 50,000	\$ -	\$ 50,000	
Net change in fund balances	-	(50,000)	-	50,000	
Fund balances, beginning	<u>196,701</u>	<u>196,701</u>	<u>196,701</u>		-
Fund balances, ending	<u>\$ 196,701</u>	<u>\$ 146,701</u>	<u>\$ 196,701</u>	<u>\$ 50,000</u>	

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Sidewalk Improvement Capital Projects Fund  
Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
<b>EXPENDITURES</b>					
Current:					
Public works	\$ -	\$ 43,392	\$ 20,065	\$ 23,327	
Capital outlay	<u>650,000</u>	<u>1,455,474</u>	<u>47,198</u>	<u>1,408,276</u>	
Total expenditures	<u>650,000</u>	<u>1,498,866</u>	<u>67,263</u>	<u>1,431,603</u>	
Other financing sources (uses):					
Transfers in	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>-</u>	
Total other financing sources (uses)	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>-</u>	
Net change in fund balances	-	(848,866)	582,737		1,431,603
Fund balances, beginning	<u>896,658</u>	<u>896,658</u>	<u>896,658</u>	<u>-</u>	
Fund balances, ending	<u>\$ 896,658</u>	<u>\$ 47,792</u>	<u>\$ 1,479,395</u>	<u>\$ 1,431,603</u>	

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Stormwater Infrastructure Improvement Capital Projects Fund  
Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
<b>EXPENDITURES</b>					
Current:					
Public Works Capital Outlay	\$ - 500,000	\$ 49,704 1,025,128	\$ 35,372 188,438	\$ 14,332 836,690	
Total expenditures	(500,000)	(1,074,832)	(223,810)		851,022
Other financing sources (uses):					
Transfers in	500,000	500,000	500,000		-
Net change in fund balances	-	(574,832)	276,190		851,022
Fund balances, beginning	1,088,029	1,088,029	1,088,029		-
Fund balances, ending	<u>\$ 1,088,029</u>	<u>\$ 513,197</u>	<u>\$ 1,364,219</u>		<u>\$ 851,022</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Municipal Facilities Capital Projects Fund  
Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		
<b>EXPENDITURES</b>					
Current:					
Public Works	\$ -	\$ 43,833	\$ 43,511	\$ 322	
Capital outlay	<u>150,000</u>	<u>2,512,112</u>	<u>1,824,009</u>	<u>688,103</u>	
Total Expenditures	<u>(150,000)</u>	<u>(2,555,945)</u>	<u>(1,867,520)</u>	<u>688,425</u>	
Other financing sources (uses):					
Transfers in	<u>150,000</u>	<u>650,000</u>	<u>650,000</u>	<u>-</u>	
Net change in fund balances	-	(1,905,945)	(1,217,520)	688,425	
Fund balances, beginning	<u>2,531,633</u>	<u>2,531,633</u>	<u>2,531,633</u>	<u>-</u>	
Fund balances, ending	<u>\$2,531,633</u>	<u>\$ 625,688</u>	<u>\$ 1,314,113</u>	<u>\$ 688,425</u>	

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 800 Trunking Radio Systems Capital Projects Fund  
 Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Contributions and donations	\$ -	\$ 1,882,874	\$ 1,567,952	\$ (314,922)
Total revenues	-	1,882,874	1,567,952	(314,922)
<b>EXPENDITURES</b>				
Current:				
Public Safety	-	2,782	2,781	1
Capital Outlay	-	3,157,265	2,947,265	210,000
Total expenditures	-	3,160,047	2,950,046	210,000
Net change in fund balances	-	(1,277,173)	(1,382,094)	(104,922)
Fund balances, beginning	1,973,435	1,973,435	1,973,435	-
Fund balances, ending	\$ 1,973,435	\$ 696,262	\$ 591,341	\$ (104,922)

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Technology Capital Improvements Projects Fund  
Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>EXPENDITURES</b>					
Current:					
General government	\$ 435,100	\$ 433,350	\$ 432,929	\$ 421	
Capital outlay	<u>39,000</u>	<u>40,750</u>	<u>40,713</u>	<u>37</u>	
Total expenditures	<u>474,100</u>	<u>474,100</u>	<u>473,642</u>	<u>458</u>	
Other financing sources (uses):					
Transfers in	<u>150,000</u>	<u>950,000</u>	<u>450,000</u>	<u>(500,000)</u>	
Total other financing sources (uses)	<u>150,000</u>	<u>950,000</u>	<u>450,000</u>	<u>(500,000)</u>	
Net change in fund balances	(324,100)	475,900	(23,642)	(499,542)	
Fund balances, beginning	<u>1,213,826</u>	<u>1,213,826</u>	<u>1,213,826</u>	<u>-</u>	
Fund balances, ending	<u>\$ 889,726</u>	<u>\$ 1,689,726</u>	<u>\$ 1,190,184</u>	<u>\$ (499,542)</u>	

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Smallhouse Road Construction  
Year Ended June 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Contributions and donations	\$ -	\$ 6,000	\$ 6,000	\$ -
Total revenues	-	6,000	6,000	-
<b>EXPENDITURES</b>				
Current:				
Public Works	355,000	332,921	69,984	262,937
Capital outlay	717,500	1,088,500	14,509	1,073,991
Total expenditures	1,072,500	1,421,421	84,493	1,336,928
Other financing sources (uses):				
Transfers in	1,072,500	1,072,500	1,072,500	-
Total other financing sources (uses)	1,072,500	1,072,500	1,072,500	-
Net change in fund balances	-	(342,921)	994,007	1,336,928
Fund balances, beginning	365,000	365,000	365,000	-
Fund balances, ending	\$ 365,000	\$ 22,079	\$ 1,359,007	\$ 1,336,928

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Parks Capital Improvement Fund  
Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		
<b>EXPENDITURES</b>					
Current:					
Parks and recreation	\$ -	\$ 500,000	\$ -	\$ 500,000	
Capital outlay	<u>395,000</u>	<u>532,542</u>	<u>199,822</u>	<u>332,720</u>	
Other financing sources (uses):					
Transfers in	<u>395,000</u>	<u>2,117,500</u>	<u>1,395,000</u>	<u>(722,500)</u>	
Total other financing sources (uses)	<u>395,000</u>	<u>2,117,500</u>	<u>1,395,000</u>	<u>(722,500)</u>	
Net change in fund balances	-	1,584,958	1,195,178	(389,780)	
Fund balances, beginning	-	-	-	-	
Fund balances, ending	<u>\$ -</u>	<u>\$ 1,584,958</u>	<u>\$ 1,195,178</u>	<u>\$ (389,780)</u>	

See accompanying independent auditor's report

## **NONMAJOR GOVERNMENTAL FUNDS**

### **INTERNAL SERVICE FUNDS**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City and to other governmental units, on a cost reimbursement basis.

#### **Fleet Maintenance Fund**

This fund is used to account for the operating costs of centralized maintenance of automotive equipment used by other City departments. Department billings are on a cost reimbursement basis.

#### **Employee Health Care Fund**

This fund is used to account for the accumulation of resources for the purpose of funding medical costs of City employees and dependents.

#### **Workers Compensation Fund**

This fund is used to account for the accumulation of resources for the purpose of funding workers compensation costs of City employees.

#### **Property and Casualty Fund**

This fund is used to account for the accumulation of resources for the purpose of funding property and casualty costs of the City.

**City of Bowling Green, Kentucky**  
**Combining Statement of Net Position – Internal Service Funds**  
June 30, 2015

	Fleet Maintenance	Employee Health Care	Workers Compensation	Property and Casualty	Total
<b>ASSETS</b>					
Current assets					
Pooled cash and cash equivalents	\$ 608,577	\$ 1,054,814	\$ 708,737	\$ 1,182,016	\$ 3,554,144
Investments	-	2,083,966	1,159,504	-	3,243,470
Accounts receivable	6,351	-	-	224,811	231,162
Interest receivable	-	1,264	4,490	-	5,754
Inventories	190,766	-	-	-	190,766
Prepaid items	-	323,000	-	-	323,000
<b>Total current assets</b>	<b>805,694</b>	<b>3,463,044</b>	<b>1,872,731</b>	<b>1,406,827</b>	<b>7,548,296</b>
Noncurrent assets					
Capital assets					
Building	200,985	-	-	-	200,985
Machinery and equipment	234,569	-	40,345	-	274,914
	435,554	-	40,345	-	475,899
Less accumulated depreciation	(328,560)	-	(40,345)	-	(368,905)
<b>Total capital assets, net of accumulated depreciation</b>	<b>106,994</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,994</b>
<b>Total noncurrent assets</b>	<b>106,994</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,994</b>
<b>Total assets</b>	<b>\$ 912,688</b>	<b>\$ 3,463,044</b>	<b>\$ 1,872,731</b>	<b>\$ 1,406,827</b>	<b>\$ 7,655,290</b>
<b>LIABILITIES</b>					
Current liabilities					
Vouchers and accounts payable	\$ 76,332	\$ 241,041	\$ 21,828	\$ 4,822	\$ 344,023
Accrued payroll	28,388	-	1,094	-	29,482
Insurance claims payable	-	145,606	20,821	45,000	211,427
Current portion of compensated absences payable	12,048	-	-	-	12,048
<b>Total current liabilities</b>	<b>116,768</b>	<b>386,647</b>	<b>43,743</b>	<b>49,822</b>	<b>596,980</b>
Noncurrent liabilities					
Compensated absences payable, net of current portion	9,856	-	-	-	9,856
<b>Total liabilities</b>	<b>126,624</b>	<b>386,647</b>	<b>43,743</b>	<b>49,822</b>	<b>606,836</b>
<b>NET POSITION</b>					
Net investment in capital assets	106,994	-	-	-	106,994
Unrestricted	679,070	3,076,397	1,828,988	1,357,005	6,941,460
<b>Total net position</b>	<b>\$ 786,064</b>	<b>\$ 3,076,397</b>	<b>\$ 1,828,988</b>	<b>\$ 1,357,005</b>	<b>\$ 7,048,454</b>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds**  
**Year Ended June 30, 2015**

	Fleet Maintenance	Employee Health Care	Workers Compensation	Property and Casualty	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 2,013,765	\$ -	\$ -	\$ -	\$ 2,013,765
Insurance premiums	-	4,536,854	593,475	-	5,130,329
Judgments and settlements	517	-	-	338,896	339,413
Contributions and donations	-	-	6,000	-	6,000
Miscellaneous	720	-	-	-	720
 Total operating revenues	 2,015,002	 4,536,854	 599,475	 338,896	 7,490,227
<b>OPERATING EXPENSES</b>					
Personnel services	610,185	-	22,932	-	633,117
Contractual services	10,687	418,035	53,334	11,289	493,345
Supplies	1,036,514	1,907	24,933	70,041	1,133,395
Utilities	42,478	-	-	-	42,478
Repairs and maintenance	154,755	-	-	-	154,755
Insurance premiums and claims	-	4,837,030	264,328	933,232	6,034,590
Depreciation	10,080	-	931	-	11,011
Miscellaneous	3,174	-	2,788	1,756	7,718
 Total operating expenses	 1,867,873	 5,256,972	 369,246	 1,016,318	 8,510,409
 Operating income (loss)	 147,129	 (720,118)	 230,229	 (677,422)	 (1,020,182)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	-	29,332	19,775	-	49,107
Gain/(loss) on disposal of assets	4,063	-	-	-	4,063
 Total nonoperating revenues	 4,063	 29,332	 19,775	 -	 53,170
 Income (loss) before transfers	 151,192	 (690,786)	 250,004	 (677,422)	 (967,012)
 Transfer in	 -	 -	 -	 800,000	 800,000
Transfers out	-	-	(100,000)	-	(100,000)
 Change in net position	 151,192	 (690,786)	 150,004	 122,578	 (267,012)
 Net position, beginning	 634,872	 3,767,183	 1,678,984	 1,234,427	 7,315,466
 Net position, ending	 <u>\$ 786,064</u>	 <u>\$ 3,076,397</u>	 <u>\$ 1,828,988</u>	 <u>\$ 1,357,005</u>	 <u>\$ 7,048,454</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Cash Flows – Internal Service Funds**  
**Year Ended June 30, 2015**

	Fleet Maintenance	Employee Health Care	Workers Compensation	Property and Casualty	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 2,015,275	\$ 4,536,854	\$ 599,475	\$ 116,796	\$ 7,268,400
Payments to employees	(606,225)	-	(22,825)	-	(629,050)
Payments to suppliers	(1,260,845)	(294,951)	(110,062)	(89,911)	(1,755,769)
Insurance premiums and claims paid	-	(4,947,147)	(301,924)	(888,232)	(6,137,303)
Net cash (used in) provided by operating activities	<u>148,205</u>	<u>(705,244)</u>	<u>164,664</u>	<u>(861,347)</u>	<u>(1,253,722)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	-	-	-	800,000	800,000
Transfers out	-	-	(100,000)	-	(100,000)
Net cash provided by (used in) noncapital financing activities	-	-	(100,000)	800,000	700,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Sale of capital assets	<u>4,063</u>	-	-	-	<u>4,063</u>
Net cash provided by capital and related financing activities	<u>4,063</u>	-	-	-	<u>4,063</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	-	31,862	19,730	-	51,592
Sale of investments	-	744,167	316	-	744,483
Net cash provided by investing activities	-	776,029	20,046	-	796,075
Net increase (decrease) in cash and cash equivalents	152,268	70,785	84,710	(61,347)	246,416
Cash and cash equivalents, beginning of year	<u>456,309</u>	<u>984,029</u>	<u>624,027</u>	<u>1,243,363</u>	<u>3,307,728</u>
Cash and cash equivalents, end of year	<u>\$ 608,577</u>	<u>\$ 1,054,814</u>	<u>\$ 708,737</u>	<u>\$ 1,182,016</u>	<u>\$ 3,554,144</u>
Reconciliation of operating income to net cash used in operating activities					
Operating income (loss)	\$ 147,129	\$ (720,118)	\$ 230,229	\$ (677,422)	\$ (1,020,182)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	10,080	-	931	-	11,011
Change in assets and liabilities					
Accounts receivable	267	-	-	(222,100)	(221,833)
Inventories	(27,689)	-	-	-	(27,689)
Accounts payable	14,452	124,991	(29,007)	(6,825)	103,611
Compensated absences	(3)	-	-	-	(3)
Accrued payroll	3,969	-	107	-	4,076
Insurance claims payable	-	(110,117)	(37,596)	45,000	(102,713)
Net cash provided by (used in) operating activities	<u>\$ 148,205</u>	<u>\$ (705,244)</u>	<u>\$ 164,664</u>	<u>\$ (861,347)</u>	<u>\$ (1,253,722)</u>

See accompanying independent auditor's report

## **NONMAJOR GOVERNMENTAL FUNDS**

### **AGENCY FUNDS**

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

#### **Claims Fund**

Imprest vendor paying agent for all government funds.

#### **Payroll Fund**

Imprest paying agent for City payroll.

#### **Tourist & Convention Fund**

This fund is used to account for the collection of a 4% hotel, motel transient room tax and payment to the Bowling Green Area Convention and Visitors Bureau and the Convention Center Corporation.

#### **Tax Distribution Fund**

This fund is used to account for property tax collections and disbursement to General Fund and the Bowling Green Independent School System for property taxes billed and collected by the City on its behalf.

#### **Treasurer's Distribution Fund**

This fund is used to account for collection of miscellaneous receipts requiring disbursement to other outside agencies.

#### **Evidence Storage Fund**

This fund is used to account for cash collected as police evidence.

**City of Bowling Green, Kentucky**  
**Combining Statement of Changes in Assets and Liabilities – Agency Funds**  
**Year Ended June 30, 2015**

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>CLAIMS FUND</b>				
Assets				
Non-pooled cash and cash equivalents	<u>\$ 1,329,335</u>	<u>\$ 122,562,694</u>	<u>\$ 122,563,810</u>	<u>\$ 1,328,219</u>
Liabilities				
Other liabilities	<u>\$ 1,329,335</u>	<u>\$ 122,562,694</u>	<u>\$ 122,563,810</u>	<u>\$ 1,328,219</u>
<b>PAYROLL FUND</b>				
Assets				
Non-pooled cash and cash equivalents	<u>\$ 16,575</u>	<u>\$ 35,830,544</u>	<u>\$ 35,830,633</u>	<u>\$ 16,486</u>
Liabilities				
Other liabilities	<u>\$ 16,575</u>	<u>\$ 35,830,544</u>	<u>\$ 35,830,633</u>	<u>\$ 16,486</u>
<b>TOURIST &amp; CONVENTION FUND</b>				
Assets				
Pooled cash and cash equivalents	<u>\$ -</u>	<u>\$ 1,814,699</u>	<u>\$ 1,814,699</u>	<u>\$ -</u>
Liabilities				
Due to Tourist Commission	<u>\$ -</u>	<u>\$ 1,364,107</u>	<u>\$ 1,364,107</u>	<u>\$ -</u>
Due to Convention Center Corp.	<u>-</u>	<u>450,592</u>	<u>450,592</u>	<u>-</u>
Total liabilities	<u>\$ -</u>	<u>\$ 1,814,699</u>	<u>\$ 1,814,699</u>	<u>\$ -</u>
<b>TAX DISTRIBUTION FUND</b>				
Assets				
Pooled cash and cash equivalents	<u>\$ -</u>	<u>\$ 21,053,980</u>	<u>\$ 21,053,229</u>	<u>\$ 751</u>
Liabilities				
Due to other funds	<u>\$ -</u>	<u>\$ 10,768,783</u>	<u>\$ 10,768,536</u>	<u>\$ 247</u>
Due to other taxing units - School Board	<u>-</u>	<u>10,043,112</u>	<u>10,042,608</u>	<u>504</u>
Other liabilities	<u>-</u>	<u>192,143</u>	<u>192,143</u>	<u>-</u>
Total liabilities	<u>\$ -</u>	<u>\$ 21,004,038</u>	<u>\$ 21,003,287</u>	<u>\$ 751</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Changes in Assets and Liabilities – Agency Funds (Continued)**  
**Year Ended June 30, 2015**

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>TREASURER'S DISTRIBUTION FUND</b>				
Assets				
Pooled cash and cash equivalents	\$ 84,002	\$ 142,299	\$ 219,301	\$ 7,000
<hr/>				
Liabilities				
Due to other governmental units	<u>\$ 84,002</u>	<u>\$ 142,299</u>	<u>\$ 219,301</u>	<u>\$ 7,000</u>
<hr/>				
<b>EVIDENCE STORAGE FUND</b>				
Assets				
Pooled cash and cash equivalents	<u>\$ -</u>	<u>\$ 143,268</u>	<u>\$ -</u>	<u>\$ 143,268</u>
<hr/>				
Liabilities				
Due to other governmental units	<u>\$ -</u>	<u>\$ 143,268</u>	<u>\$ -</u>	<u>\$ 143,268</u>
<hr/>				
<b>TOTALS - ALL AGENCY FUNDS</b>				
Assets				
Pooled cash and cash equivalents	<u>\$ 84,002</u>	<u>\$ 23,154,246</u>	<u>\$ 23,087,229</u>	<u>\$ 151,019</u>
Non-pooled cash and cash equivalents	<u>1,345,910</u>	<u>158,393,238</u>	<u>158,394,443</u>	<u>1,344,705</u>
<hr/>				
Total assets	<u>\$ 1,429,912</u>	<u>\$ 181,547,484</u>	<u>\$ 181,481,672</u>	<u>\$ 1,495,724</u>
<hr/>				
Liabilities				
Due to other funds	<u>\$ -</u>	<u>\$ 10,768,783</u>	<u>\$ 10,768,536</u>	<u>\$ 247</u>
Due to Tourist Commission	<u>-</u>	<u>1,364,107</u>	<u>1,364,107</u>	<u>-</u>
Due to Convention Center Corp.	<u>-</u>	<u>450,592</u>	<u>450,592</u>	<u>-</u>
Due to other taxing units - School Board	<u>-</u>	<u>10,043,112</u>	<u>10,042,608</u>	<u>504</u>
Due to other governmental units	<u>84,002</u>	<u>285,567</u>	<u>219,301</u>	<u>150,268</u>
Other liabilities	<u>1,345,910</u>	<u>158,585,381</u>	<u>158,586,586</u>	<u>1,344,705</u>
<hr/>				
Total liabilities	<u>\$ 1,429,912</u>	<u>\$ 181,497,542</u>	<u>\$ 181,431,730</u>	<u>\$ 1,495,724</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Net Position – Component Units – Bowling Green Municipal Utilities**  
June 30, 2015

<b>Bowling Green Municipal Utilities</b>					
	<b>Electric Division</b>	<b>Water-Sewer Division</b>	<b>General Services Division</b>	<b>Total</b>	
<b>ASSETS</b>					
Non-pooled cash and cash equivalents	\$ 14,834,177	\$ 4,496,862	\$ 49,094	\$ 19,380,133	
Receivables (net):					
Accounts	8,580,265	1,363,068	65,161	10,008,494	
Other	70,410	176,655	-	247,065	
Inventories	1,075,511	192,674	97,339	1,365,524	
Prepaid items	355,708	184,222	15,991	555,921	
Long-term investments	100,000	-	-	100,000	
Prepayment to TVA	449,792	-	-	449,792	
Investments and restricted funds	2,438,694	4,998,939	-	7,437,633	
Due from component units	16,466	5,085,891	24,277	5,126,634	
Capital assets, net of accumulated depreciation:					
Non-depreciable	1,466,721	1,950,901	78,167	3,495,789	
Depreciable	52,055,038	135,887,479	4,576,770	192,519,287	
Other assets	69,765	423,707	201,349	694,821	
Total assets	<u>\$ 81,512,547</u>	<u>\$ 154,760,398</u>	<u>\$ 5,108,148</u>	<u>\$ 241,381,093</u>	
Deferred Outflows of Resources - Pension contributions subsequent to the measurement date	960,618	965,352	132,350	2,058,320	
Deferred Outflows of Resources - Deferred Loss on Bond Defeasance	-	268,780	-	268,780	
Total assets and deferred outflows of resources	<u>\$ 82,473,165</u>	<u>\$ 155,994,530</u>	<u>\$ 5,240,498</u>	<u>\$ 243,708,193</u>	
<b>LIABILITIES</b>					
Vouchers and accounts payable	8,131,492	1,498,207	91,308	9,721,007	
Compensated absences payable	479,300	226,529	-	705,829	
Accrued interest payable	1,059,202	96,544	-	1,155,746	
Due to component unit	466,652	-	-	466,652	
Customer deposits	5,223,852	12,040	-	5,235,892	
Other current liabilities	804,873	253,900	107,134	1,165,907	
Net pension liability, noncurrent	7,544,205	7,581,385	1,039,410	16,165,000	
Compensated absences payable, noncurrent	268,896	158,875	-	427,771	
Customer advances, noncurrent	82,631	-	-	82,631	
Noncurrent liabilities:					
Due within one year	430,000	4,177,397	642,359	5,249,756	
Due in more than one year	11,127,487	67,556,349	4,093,465	82,777,301	
Total liabilities	<u>\$ 35,618,590</u>	<u>\$ 81,561,226</u>	<u>\$ 5,973,676</u>	<u>\$ 123,153,492</u>	
Deferred Inflows of Resources - Net different between projected and actual pension plan investment earnings	1,056,042	846,076	140,245	2,042,363	
Total assets and deferred outflows of resources	<u>\$ 1,056,042</u>	<u>\$ 846,076</u>	<u>\$ 140,245</u>	<u>\$ 2,042,363</u>	
<b>NET POSITION</b>					
Net investment in capital assets	43,135,462	66,104,634	(80,887)	109,159,209	
Restricted	1,367,504	4,998,939	-	6,366,443	
Unrestricted	1,295,567	2,483,655	(792,536)	2,986,686	
Total net position	<u>\$ 45,798,533</u>	<u>\$ 73,587,228</u>	<u>\$ (873,423)</u>	<u>\$ 118,512,338</u>	

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Activities – Component Units – Bowling Green Municipal Utilities**  
Year Ended June 30, 2015

<b>Bowling Green Municipal Utilities</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>			
		<b>Charges for Services</b>	<b>Operating Contributions</b>	<b>Capital Contributions</b>	<b>Electric System</b>	<b>Water and Sewer System</b>	<b>Fiber Optic System</b>	<b>Totals</b>
Electric Division	\$ 86,143,804	\$ 87,607,224	\$ -	\$ -	\$ 1,463,420	\$ -	\$ -	\$ 1,463,420
Water-Sewer Division	20,843,908	23,115,107	-	1,102,394	-	3,373,593	-	3,373,593
General Services Division	2,544,352	3,076,283	-	-	-	-	531,931	531,931
Total component units	<u>\$ 109,532,064</u>	<u>\$ 113,798,614</u>	<u>\$ -</u>	<u>\$ 1,102,394</u>	<u>1,463,420</u>	<u>3,373,593</u>	<u>531,931</u>	<u>5,368,944</u>
<b>General revenues:</b>								
Investment income				56,945	64,619	-		121,564
Merchandising revenues, net				35,629	-	11,099		46,728
Miscellaneous				-	19,456	(19,101)		355
Total general revenues				<u>92,574</u>	<u>84,075</u>	<u>(8,002)</u>		<u>168,647</u>
Change in net position				1,555,994	3,457,668	523,929		5,537,591
Net position beginning of year				52,024,762	77,950,135	(325,149)		129,649,748
Change in accounting principle - GASB68				(7,782,223)	(7,820,575)	(1,072,203)		(16,675,001)
Net position, beginning of year, restated				<u>44,242,539</u>	<u>70,129,560</u>	<u>(1,397,352)</u>		<u>112,974,747</u>
Net position, end of year				<u>\$ 45,798,533</u>	<u>\$ 73,587,228</u>	<u>\$ (873,423)</u>		<u>\$ 118,512,338</u>

See accompanying independent auditor's report

## **STATISTICAL SECTION**

The Statistical Section of the City of Bowling Green's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends:      Tables 1 - 4

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity:      Tables 5 - 7

These schedules contain information to help the reader assess the government's most significant local revenue sources.

Debt Capacity:      Tables 8 - 12

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and ability to issue additional debt in the future.

Demographic and Economic Information:      Tables 13 - 14

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information:      Tables 15 - 17

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

**Schedule 1**  
**City of Bowling Green**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year									
	2015	Restated 2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities										
Net investment in capital assets	\$ 156,304,559	<sup>a</sup> \$ 155,028,352	\$ 137,092,802	\$ 135,364,894	\$ 124,378,964	\$ 115,406,434	\$ 110,124,978	\$ 95,299,980	\$ 70,506,798	\$ 61,920,839
Restricted	19,415,538	13,291,912	9,755,642	8,334,411	7,678,890	8,489,209	12,648,978	13,706,589	16,471,139	7,114,135
Unrestricted	(28,174,114)	<sup>b</sup> (29,848,657)	22,355,235	14,779,013	11,861,503	10,322,628	3,791,321	30,702,914	35,938,960	32,220,951
Total governmental activities net position	<u>\$ 147,545,983</u>	<u>\$ 138,471,607</u>	<u>\$ 169,203,679</u>	<u>\$ 158,478,318</u>	<u>\$ 143,919,357</u>	<u>\$ 134,218,271</u>	<u>\$ 126,565,277</u>	<u>\$ 139,709,483</u>	<u>\$ 122,916,897</u>	<u>\$ 101,255,925</u>
Business-type activities										
Net investment in capital assets	\$ 4,061,947	<sup>a</sup> \$ 1,797,454	\$ 6,831,728	\$ 6,697,127	\$ 6,601,646	\$ 6,073,639	\$ 5,673,876	\$ 4,914,526	\$ 4,536,514	\$ 4,391,188
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	6,715,057	8,057,826	6,966,658	5,855,494	5,109,640	4,408,480	3,763,476	2,954,021	2,723,849	1,908,071
Total business-type activities net position	<u>\$ 10,777,004</u>	<u>\$ 9,855,280</u>	<u>\$ 13,798,386</u>	<u>\$ 12,552,621</u>	<u>\$ 11,711,286</u>	<u>\$ 10,482,119</u>	<u>\$ 9,437,352</u>	<u>\$ 7,868,547</u>	<u>\$ 7,260,363</u>	<u>\$ 6,299,259</u>
Primary government										
Net investment in capital assets	\$ 160,366,506	\$ 156,825,806	\$ 143,924,530	\$ 142,062,021	\$ 130,980,610	\$ 121,480,073	\$ 115,798,854	\$ 100,214,506	\$ 75,043,312	\$ 66,312,027
Restricted	19,415,538	13,291,912	9,755,642	8,334,411	7,678,890	8,489,209	12,648,978	13,706,589	16,471,139	7,114,135
Unrestricted	(21,459,057)	(21,790,831)	29,321,893	20,634,507	16,971,143	14,731,108	7,554,797	33,656,935	38,662,809	34,129,022
Total primary government net position	<u>\$ 158,322,987</u>	<u>\$ 148,326,887</u>	<u>\$ 183,002,065</u>	<u>\$ 171,030,939</u>	<u>\$ 155,630,643</u>	<u>\$ 144,700,390</u>	<u>\$ 136,002,629</u>	<u>\$ 147,578,030</u>	<u>\$ 130,177,260</u>	<u>\$ 107,555,184</u>

(a) Golf and Aquatics enterprise funds were reclassified as governmental activities-effective July 1, 2014

(b) The City implemented GASB 68 effective for period ending June 30, 2015, which resulted in a restatement of FY2014 ending balances

**Schedule 2**  
**City of Bowling Green**  
**Changes in Net Position, Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year									
	2015	Restated 2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>										
Governmental activities:										
General government	\$ 16,081,900	\$ 14,940,954	\$ 16,265,264	\$ 15,273,247	\$ 15,155,819	\$ 12,874,758	\$ 14,240,674	\$ 14,963,398	\$ 11,585,397	\$ 10,620,708
Public safety	25,081,145	24,384,208	23,180,539	22,297,308	21,843,704	22,477,932	20,629,290	20,888,002	18,477,954	17,028,198
Public works	15,513,082	8,781,909	6,207,967	7,576,164	6,700,923	7,782,325	6,276,210	6,445,139	8,024,218	6,407,082
Parks and recreation	7,434,798	4,899,266	5,280,474	5,011,216	5,478,404	4,895,725	4,715,430	4,643,176	4,579,136	4,318,574
Neighborhood and comm. services	4,308,565	3,734,515	4,787,160	5,158,144	4,948,826	4,739,011	5,562,852	4,533,189	5,891,219	5,221,716
Community services	1,267,637	1,362,100	1,070,544	1,341,318	1,238,015	2,446,270	24,078,708	4,087,698	3,016,601	2,585,297
Interest expense (restated)	5,931,620	6,869,043	7,568,802	6,498,659	5,670,703	6,789,892	7,033,869	4,380,214	3,501,788	3,478,617
Total governmental activities expenses	75,618,747	64,971,995	64,360,750	63,156,056	61,036,394	62,005,913	82,537,033	59,940,816	55,076,313	49,660,192
Business-type activities:										
Golf course	-	1,750,045	2,066,604	2,759,341	2,366,430	2,323,270	2,342,624	2,379,799	2,375,208	2,316,855
Aquatics	-	884,164	885,993	919,636	871,429	849,210	848,501	1,231,201	862,409	877,479
Convention center	715,458	984,699	673,102	904,908	607,015	823,333	742,829	850,659	682,734	897,524
Total business-type activities expenses	715,458	3,618,908	3,625,699	4,583,885	3,844,874	3,995,813	3,933,954	4,461,659	3,920,351	4,091,858
Total primary government expenses	\$ 76,334,205	\$ 68,590,903	\$ 67,986,449	\$ 67,739,941	\$ 64,881,268	\$ 66,001,726	\$ 86,470,987	\$ 64,402,475	\$ 58,996,664	\$ 53,752,050
<b>Program Revenues</b>										
Governmental activities										
Charges for services:										
General government	\$ 2,084,612	\$ 1,898,623	\$ 4,650,906	\$ 3,728,986	\$ 3,415,888	\$ 3,095,600	\$ 3,545,304	\$ 2,234,584	\$ 2,124,151	\$ 1,072,180
Public safety	239,223	259,539	252,181	269,502	187,098	187,228	250,696	294,866	191,964	199,137
Public works	-	-	-	-	-	-	-	-	-	-
Parks and recreation	1,942,755	381,975	380,360	389,486	398,333	421,798	390,693	382,818	323,999	361,444
Operating grants and contributions	9,338,213	9,387,792	9,538,468	7,308,403	8,425,923	8,986,469	7,311,410	7,544,586	6,445,180	5,614,030
Capital grants and contributions	7,396,801	4,544,651	5,169,106	13,461,928	9,941,334	8,339,284	7,689,270	14,582,910	17,335,681	7,856,470
Total governmental activities program revenues	21,001,604	16,472,580	19,991,021	25,158,305	22,368,576	21,030,379	19,187,373	25,039,764	26,420,975	15,103,261
Business-type activities:										
Charges for services:										
Golf course	-	1,247,622	1,368,727	1,438,517	1,275,821	1,316,218	1,429,946	1,416,483	1,430,200	1,369,313
Aquatics	-	449,284	477,508	649,347	578,532	518,834	511,395	475,673	421,185	461,381
Convention center	183,961	210,800	212,823	205,503	216,665	214,459	223,958	203,324	194,675	312,682
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities	183,961	1,907,706	2,059,058	2,293,367	2,071,018	2,049,511	2,165,299	2,095,480	2,046,060	2,143,376
Total primary government program revenues	\$ 21,185,565	\$ 18,380,286	\$ 22,050,079	\$ 27,451,672	\$ 24,439,594	\$ 23,079,890	\$ 21,352,672	\$ 27,135,244	\$ 28,467,035	\$ 17,246,637
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (54,617,143)	\$ (48,499,415)	\$ (44,369,729)	\$ (37,997,751)	\$ (38,667,818)	\$ (40,975,534)	\$ (63,349,660)	\$ (34,901,052)	\$ (28,655,338)	\$ (34,556,931)
Business-type activities	(531,497)	(1,711,202)	(1,566,641)	(2,290,518)	(1,773,856)	(1,946,302)	(1,768,655)	(2,366,179)	(1,874,291)	(1,948,482)
Total primary government net expense	\$ (55,148,640)	\$ (50,210,617)	\$ (45,936,370)	\$ (40,288,269)	\$ (40,441,674)	\$ (42,921,836)	\$ (65,118,315)	\$ (37,267,231)	\$ (30,529,629)	\$ (36,505,413)

See accompanying independent auditor's report

	Fiscal Year									
	2015	Restated 2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 12,760,797	\$ 12,253,118	\$ 11,763,153	\$ 11,377,484	\$ 11,220,959	\$ 11,346,706	\$ 10,824,938	\$ 11,871,893	\$ 10,835,879	\$ 13,163,115
Insurance premium taxes <sup>a</sup>	3,660,165	3,545,527	3,342,087	3,156,411	3,087,621	3,140,598	3,100,377	3,154,521	3,097,857	-
Wages and net profits taxes	46,774,186	43,188,734	41,392,272	39,490,949	37,220,689	35,502,869	36,016,500	36,502,625	37,247,653	37,285,158
Gain (loss) on sale of capital assets	223,557	(98,712)	53,678	-	(1,839,170)	-	-	-	(872,410)	44,519
Judgements and settlements	-	-	-	-	-	-	-	-	-	730,458
Investment income	362,436	597,329	644,577	815,700	886,084	1,031,911	2,435,228	2,351,828	2,253,732	1,787,940
Miscellaneous	724,169	562,905	251,083	262,868	270,561	144,527	696,997	327,802	159,972	148,603
Transfers	(813,791)	(2,044,823)	(2,351,760)	(2,546,700)	(2,477,840)	(2,538,083)	(2,868,586)	(2,515,031)	(2,406,373)	(2,318,501)
Total governmental activities	<u>63,691,519</u>	<u>58,004,078</u>	<u>55,095,090</u>	<u>52,556,712</u>	<u>48,368,904</u>	<u>48,628,528</u>	<u>50,205,454</u>	<u>51,693,638</u>	<u>50,316,310</u>	<u>50,841,292</u>
Business-type activities:										
Taxes										
Property taxes <sup>b</sup>	96,848	100,322	-	-	-	-	-	-	-	-
Transient room taxes	450,592	405,516	460,640	432,158	420,300	382,340	396,518	398,381	369,162	373,236
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	(10,854)
Judgements and settlements	-	-	-	-	-	-	-	-	-	-
Investment income	91,990	85,883	6	152,995	84,510	70,646	72,356	60,951	59,860	55,069
Miscellaneous	-	35	-	-	20,373	-	-	-	-	-
Transfers	813,791	2,044,823	2,351,760	2,546,700	2,477,840	2,538,083	2,868,586	2,515,031	2,406,373	2,318,501
Total business-type activities	<u>1,453,221</u>	<u>2,636,579</u>	<u>2,812,406</u>	<u>3,131,853</u>	<u>3,003,023</u>	<u>2,991,069</u>	<u>3,337,460</u>	<u>2,974,363</u>	<u>2,835,395</u>	<u>2,735,952</u>
Total primary government	<u>\$ 65,144,740</u>	<u>\$ 60,640,657</u>	<u>\$ 57,907,496</u>	<u>\$ 55,688,565</u>	<u>\$ 51,371,927</u>	<u>\$ 51,619,597</u>	<u>\$ 53,542,914</u>	<u>\$ 54,668,001</u>	<u>\$ 53,151,705</u>	<u>\$ 53,577,244</u>
<b>Changes in Net Position</b>										
Governmental activities	\$ 9,074,376	\$ 9,504,663	\$ 10,725,361	\$ 14,558,961	\$ 9,701,086	\$ 7,652,994	\$ (13,144,206)	\$ 16,792,586	\$ 21,660,972	\$ 16,284,361
Business-type activities	921,724	925,377	1,245,765	841,335	1,229,167	1,044,767	1,568,805	608,184	961,104	787,470
Total primary government	<u>\$ 9,996,100</u>	<u>\$ 10,430,040</u>	<u>\$ 11,971,126</u>	<u>\$ 15,400,296</u>	<u>\$ 10,930,253</u>	<u>\$ 8,697,761</u>	<u>\$ (11,575,401)</u>	<u>\$ 17,400,770</u>	<u>\$ 22,622,076</u>	<u>\$ 17,071,831</u>

Note: (a) Insurance premium taxes were previously reported in the property tax line.

(b) Property taxes for business type activities were previously reported on Transient room tax line.

(c) Golf and Aquatics enterprise funds were reclassified as governmental activities-effective July 1, 2014

**Schedule 3**  
**City of Bowling Green**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	<b>Fiscal Year</b>										
	<b>2015</b>	<b>Restated 2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	
General Fund											
Nonspendable	\$ 217,129	\$ 190,343	\$ 102,022	\$ 110,067	\$ 116,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved	-	-	-	-	-	580,258	1,843,259	2,175,158	853,653	681,409	
Restricted	2,289	-	-	-	28,381	-	-	-	-	-	
Committed	11,772,500	10,716,400	10,476,400	10,142,001	7,153,358	-	-	-	-	-	
Assigned	5,234,158	2,367,637	4,147,690	3,946,030	2,350,558	-	-	-	-	-	
Unassigned	5,295,615	5,904,641	4,084,127	4,288,920	8,083,626	-	-	-	-	-	
Unreserved	-	-	-	-	-	16,393,728	13,888,739	15,328,742	20,593,019	21,042,696	
Total General Fund	<u>\$ 22,521,691</u>	<u>\$ 19,179,021</u>	<u>\$ 18,810,239</u>	<u>\$ 18,487,018</u>	<u>\$ 17,732,514</u>	<u>\$ 16,973,986</u>	<u>\$ 15,731,998</u>	<u>\$ 17,503,900</u>	<u>\$ 21,446,672</u>	<u>\$ 21,724,105</u>	
All Other Governmental Funds											
Restricted	\$ 6,001,112	\$ 11,555,838	\$ 17,445,124	\$ 17,804,417	\$ 20,223,543	\$ 4,992,442	\$ 3,672,061	\$ 6,198,535	\$ 6,364,120	\$ 4,340,670	
Committed	4,989,083	4,722,507	4,093,440	3,875,464	-	-	-	-	-	-	
Assigned	16,722,160	15,074,918	11,005,485	9,810,617	11,382,712	-	-	-	-	-	
Unreserved, reported in:											
Special Revenue funds	-	-	-	-	-	25,691,575	27,562,694	24,465,839	7,658,317	8,367,593	
Capital Projects funds	-	-	-	-	-	3,285,091	8,778,626	8,619,293	13,733,273	2,747,696	
Debt Service funds	-	-	-	-	-	-	-	47,702	104,610	105,116	
Permanent fund	-	-	-	-	-	36,806	93,736	67,610	47,988	32,288	
Total all other governmental funds	<u>\$ 27,712,355</u>	<u>\$ 31,353,263</u>	<u>\$ 32,544,049</u>	<u>\$ 31,490,498</u>	<u>\$ 31,606,255</u>	<u>\$ 34,005,914</u>	<u>\$ 40,107,117</u>	<u>\$ 39,398,979</u>	<u>\$ 27,908,308</u>	<u>\$ 15,593,363</u>	

Note: Implementation of GASB Statement 54 resulted in the following new governmental fund balance classifications:

Nonspendable  
 Committed  
 Assigned  
 Unassigned

See accompanying independent auditor's report

**Schedule 4**  
**City of Bowling Green**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	<b>Fiscal Year</b>									
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Revenues</b>										
Taxes	\$ 12,642,600	\$ 12,149,933	\$ 11,642,257	\$ 11,233,161	\$ 11,094,132	\$ 11,174,838	\$ 10,633,642	\$ 11,743,169	\$ 10,835,879	<sup>a</sup> \$ 13,163,115
Insurance premium taxes	3,660,165	3,545,527	3,342,087	3,131,426	3,087,621	3,140,598	3,100,377	3,154,521	3,097,857	<sup>a</sup> -
Wage and net profit taxes	46,774,184	43,188,734	41,392,272	39,490,949	37,218,764	35,502,869	36,111,281	36,681,744	37,406,227	<sup>b</sup> 37,285,157
Licenses and permits	1,315,429	1,053,434	1,196,829	1,225,876	1,008,531	1,164,737	898,603	945,383	735,949	<sup>b</sup> -
Intergovernmental	9,847,448	9,761,879	9,699,484	10,282,887	10,490,457	12,457,418	9,836,174	10,453,862	11,392,786	9,868,433
Investment income	313,327	539,104	597,234	709,096	774,589	940,504	2,236,555	2,099,729	2,017,219	<sup>c</sup> -
Charges for services	657,839	673,241	655,280	617,189	572,038	616,196	481,491	547,340	595,021	571,009
Parks and recreation	1,918,822	348,223	345,951	352,727	379,821	410,111	380,317	372,484	323,999	361,444
Rental Income	1,289,025	1,303,456	3,698,284	1,418,056	1,410,533	976,868	1,685,901	-	-	-
Miscellaneous	2,382,712	2,207,881	2,045,088	678,284	1,007,904	492,125	954,532	591,109	965,356	3,050,865
Total revenues	80,801,551	74,771,412	74,614,766	69,139,651	67,044,390	66,876,264	66,318,873	66,589,341	67,370,293	64,300,023
<b>Expenditures</b>										
General government	5,814,708	5,322,276	5,929,691	6,416,600	6,319,543	6,753,844	6,899,349	8,512,371	7,018,903	6,490,388
Public safety	26,415,077	26,050,921	26,153,318	24,472,880	23,911,824	24,774,100	23,200,660	23,276,993	21,382,962	19,849,913
Public works	9,239,652	7,442,511	7,611,230	7,879,907	7,330,975	7,590,188	7,862,753	6,885,983	7,369,126	7,518,741
Parks and recreation	7,553,819	5,495,961	5,733,383	5,298,687	5,591,502	4,986,858	5,412,954	5,758,676	5,107,121	4,274,028
Neighborhood & Community Services	5,011,788	4,991,338	4,979,298	5,756,566	5,194,215	6,937,549	27,800,163	6,062,010	6,652,290	5,298,730
Community services	1,642,637	2,037,928	423,326	625,098	461,995	751,278	1,066,412	3,116,912	3,016,601	2,576,613
Capital outlay	7,316,707	6,092,831	3,883,548	2,491,802	5,879,013	5,675,679	12,407,497	10,561,509	9,324,923	6,254,064
Debt service:										
Principal	12,229,806	12,979,281	10,131,855	7,391,770	6,798,046	5,489,095	5,009,606	4,201,347	4,757,074	3,506,898
Interest and fiscal charges	4,470,886	4,801,181	5,315,979	5,632,984	6,145,566	6,655,188	7,277,785	4,500,337	3,403,076	3,403,726
Total Expenditures	79,695,080	75,214,228	70,161,625	65,966,294	67,632,679	69,613,779	96,937,179	72,876,138	68,032,076	59,173,101
Excess (deficiency) of revenues over (under) expenditures	1,106,471	(442,816)	4,453,141	3,173,357	(588,289)	(2,737,515)	(30,618,306)	(6,286,797)	(661,783)	5,126,922

See accompanying independent auditor's report

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Other Financing Sources (Uses)</b>										
Transfers in	16,008,355	17,052,527	12,547,232	13,721,906	10,727,493	14,823,177	19,275,432	14,236,314	12,653,038	9,202,125
Transfers out	(17,522,146)	(19,747,350)	(15,632,723)	(16,452,014)	(13,105,332)	(17,011,260)	(22,144,018)	(16,816,345)	(15,186,551)	(11,448,126)
Issuance of debt	-	-	-	-	-	-	31,420,000	-	-	-
Premium on general obligation bonds	359,645	-	-	-	-	-	667,110	-	83,038	-
Discount on general obligation bonds	(95,408)	-	-	-	-	-	(8,009)	-	-	-
Capital lease proceeds	-	-	-	-	1,309,391	-	-	-	-	-
General Obligation note proceeds	-	-	-	-	-	-	-	-	-	-
General Obligation bond proceeds	-	-	-	-	-	-	-	-	14,682,962	-
Issuance of refunding debt	9,345,485	-	4,099,807	7,409,463	29,627,561	-	12,119,800	30,443,095	-	-
Payment to refunded bonds redeemed	-	-	170,747	-	-	-	(2,147,888)	-	-	-
Payments to refunded debt escrow agent	(9,605,241)	-	(4,281,161)	(7,718,497)	(29,627,561)	-	(9,971,912)	(13,803,815)	-	-
Premium from bond refunding	-	-	19,731	319,639	-	-	-	-	-	-
Other financing costs	-	-	-	-	-	-	-	(319,653)	-	-
Sale of capital assets	104,601	267,853	-	184,893	15,604	66,383	344,027	95,100	466,807	1,146,475
Total other financing sources (uses)	(1,404,709)	(2,426,970)	(3,076,367)	(2,534,610)	(1,052,844)	(2,121,700)	29,554,542	13,834,696	12,699,294	(1,099,526)
Net Change in fund balances	\$ (298,238)	\$ (2,869,786)	\$ 1,376,774	\$ 638,747	\$ (1,641,133)	\$ (4,859,215)	\$ (1,063,764)	\$ 7,547,899	\$ 12,037,511	\$ 4,027,396
Debt service as a percentage of noncapital expenditures	23.92%	26.14%	24.37%	24.37%	22.78%	21.03%	15.55%	21.74%	18.28%	13.41%

- (a) Insurance Premium Taxes were previously reported as Property Tax Revenue.
- (b) Licenses and Permits were previously reported under Wage and Net Profit Taxes.
- (c) Investment Income was previously reported as Miscellaneous Revenue.
- (d) Neighborhood & Community Services was previously known as Community Development.
- (e) Golf and Aquatics enterprise funds were reclassified as governmental activities-effective July 1, 2014

See accompanying independent auditor's report

**Schedule 5**  
**City of Bowling Green**  
**Wage Withholding Fees**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>Total Gross Wages</b>	<b>Occupational Withholding Fees</b>	<b>Total Direct Tax Rate</b>
2006	\$ 1,369,273,450	\$ 27,385,469	2.00%
2007	1,437,833,982	28,103,464	1.85% <sup>a</sup>
2008	1,528,058,865	28,269,089	1.85%
2009	1,506,249,500	27,865,616	1.85%
2010	1,517,902,824	28,081,202	1.85%
2011	1,559,791,267	28,856,139	1.85%
2012	1,672,226,810	30,936,196	1.85%
2013	1,732,990,595	32,060,326	1.85%
2014	1,829,239,189	33,840,925	1.85%
2015	1,884,772,230	34,868,286	1.85%

Source: City of Bowling Green, Department of Finance

Note: Prior to fiscal year 1997, all businesses paid occupational withholding fees on a quarterly basis. Due to a change in City code, large employers began paying employee withholdings on a monthly basis.

<sup>a</sup> The new tax rate of 1.85% began on January 1, 2007, returns were based on this rate beginning in February 2007.

**Schedule 6**  
**City of Bowling Green**  
**Direct Occupational License Tax Rate**  
**Last Ten Fiscal Years**

<b>City of Bowling</b>		
<b>Fiscal Year</b>	<b>Green Direct Rate</b>	<b>Total Direct</b>
2006	2.00%	2.00%
2007	1.85%	1.85%
2008	1.85%	1.85%
2009	1.85%	1.85%
2010	1.85%	1.85%
2011	1.85%	1.85%
2012	1.85%	1.85%
2013	1.85%	1.85%
2014	1.85%	1.85%
2015	1.85%	1.85%

Source: City of Bowling Green, Department of Finance

Note: (a) Occupational License Tax Rates include the Net Profit Fees and Wage Withholding fees.

(b) The new tax rate of 1.85% began January 1, 2007, returns were based on this rate beginning February of 2007.

**Schedule 7**  
**City of Bowling Green**  
**Principal Occupational Withholdings Fees Payers**  
**Current Year and Nine Years Ago**

<b>Taxpayer</b>	
<b>2015</b>	<b>2006</b>
Bowling Green Independent Schools	Bowling Green Independent Schools
Bowling Green Metalforming LLC	Bowling Green Metalforming LLC
Commonwealth of Kentucky	Commonwealth of Kentucky
General Motors Corporation	Desa Heating LLC
Graves-Gilbert Clinic PSC	General Motors Corporation
Sun Products Corporation	HCA Payroll Agent Inc
The Medical Center at BG	The Medical Center at BG
Union Underwear Co. LLC	Union Underwear Co. LLC
Warren County Board of Education	Warren County Board of Education
Western Kentucky University	Western Kentucky University

Source: City of Bowling Green, Department of Finance

Note: Taxpayer information is listed alphabetically.

General Motors was previously listed as NAO Comp Oper-North American Oper

**Schedule 8**  
**City of Bowling Green**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business-Type Activities					
	Notes		Notes		General Obligation Bonds	Lease Revenue Bonds	Payable and Capital Leases	Total Primary Government	Percentage of Personal Income (b)	Per Capita (b)
	General Obligation Bonds	Lease Revenue Bonds	Special Assessment Bonds (a)	Payable and Capital Leases						
2006	\$ 64,175,565	\$ 2,350,000	\$ 148,250	\$ 8,129,023	\$ 13,427,668	-	\$ 233,686	\$ 88,464,192	3.25%	1,701
2007	77,134,277	1,350,000	143,167	6,106,234	13,385,722	-	153,352	98,272,752	3.34%	1,890
2008	102,042,174	1,230,000	136,590	5,577,154	12,287,828	-	98,893	121,372,639	3.98%	2,248
2009	132,181,377	-	131,906	4,510,477	11,288,624	-	60,698	148,173,082	4.64%	2,694
2010	128,561,433	-	125,229	3,241,585	10,073,568	-	47,544	142,049,359	4.17%	2,492
2011	124,964,655	-	118,419	3,944,088	9,165,353	-	28,925	138,221,440	4.02%	2,383
2012	119,325,846	-	112,506	3,412,034	8,274,155	-	50,256	131,174,797	3.90%	2,223
2013	108,501,710	-	-	2,871,504	6,752,559	-	34,390	118,160,163	3.19%	1,950
2014	102,591,166	-	-	2,459,472	6,188,330	-	21,671	111,260,639	2.84%	1,809
2015	101,557,970	-	-	2,119,501	2,936,494	-	-	106,613,965	2.66%	1,706

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(a) Warren County Water District bonds.

(b) See Schedule 13 for personal income and population data. The ratios are calculated using personal income and population for the prior calendar year.

See accompanying independent auditor's report

**Schedule 9**  
**City of Bowling Green**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General bonded debt outstanding										
General obligation bonds	\$ 104,492,114	\$ 108,779,496	\$ 115,254,269	\$ 127,600,001	\$ 134,130,008	\$ 138,635,001	\$ 143,470,001	\$ 114,330,002	\$ 90,519,999	\$ 77,603,233
Lease revenue bonds	-	-	-	-	-	-	-	1,230,000	1,350,000	2,350,000
Special Assessment bonds	-	-	-	112,506	118,419	125,229	131,906	136,590	143,167	148,250
Total	104,492,114	108,779,496	115,254,269	127,712,507	134,248,427	138,760,230	143,601,907	115,696,592	92,013,166	80,101,483
Less: Amounts set aside to repay general debt	-	-	-	-	-	-	-	(47,702)	(104,610)	(105,116)
Net general bonded debt	\$ 104,492,114	\$ 108,779,496	\$ 115,254,269	\$ 127,712,507	\$ 134,248,427	\$ 138,760,230	\$ 143,601,907	\$ 115,648,890	\$ 91,908,556	\$ 79,996,367
Property Values	\$ 5,327,488,265	\$ 5,105,744,064	\$ 4,941,833,867	\$ 4,725,859,276	\$ 4,565,229,850	\$ 4,551,808,439	\$ 4,489,771,784	\$ 4,394,868,241	\$ 4,094,335,746	\$ 3,394,130,088
Percentage of estimated actual taxable value of property	1.96%	2.13%	2.33%	2.70%	2.94%	3.05%	3.20%	2.63%	2.24%	2.36%
Per capita (a)	1,672	1,769	1,902	2,165	2,194	2,434	2,611	2,142	1,767	1,538

Note: Details regarding the city's outstanding debt can be found in the notes to financial statements.

(a) Population data can be found in Schedule 13.

See accompanying independent auditor's report

**Schedule 10**  
**City of Bowling Green**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2015**

<b>Governmental Unit</b>	<b>Debt Outstanding (1)</b>	<b>Estimated Percentage Applicable (2)</b>	<b>Estimated Share of Overlapping Debt</b>
Bowling Green Independent Schools	\$ 34,272,000	100.00%	\$ 34,272,000
Warren County	80,295,000	57.87%	46,467,262
Warren County Schools	137,099,000	50.27%	68,921,250
Bowling Green Municipal Utilities	88,289,143	100.00%	<u>88,289,143</u>
Subtotal, overlapping debt			237,949,657
<b>City direct debt</b>			<u>103,677,471</u>
<b>Total direct and overlapping debt</b>			<u>\$ 341,627,128</u>

Notes:

- (1) Gross governmental debt, less reserves.
- (2) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the City of Bowling Green.  
 (Warren County ratio = City + Annex/All Districts; Warren County Schools = Annex/County + Annex)

Sources:

Bowling Green Municipal Utilities  
 Bowling Green Board of Education  
 Warren County Treasurer  
 Warren County Board of Education

**Schedule 11****City of Bowling Green****Legal Debt Margin Information****Last Ten Fiscal Years**

<b>Legal Debt Margin Calculation for Fiscal Year 2015</b>	
Assessed value	\$ 5,327,488,265
Debt Limit (10% of assessed value)	532,748,827
Debt applicable to limit:	
General Obligation bonds	104,492,114
Notes and Capital Leases paya	2,119,501
Less: Non tax-supported debt	-
Total net debt applicable to limit	106,611,615
Legal debt margin	\$ 426,137,212

	<b>Fiscal Year</b>									
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Debt Limit	\$ 532,748,827	\$ 510,574,406	\$ 494,183,387	\$ 472,585,927	\$ 456,522,985	\$ 455,180,844	\$ 448,977,178	\$ 439,486,824	\$ 409,433,575	\$ 339,413,009
Total net debt applicable to limit	106,611,615	111,260,639	118,194,553	129,153,378	135,935,233	140,594,305	145,580,339	117,768,696	94,166,847	80,217,030
Legal Debt Margin	\$ 426,137,212	\$ 399,313,767	\$ 375,988,834	\$ 343,432,549	\$ 320,587,752	\$ 314,586,539	\$ 303,396,839	\$ 321,718,128	\$ 315,266,728	\$ 259,195,979
Total net debt applicable to limit as a percentage of debt limit	20.01%	21.79%	23.92%	27.33%	29.78%	30.89%	32.42%	26.80%	23.00%	23.63%

Note: (a) Under Section 158 of the Constitution of Commonwealth of Kentucky, the city's outstanding debt is not to exceed 10 percent of total assessed property value.

**Schedule 12**  
**City of Bowling Green**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

Stonehenge Sections I-V (a)					Cedar Grove Section IX (a)					Lovers Lane (b)					
<b>Fiscal Year</b>	Special Assessment		Debt Service			Special Assessment		Debt Service			Special Assessment		Debt Service		
	Collections	Principal	Interest	Coverage	Collections	Principal	Interest	Coverage	Collections	Principal	Interest	Coverage	Collections	Principal	Interest
2006	\$ 114,776	\$ 25,000	\$ 84,808	1.05	\$ 25,900	\$ 5,000	\$ 18,900	1.08	-	-	-	-	-	-	-
2007	112,572	29,000	81,468	1.02	29,997	10,000	18,563	1.05	-	-	-	-	-	-	-
2008	111,571	29,000	83,125	1.00	29,513	10,000	17,888	1.06	16,150	6,273	9,877	1.00	-	-	-
2009	117,482	33,000	85,712	0.99	29,238	10,000	19,213	1.00	16,150	6,577	9,574	1.00	-	-	-
2010	126,701	34,000	83,840	1.08	29,632	10,000	18,538	1.04	15,581	6,896	9,255	0.96	-	-	-
2011	107,345	40,000	82,560	0.88	28,003	10,000	17,863	1.01	15,385	7,229	8,921	0.95	-	-	-
2012	131,031	42,000	74,643	1.12	27,112	10,000	17,188	1.00	16,247	7,579	8,571	1.01	-	-	-
2013	122,336	42,000	77,580	1.02	26,210	10,000	16,513	0.99	15,387	7,946	8,204	0.95	-	-	-
2014	125,020	46,000	75,143	1.03	28,924	15,000	15,838	0.94	17,385	8,331	7,820	1.08	-	-	-
2015	116,210	47,000	71,396	0.98	34,039	15,000	14,825	1.14	16,206	8,735	7,416	1.00	-	-	-

Notes: (a) The Stonehenge Sections I-V and Cedar Grove Section IX Special Assessment revenues are collected from property owners in each district to fund the development of the subdivisions and to provide amenities such as sidewalk infrastructure.

(b) Lovers Lane Special Assessment revenues are collected from property owners to fund the development of underground utilities. This special assessment is new for fiscal year 2008.

**Schedule 13**  
**City of Bowling Green**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

Year	Population (a)	Personal Income (b)	Per Capita	Median	School Enrollment (e)	Percentage of
			Personal Income (c)			Workforce Unemployed (f)
2006	52,000	\$ 2,723,959,000	28,035	29	15,791	5.2%
2007	52,000	\$ 2,941,885,397	29,737	29	16,502	4.6%
2008	54,000	\$ 3,051,745,000	29,849	29	16,251	4.6%
2009	55,000	\$ 3,195,505,000	30,802	29	16,107	8.0%
2010	57,000	\$ 3,410,173,000	31,993	29	17,917	9.9%
2011	58,000	\$ 3,438,236,000	31,640	28	18,157	9.0%
2012	59,000	\$ 3,359,422,000	29,426	28	18,128	7.9%
2013	60,600	\$ 3,699,388,000	32,025	28	18,957	7.2%
2014	61,500	\$ 3,921,515,000	33,486	27	18,981	6.8%
2015	62,500	\$ 4,005,280,000	33,837	28	19,180	5.0%

Sources: (a) Estimated population statistics obtained from the U.S Census Bureau (<http://quickfacts.census.gov/qfd/states/21/2108902.html>).

(c) Personal Income data obtained from [www.bea.gov](http://www.bea.gov) (Bureau of Economic Analysis).

(c) Income Per Capita obtained from [www.bea.gov](http://www.bea.gov) (Bureau of Economic Analysis).

(d) U.S. Department of the Census American FactFinder (2012 Census Est) (<http://factfinder2.census.gov>).

(e) Refer to [www.education.ky.gov](http://www.education.ky.gov) for public school information and [www.greatschools.org](http://www.greatschools.org) for private school information. Schools included are Bowling Green Board of Education, Warren County Board of Education, and private schools. Western Kentucky University is excluded.

(f) Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov)), figures not seasonally adjusted, average for fiscal year.

Note: (1) Personal and Per Capita Income correspond to the full calendar year prior to fiscal year end. Values are derived from Warren County population statistics.

**Schedule 14**  
**City of Bowling Green**  
**Principal Employers**  
**Current Year and Nine Years Ago**

<u>Employer</u>	2015			2006		
	<u>Employees</u>	<u>Rank</u>	Percentage of Total City <u>Employment</u>	<u>Employees</u>	<u>Rank</u>	Percentage of Total City <u>Employment</u>
Western Kentucky University	4,658	1	6.42%	4,274	1	6.32%
The Medical Center at BG	2,096	2	2.89%	1,733	2	2.56%
Union Underwear Co. LLC	1,446	3	1.99%	985	5	1.46%
BG Metalforming LLC	1,016	4	1.40%	748	8	1.11%
Sun Products	994	5	1.37%	779	7	1.15%
Warren County Board of Education	969	6	1.34%	894	6	1.32%
General Motors Corporation	900	7	1.24%	---	---	---
Express Services Inc	849	8	1.17%	652	9	0.96%
Houchens Food Group Inc.	723	9	1.00%	---	---	---
Commonwealth of Kentucky	714	10	0.98%	---	---	---
Quality Personnel	---	---	---	1,241	3	1.84%
Wal-Mart Associates Inc.	---	---	---	1,068	4	1.58%
City of Bowling Green	---	---	---	636	10	0.94%
Total	<u>14,365</u>		<u>19.81%</u>	<u>13,010</u>		<u>19.25%</u>

Sources: City of Bowling Green, Department of Finance  
 Bowling Green Area Chamber of Commerce  
 Bureau of Labor and Statistics ([www.bls.gov](http://www.bls.gov))

**Schedule 15**  
**City of Bowling Green**  
**Full-time Equivalent City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>General government</b>	<b>40</b>	<b>42</b>	<b>41</b>	<b>41</b>	<b>42</b>	<b>41</b>	<b>45</b>	<b>45</b>	<b>44</b>	<b>44</b>
Administration	8	8	7	7	7	7	6	6	6	4
Citizen's Assistance	-	-	-	-	-	-	6	7	7	9
Finance	15	17	17	18	18	18	18	17	17	17
Human Resources	6	6	6	5	6	6	5	6	6	6
Legal	2	2	2	2	2	2	2	2	2	2
Information Technology	9	9	9	9	9	8	8	7	6	6
<b>Public Safety</b>	<b>269</b>	<b>265</b>	<b>267</b>	<b>266</b>	<b>269</b>	<b>263</b>	<b>276</b>	<b>265</b>	<b>260</b>	<b>257</b>
Police										
Officers	112	108	110	109	110	104	114	111	107	103
Civilians	35	37	37	35	38	38	40	38	35	35
Fire										
Firefighters and officers	119	117	117	118	117	117	118	112	115	115
Civilians	3	3	3	4	4	4	4	4	3	4
<b>Public Works</b>	<b>54</b>	<b>53</b>	<b>53</b>	<b>52</b>	<b>50</b>	<b>51</b>	<b>57</b>	<b>58</b>	<b>60</b>	<b>60</b>
<b>Parks and Recreation</b>	<b>56</b>	<b>54</b>	<b>57</b>	<b>58</b>	<b>57</b>	<b>61</b>	<b>60</b>	<b>60</b>	<b>58</b>	<b>60</b>
<b>Neighborhood &amp; Community Services</b>	<b>26</b>	<b>24</b>	<b>23</b>	<b>23</b>	<b>21</b>	<b>21</b>	<b>22</b>	<b>22</b>	<b>26</b>	<b>24</b>
<b>Total</b>	<b>445</b>	<b>438</b>	<b>441</b>	<b>440</b>	<b>439</b>	<b>437</b>	<b>460</b>	<b>450</b>	<b>448</b>	<b>445</b>

Source: City of Bowling Green Department of Finance

Note: Neighborhood & Community Services was previously known as Community Development.

**Schedule 16**  
**City of Bowling Green**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Citizen's Information</b>										
Anti-Litter presentations/events	-	-	-	2	7	8	7	28	50	23
Neighborhood Meetings conducted	55	61	63	71	71	72	91	97	84	91
<b>Finance</b>										
Tax bills sent	22,220	21,864	21,703	21,495	21,405	21,372	21,238	20,946	20,444	20,330
Business registrations received	883	1,025	923	801	835	819	776	967	1,072	1,134
<b>Human Resources</b>										
Job applicants	1,559	1,011	1,299	1,394	1,346	1,137	1,938	1,567	2,505	1,386
Position filled	222	248	234	216	216	178	204	224	147	185
<b>Police</b>										
911 Service calls	78,465	75,800	61,859 <sup>a</sup>	67,842	65,440	54,754	60,013	59,041	54,294	55,730
Animal control calls	2,317	2,788	2,027	3,203	3,176	3,202	3,283	3,615	3,990	4,900
Traffic stops	9,071	13,189	11,897	13,476	15,650	15,777	17,356	13,021	14,066	3,237
<b>Fire</b>										
Accident runs	6,195	5,634	5,523	5,049	4,836	4,517	4,586	4,552	2,475	2,292
Fire runs	282	212	278	300	285	258	294	499	534	405
Fires investigated	63	17	61 <sup>b</sup>	71	2,845	3,373	3,838	2,761	937	134
<b>Public Works</b>										
Street resurfacing (miles)	7	4	7	12	5	5	4	5	18	17
Potholes repaired	826	426	772	392	478	466	385	408	294	349
<b>Parks and Recreation</b>										
Fitness & Athletic participants	883,654	970,174	859,614	927,403	765,462	878,035	871,724	842,043	845,618	821,759
Visits to Community Center	229,885	272,470	267,813	269,596	271,722	214,184	223,628	176,998	298,315	110,929
<b>Neighborhood &amp; Community Services</b>	<sup>c</sup>									
Households receiving asst	743	719	725	726	723	765	791	688	579	663
Bldg/Electrical & Code inspections	10,796	12,264	12,170	9,912	8,804	15,631	12,302	13,038	15,460	16,001

Notes: (a) Beginning in 2012, Public Safety became the answering point for both landline and cell phone 911 calls in Warren County.  
(b) Effective in 2012, the Fire Department began tracking fires investigations rather than fire inspections.  
(c) Neighborhood & Community Services was previously Community Development

Source: Neighborhood and Community Services department compiled information from various City of Bowling Green departments.

See accompanying independent auditor's report

**Schedule 17**  
**City of Bowling Green**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	Fiscal Year									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Substations	2	2	2	2	2	2	2	2	2	2
Fire										
Fire stations	7	7	7	7	7	7	6	5	5	5
Training centers	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	257	264	258	266	265	257	247	242	241	235
Sidewalks (miles)	113	112	112	109	104	95	94	90	88	106
Alleys (miles)	15	15 <sup>b</sup>	19	19	17	17	17	15	4	4
Parks and recreation										
Number of Parks	21	20	20	25	25	25	25	25	25	25
Number of Facilities	7	7	7 <sup>a</sup>	-	-	-	-	-	-	-
Acreage	974	972	972	972	970	970	970	970	970	944
Playgrounds	22	21	22	22	22	22	22	22	19	19
Baseball/Softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer fields	14	13	13	13	13	13	13	13	13	13
Community Centers	3	3	3	3	3	3	3	2	2	2
Community Development										
Building Permits Issued	2,003	1,824	1,868	1,609	1,515	1,571	1,523	2,082	2,400	2,787

Notes: (a) Effective with FY2013, parks and facilities are categorized separately.  
(b) In FY14 Public Works updated mapping thus figures on Alleys decreased

Source: Various City of Bowling Green Departments

See accompanying independent auditor's report