



CITY OF BOWLING GREEN, KENTUCKY
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2018



Issued by the Finance Department

Photo Credit: Theresa A. Smith

City of Bowling Green

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018



**Issued by the
Finance Department**
City of Bowling Green, Kentucky

City of Bowling Green, Kentucky

Table of Contents
Year Ended June 30, 2018

PAGE

INTRODUCTORY SECTION

Letter of Transmittal.....1-6
GFOA Certificate of Achievement for Excellence in Financial Reporting.....7
Organizational Chart.....8
Directory - Principal Officials.....9

FINANCIAL SECTION

Independent Auditor's Report.....10-12

MD&A.....13 - 22

Basic Financial Statements

Government Wide Financial Statements

Statement of Net Position.....23 - 24
Statement of Activities.....25

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet - Governmental Funds.....26
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position.....27
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds.....28
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities.....29

Proprietary Fund Financial Statements

Statement of Net Position - Proprietary Funds.....30
Statement of Revenues, Expenses and Changes in Net
Position - Proprietary Funds.....31
Statement of Cash Flows - Proprietary Funds.....32

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position.....33
Statement of Changes in Fiduciary Net Position.....34

Component Units Financial Statements

Statement of Net Position.....35
Statement of Activities.....36

Notes to the Financial Statements.....37 - 79

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

General Fund.....81
Notes to Required Supplementary Information on Budgetary Accounting and Control.....83

Pension Schedules

Schedule of Changes in Net Pension Liability - Police and Firefighter's Retirement.....84

City of Bowling Green, Kentucky

Table of Contents
Year Ended June 30, 2018

	PAGE
Schedule of City Contributions - Police and Firefighters' Retirement Fund.....	85
Schedule of Investment Returns - Police and Firefighters' Retirement Fund.....	86
Schedule of Proportionate Share of Net Pension Liability - County Employees Retirement System of the State of Kentucky.....	87
Schedule of City Pension Contributions - County Employees Retirement System of the State of Kentucky.....	88
Schedule of Proportionate Share of the Net OPEB Liability - County Employees Retirement System of the State of Kentucky.....	89
Schedule of City OPEB Contributions - County Employees Retirement System of the State of Kentucky.....	90
Modified Approach for City Streets Infrastructure Capital Assets.....	91 - 93
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES.....	94
Nonmajor Governmental Funds	
Combining Balance Sheet - Nonmajor Governmental Funds.....	99
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	100
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds.....	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	107
Budgetary Comparison Schedules	
Debt Service Fund.....	109
WKU Athletics Debt Service Fund.....	110
ITA Bond Debt Service Fund.....	111
TIF District Bond Debt Service Fund.....	112
Community Development Special Revenue Fund.....	113
Fire Improvement Special Revenue Fund.....	114
Municipal Aid Special Revenue Fund.....	115
Job Development Incentive Special Revenue Fund.....	116
Parks Development Special Revenue Fund.....	117
Landfill Closure Special Revenue Fund.....	118
Local Law Enforcement Block Grant Special Revenue Fund.....	119
Trunking Operation Special Revenue Fund.....	120
Police Improvement Special Revenue Fund.....	121
Lampkin Park Special Revenue Fund.....	122
Homeland Security Special Revenue Fund.....	123
Riverfront Development Capital Projects Fund.....	124
Equipment Replacement Capital Projects Fund.....	125
Road Construction Capital Projects Fund.....	126
Heritage Trail Construction Capital Projects Fund.....	127
Sidewalk Improvement Capital Projects Fund.....	128

City of Bowling Green, Kentucky

Table of Contents
Year Ended June 30, 2018

	PAGE
Stormwater Infrastructure Improvement Capital Projects Fund.....	129
Municipal Facilities Capital Projects Fund.....	130
Downtown Development Capital Projects Fund.....	131
800 Trunking Radio Systems Improvements Capital Projects Fund.....	132
Technology Capital Improvement Fund.....	133
Smallhouse Road Construction Fund.....	134
Parks Capital Improvements Fund.....	135
Fire Capital Improvements Fund.....	136
Internal Service Funds	
Combining Statement of Net Position.....	138
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	139
Combining Statement of Cash Flows.....	140
Fiduciary Funds	
Combining Statement of Changes in Assets and Liabilities - Agency Funds.....	142
Bowling Green Municipal Utilities	
Combining Statement of Net Position.....	144
Combining Statement of Activities.....	145
Statistical Section	
Narrative Introduction.....	146
Net Position by Component.....	147
Changes in Net Position.....	148
Fund Balances, Governmental Funds.....	150
Changes in Fund Balances, Governmental Funds.....	151
Wages Withholding Fees & Direct Occupational License Tax Rate, General Fund.....	153
Occupational License Receipts, General Fund.....	154
Real Property Tax Estimated Values, Assessments, Levies and Collections.....	155
Property Tax Rates, Direct and Overlapping Governmental Units.....	156
Principal Occupational Withholdings Fees Payers.....	157
Principal Property Taxpayers.....	158
Ratios of Outstanding Debt by Type.....	159
Indebtedness and Debt Ratios.....	160
General Debt - Governmental Funds.....	161
Enterprise Debt for Convention Center Corporation.....	162
Inter-Modal Transportation Authority Debt.....	163
Western Kentucky University Debt.....	164
Ratios of General Bonded Debt Outstanding.....	165
Direct and Overlapping Governmental Activities Debt.....	166
Legal Debt Margin Information.....	167
Pledged-Revenue Coverage.....	168
Demographic and Economic Statistics.....	169
Principal Employers.....	170

City of Bowling Green, Kentucky

Table of Contents
Year Ended June 30, 2018

	PAGE
Full-time Equivalent City Government Employees by Function/Program.....	171
Operating Indicators by Function/Program.....	172
Capital Asset Statistics by Function/Program.....	173
Single Audit	
Single Audit Report Cover Page.....	174
Independent Auditor's Report on Internal Control.....	175
Independent Auditor's Report on Compliance.....	177
Schedule of Expenditures of Federal Awards.....	179
Notes to SEFA Schedule.....	180
Schedule of Findings and Questioned Costs.....	181
Schedule of Prior Year Audit Findings.....	183

ERIN BALLOU, CMA, CPFO
Assistant Chief Financial Officer

MARILYN PARRIGIN
Procurement Manager



SEAN WEEKS, CPFO
Assistant Chief Financial Officer

DAVID L. LYNE
Occupational License Manager

KATIE E. SCHALLER-WARD
Assistant City Manager/Chief Financial Officer

FINANCE DEPARTMENT

October 30, 2018

Honorable Mayor Bruce Wilkerson
Members of the Board of Commissioners
Residents of Bowling Green

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Bowling Green, "the City", for the fiscal year ended June 30, 2018. 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 MCM CPAs and Advisors 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, 2018 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, 2018 are fairly presented in all material respects in conformity with GAAP. Their report is the first component in the Financial Section of this report.

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Additionally, MCM CPAs and Advisors LLP included an audit of federal grants in order to meet the requirements of federal grantor agencies as outlined by the U.S. Office of Management and Budget's Uniform Administrative Requirements (2 CFR 200.501), Cost Principles, and Audit Requirements for Federal Awards, which replaced Circular No. A-133 for *Audits of States, Local Governments and Non-Profit Organizations*. 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. 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 40.5 square miles, has an estimated population of 67,100, 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 502,500 for the area encompassing a sixty minute drive from the City.

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, "the 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 ratifying the 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, 2018, was comprised of 464 authorized full-time positions and 442 of those positions were occupied, with 61% 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 units' 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 Board in May. Under state statute, this budget must be balanced for each fund and total available funds must equal or exceed total anticipated expenditures. The Board then conducts public meetings on the proposed budget. Prior to July 1, the budget is legally enacted through passage of an ordinance. During the year, the Assistant City Manager or Chief Financial Officer are authorized to transfer budgeted amounts between departments within any fund. However, the Board must approve any revisions that alter the total expenditures of any fund. During this fiscal year, there were three 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 fees. Bowling Green is the home of Western Kentucky University (WKU), the City's largest employer with over 4,400 employees and a prime catalyst for the local economy. The University's total enrollment for the Fall 2017 semester including undergraduate and graduate students was 20,267 and was another strong year for enrollment. WKU also houses one of the nation's top-rated high schools, the Gatton Academy for Mathematics and Sciences, which according to the *Washington Post's* America's Most Challenging High Schools list, is counted among the top 30 performing schools nine consecutive years running. 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. During FY2018, the Bowling Green Area Chamber of Commerce announced capital investments totaling more than \$271.5 million, the third largest during the last decade, and the creation of nearly 800 new jobs, which was the largest announcement of jobs since 2011 for south central Kentucky. Included in the figures for FY2018 is also the fourth largest capital investment made by an existing industry.

The most recent rankings, published by *Forbes* for the City, has Bowling Green ranked 29th for Job Growth Rate for "Best Small Places for Business and Careers" out of 200 cities and 29th for Low Cost of Doing Business, with an overall ranking of 32nd. *WalletHub* listed Bowling Green as the 20th best small American city for starting a business taking into account business environment, access to resources, and business costs. According to *24/7 Wall St*, Bowling Green was named Kentucky's fastest growing city seeing a 9.7% growth in its population between 2011 and 2017, 7.3% higher than the State's average.

Bowling Green's average unemployment rate during the past fiscal year decreased by 0.2%; however, it ended the year below the State average. Bowling Green began Fiscal Year 2018 with an unemployment rate of 5.0%, versus 5.4% for the State and 4.3% nationally. By the end of the fiscal twelve months, the City's unemployment rate was 4.8%, versus 5.0% for the State and 4.0% for the Nation. Bowling Green's unemployment rate during Fiscal Year 2018 averaged 4.0%, versus 4.4% statewide and 4.1% across the United States.

Bowling Green was able to maintain revenue collections during Fiscal Year 2018 at previous year levels, which outpaced the prior high growth year (FY16) at +7.6%. The payroll tax base posted a

gain of approximately \$67.5 million, which increased employee withholding fee collections by \$1,248,000, or +3.1%, over Fiscal Year 2017, and contributed to total withholding receipts of \$41.0 million. Total employee withholding revenue increased by an average of 5.6% 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 fee revenues, outperformed the FY18 amended budget by \$119,000, or +1.4%, contributing to a total collection of \$8,859,000. New business registrations issued during the fiscal year totaled 915.

The economic recovery that began six years ago is expected to regain momentum with stable growth between 3% and 5% anticipated in the coming years. Management believes the local economy is strong and vibrant with the announcement of new jobs almost every month. The City is committed to aggressively competing for jobs and building a skilled workforce. Plans have been developed to attract jobs to the area by offering incentives to new businesses locating in the area and encouraging the expansion of existing businesses to grow the job base. Western Kentucky University will continue to be a stabilizing force for the local economy along with the health care and manufacturing sectors.

Long-term Financial Planning

The City's budget team, which is composed of the City Manager, Assistant City Manager/Chief Financial Officer, Human Resources Director, and Assistant Chief Financial Officers, is primarily responsible for the long-term financial planning for the City. Long-term fiscal sustainability is a top focus of the budget team. The Assistant City Manager/CFO 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 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 Financial Policies and prescribes a 25% minimum reserve balance in the General Fund. The increase of 5% became effective on July 1, 2016, with the previous minimum reserve balance of 20% of the General Fund adopted revenue budget. Segregation of duties and internal controls are also 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 manner that provides maximum efficiency, effectiveness, and value to the residents of Bowling Green. The City's major initiatives during the year are discussed below.

The Public Works department has been committed to improving the City's street, sidewalk and stormwater infrastructure. The street overlay program was allocated a budget of \$2.35 million in FY18 to resurface approximately 23.0 miles of roadway and make other intersection, curb and gutter improvements at selected locations, in FY19 this budget was set at \$2.0 million. The twelfth year of participation in the sidewalk improvement program was completed in 2018 and has resulted in over 15.1 miles of new sidewalk construction, the FY19 budget is \$500,000. Finally, the stormwater program is in its eighth year and over \$4.75 million in local tax revenues have been dedicated since then to undertake large scale drainage improvements across the City, the FY19 budget remains at \$500,000.

Other notable Public Works projects that were completed or in-progress during FY18 include bathroom and locker room renovations at Police headquarters, structural improvements of the historic Hobson House, and completion of design services for infrastructure and streetscape improvements in downtown Bowling Green. Phase II of the Smallhouse Road localized improvements project continues through FY19 with construction costs of over \$1.2 million in FY18. Also in the City Hall Annex, the new Records Retention area was built-out at a cost of \$46,000 and became fully functional.

The Parks and Recreation Department continued and completed several projects during Fiscal Year 2018. Play structures were replaced at Covington Woods and Lampkin Parks almost tripling the square footage of the playgrounds at a cost of over \$280,000. The Lovers Lane Soccer Complex restroom and pavilion reconstruction was completed at a cost of over \$730,000 and the CrossWinds Golf Course lake rehabilitation was also completed for over \$750,000. CDBG funding was utilized to fund improvements totaling over \$300,000 at Reservoir Hill Park, including: parking lot reconfigurations, improvements to common areas, construction of a new bus stop shelter, and the replacement of the retaining wall along E. 10th Street. Other projects during FY18 included the construction of a new admissions building and renovation/expansion of bathroom facilities at the Russell Sims Aquatic Center with a total cost of over \$1.0 million upon completion. Also, renovations to the CrossWinds Golf Course Pro Shop commenced in FY18 as well as construction of a sprayground and multi-use greenways at Lampkin Park and soccer fields at Preston Miller Park, all of which will be completed in FY19.

Several pieces of larger equipment were purchased during FY18 for the Public Works Operations Division, including: a salt brine tank and application system, a bushhog tractor, two John Deere utility tractors for a total of \$98,000, and an International tandem dump truck at a cost of \$118,000. Also, the Fire Department procured six new fire trucks during the fiscal year at a cost of over \$3.5 million. The trucks are currently being built to the City's specifications and are expected to be in-service by spring 2019.

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 Green for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. 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, 2017. 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 MCM CPAs and Advisors LLP.

Respectfully submitted,

A handwritten signature in cursive script that reads "Katie Schaller-Ward".

Katie Schaller-Ward
Assistant City Manager/Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Bowling Green
Kentucky**

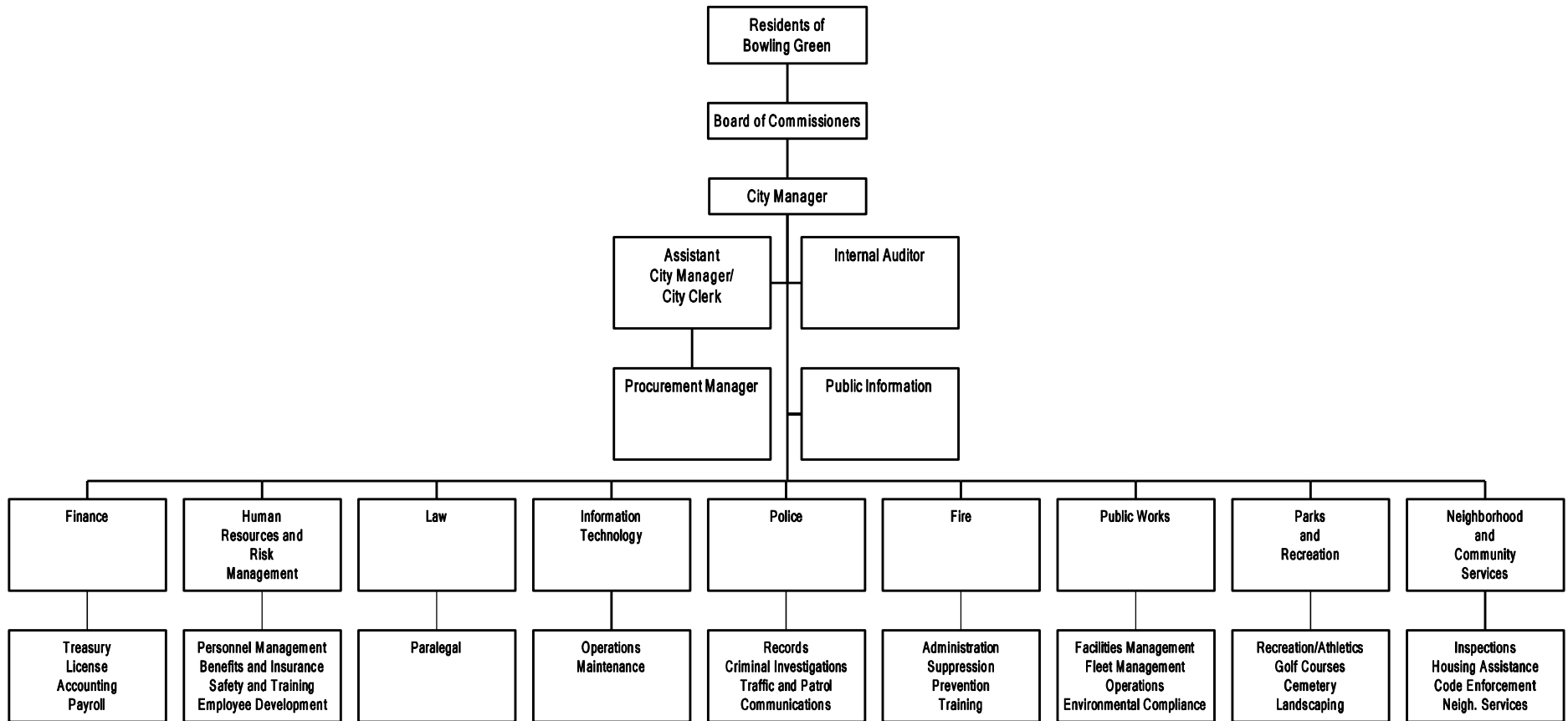
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF BOWLING GREEN



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

Mayor and Commissioners

Bruce Wilkerson	Mayor
Joe Denning	Commissioner
Sue Parrigin	Commissioner
Brian “Slim” Nash	Commissioner
Rick Williams	Commissioner

JEFF MEISEL – CITY MANAGER

Administration:

Katie Schaller-Ward	Assistant City Manager/City Clerk
Marilyn Parrigin	Procurement Manager
Deborah Jenkins	Internal Auditor

Finance:

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

Human Resources and Risk Management:

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
Jason Colson	Fire Chief

Public Works:

Greg Meredith	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, KY

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 unit, 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, 2018, 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

The City's 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 Firefighters' Retirement Fund which reflects total assets of \$6,945,172 as of June 30, 2018, and total additions of \$583,269 for the year ended June 30, 2018. We also 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, 2018 of the discretely presented component unit. 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 Firefighters' 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.

Kentucky
Indiana
Ohio

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Auditor's Responsibility (Continued)

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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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 unit, each major fund, and the aggregate remaining fund information of the City of Bowling Green as of June 30, 2018, 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

As discussed in Note 12 to the financial statements, the City has implemented Governmental Accounting Standard Board (GASB) No. 75 during the year ended June 30, 2018. This standard requires measuring the other post-employment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to the plan, and OPEB expense and including information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position within the financial statements. The cumulative effect of applying GASB No. 75 is presented as a restatement of beginning net position.

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 81 through 83, pension and OPEB schedules on pages 84 through 90 and the Modified Approach for City Streets Infrastructure Capital Assets on pages 91 through 93 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.

Oher Matters (Continued)

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 99 through 145, the statistical section on pages 146 through 173 and the Schedule of Expenditures of Federal Awards on page 179, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund statements and schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 October 30, 2018 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.



Lexington, Kentucky
October 30, 2018

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, 2018. 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 \$185.6 million (net position). This amount included \$27.8 million of resources restricted to specific projects by laws, regulations or contractual agreements. A deficit total of \$38.7 million of resources was unrestricted due to GASB 68 Accounting and Financial Reporting for Pensions, which was implemented during Fiscal Year 2015, and GASB 75 Accounting and Financial Reporting for Postemployment Benefits other than Pensions (OPEB), which was implemented in Fiscal Year 2018.
- The City's total net position increased \$9.0 million this year after the restatement of beginning net position due to the changes in accounting principle related to OPEB GASB 75 implementation. The restatement resulted in a decrease to beginning governmental activities net position of \$17.6 million. After the restatement, net position of governmental activities increased \$7.8 million and net position of business-type activities increased by \$1.3 million. The increase is a result of the purchase of capital assets during Fiscal Year 2018.
- As of June 30, 2018, the City's governmental funds reported combined ending fund balances of \$66.8 million, an increase of \$2.9 million over the prior year. Of the total fund balances amount, \$7.3 million in the General Fund was unassigned and available for spending. The committed fund balance total of \$17.4 million represents the minimum reserve balance set by the City's reserve balance policy, which calculates the reserve balance as 25% of the adopted revenue budget.
- The City's governmental activities total liabilities increased by \$23.7 million due to an increase to net pension liability for participation in the County Employees Retirement System of \$19.2 million and the addition of net OPEB liability, which was \$29.6 million. Business-type activity debt decreased by \$0.7 million, due to payment of principal on outstanding debt.

Overview of the 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, 2018. 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, 2018. The City reported assets greater than liabilities by \$185.5 million, an increase of \$9.1 million over last year. The increase in net position is primarily a result of the implementation of GASB 75 for OPEB reporting that increased governmental deferred outflows (see below). Business type activities increased with revenues outpacing expenditures and expenditures decreasing \$0.5 million. A \$24.5 million increase in deferred outflows of resources from a combination of pension and OPEB contributions is the primary driver of the increase in net position over last year. Of the \$185.6 million in net position, \$196.5 million, or 105.9%, was the net investment in capital assets and unrestricted net position equaled a deficit balance of \$38.7 million, or -20.9%. The net position of governmental activity funds totaled \$171.0 million, which was comprised of the net investment in capital assets totaling \$190.0 million, or 111.1%, and a deficit balance of \$46.8 million, or -27.4%, as unrestricted. The unrestricted net position of governmental funds included fund balances of the General Fund and various special revenue funds.

Summary of Net Position June 30, 2018 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017 (Restated)	2018	2017	2018	2017 (Restated)
Current and other assets	\$ 122.5	\$ 121.0	\$ 8.2	\$ 8.2	\$ 130.7	\$ 129.2
Capital assets	211.6	198.8	7.2	6.6	218.7	205.4
Total assets	<u>334.1</u>	<u>319.8</u>	<u>15.3</u>	<u>14.8</u>	<u>349.5</u>	<u>334.6</u>
Deferred outflows of resources	46.3	21.8	-	-	46.3	21.8
Long-term liabilities	187.9	164.8	-	0.8	187.9	165.6
Other liabilities	13.5	12.9	0.8	0.7	14.3	13.6
Total liabilities	<u>201.4</u>	<u>177.7</u>	<u>0.8</u>	<u>1.5</u>	<u>202.2</u>	<u>179.2</u>
Deferred inflows of resources	7.9	0.7	-	-	7.9	0.7
Net position:						
Net investment in capital assets	190.0	177.0	6.4	5.1	196.5	182.1
Restricted for:						
Debt service	5.3	5.1	-	-	5.3	5.1
Capital projects	19.5	21.4	-	-	19.5	21.4
Community development	1.9	1.6	-	-	1.9	1.6
Perpetual care	1.1	1.1	-	-	1.1	1.1
Unrestricted	<u>(46.8)</u>	<u>(43.0)</u>	<u>8.2</u>	<u>8.2</u>	<u>(38.7)</u>	<u>(34.8)</u>
Total net position	<u>\$ 171.0</u>	<u>\$ 163.2</u>	<u>\$ 14.6</u>	<u>\$ 13.3</u>	<u>\$ 185.6</u>	<u>\$ 176.4</u>

*Numbers may not total due to rounding

The net position of the City's business-type activities totaled \$14.6 million. Of the net position total, \$6.4 million (44%) was net investment in capital assets and \$8.2 million (56%) was unrestricted.

Analysis of City Operations

The following table summarizes City operations for the fiscal year ended June 30, 2018. After the restatement of net position due to the implementation of GASB 75 for OPEB reporting, governmental activities increased the City of Bowling Green's net position by \$7.8 million, accounting for 87% of the total increase. The increase in net position is a result of increased capital asset and infrastructure acquisitions. As mentioned above, the restatement of fiscal year 2017 ending unrestricted net position increased the deficit balance by \$17.6 million due to the implementation of GASB 75. Business-type activities increased the City's net position by \$1.3 million, which was 14% of the total increase. The increase in Business-type net position is due to the purchase of capital assets and completion of capital improvements during Fiscal Year 2018 at the Convention Center.

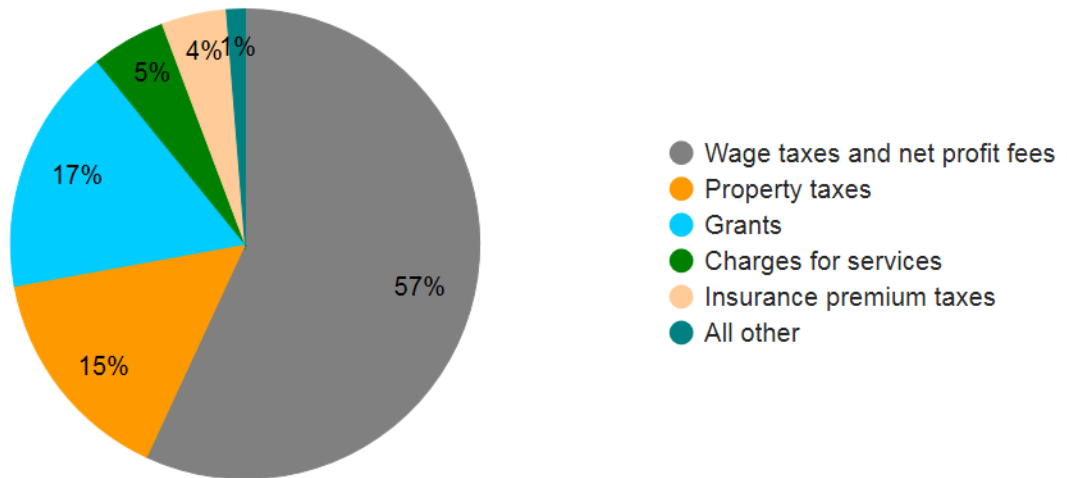
Statement of Activities June 30, 2018 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017		2017		2017	
	2018	(Restated)	2018	2017	2018	(Restated)
Revenues						
Program revenues:						
Charges for services	\$ 4.8	\$ 4.8	\$ 0.1	\$ 0.2	\$ 4.9	\$ 5.0
Operating grants and contributions	11.5	11.3	-	-	11.5	11.3
Capital grants and contributions	4.5	4.9	-	-	4.5	4.9
General revenues						
Property taxes	14.3	13.3	0.1	0.1	14.4	13.4
Insurance premium taxes	4.2	4.1	-	-	4.2	4.1
Transient room taxes	-	-	0.6	0.6	0.6	0.6
Wage taxes and net profit fees	53.5	53.8	-	-	53.5	53.8
Other general revenues	1.2	1.2	-	-	1.2	1.2
Total revenues	<u>94.0</u>	<u>93.4</u>	<u>0.8</u>	<u>0.9</u>	<u>94.8</u>	<u>94.3</u>
Program Expenses						
General government	29.6	36.6	-	-	29.6	36.6
Public safety	24.5	24.6	-	-	24.5	24.6
Public works	12.3	10.6	-	-	12.3	10.6
Parks and recreation	7.3	7.6	-	-	7.3	7.6
Neighborhood and comm. services	6.2	5.4	-	-	6.2	5.4
Agency services	2.2	2.0	-	-	2.2	2.0
Interest expense	3.2	2.8	-	-	3.2	2.8
Convention Center	-	-	0.5	1.0	0.5	1.0
Total program expenses	<u>85.3</u>	<u>89.6</u>	<u>0.5</u>	<u>1.0</u>	<u>85.8</u>	<u>90.6</u>
Increase/decrease in net position before transfers	8.8	3.8	0.3	(0.1)	9.0	3.7
Transfers	(1.0)	(1.0)	1.0	1.0	-	-
Change in net position	<u>7.8</u>	<u>2.8</u>	<u>1.3</u>	<u>0.9</u>	<u>9.0</u>	<u>3.7</u>
Net position, beginning of year (restated)	163.2	160.4	13.3	12.4	176.5	172.8
Net position, end of year	<u>\$ 171.0</u>	<u>\$ 163.2</u>	<u>\$ 14.6</u>	<u>\$ 13.3</u>	<u>\$ 185.5</u>	<u>\$ 176.5</u>

*Numbers may not total due to rounding

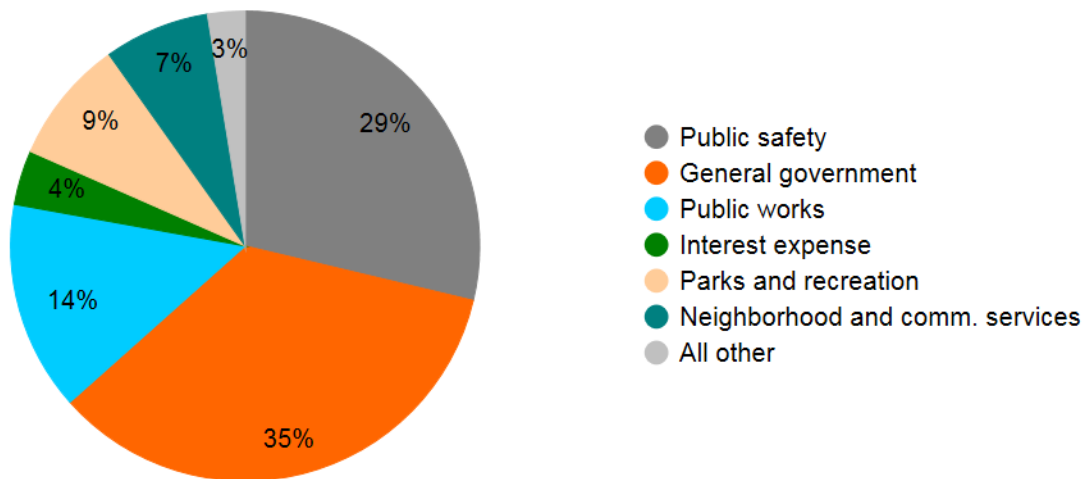
Total revenues for the City's governmental activities totaled \$94.0 million at June 30, 2018, compared to \$93.4 million in the prior year. The increase is due to the collection of \$1.0 million in additional property taxes over the previous year, which is a result of new home construction and property value assessment increases. The City's largest source of revenue, wage taxes and net profit fees, totaled \$53.5 million, or 56.9%, of governmental revenue during FY2018. The second largest category of revenues, operating and capital grants, accounted for \$16.0 million, or 17.0%, of total revenue. Other revenue sources included property taxes (\$14.3 million), charges for services (\$4.8 million) and insurance premium taxes (\$4.2 million).

Governmental Funds Revenue Sources



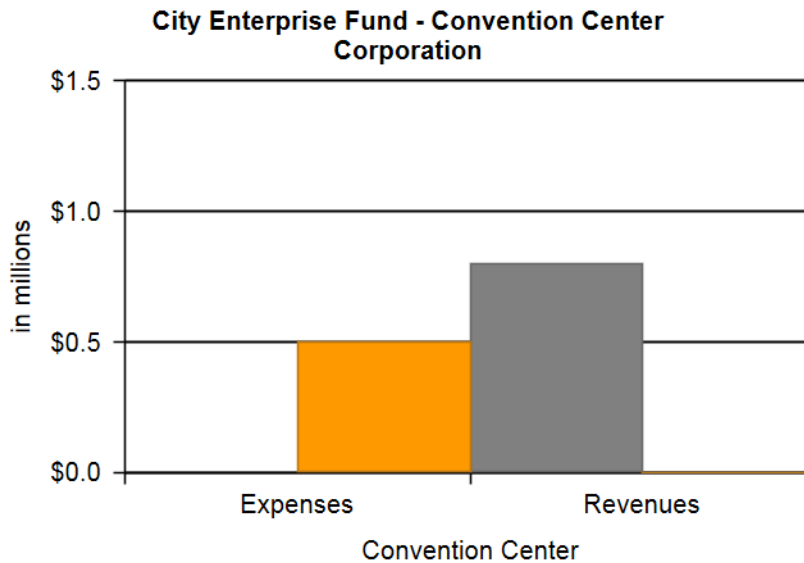
Current year expenses of the City's governmental activities totaled \$85.3 million, compared to \$89.6 million in the prior year. The primary increase in expenses was due to infrastructure additions in the Public Works program. The City's largest expense category, General Government, ended the fiscal year with expenses totaling \$29.6 million, or 34.7%, of total expenses during FY2018. The second largest category of expenses was Public Safety, with a total of \$24.5 million, or about 28.7%, of total expenses. Other expense categories include Public Works (\$12.3 million), Parks and Recreation (\$7.3 million), and Neighborhood and Community Services (\$6.2 million) and interest expense (\$3.2 million).

Governmental Funds Expenditure Categories



Business-type Activities

Revenues for business-type activities totaled \$0.8 million during fiscal year 2018, compared to \$0.9 million last year. Of the \$0.8 million of revenues, \$0.1 million, or 12.5%, 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 \$0.5 million during FY2018, which is a decrease from \$1.0 million reported last year due to the completion of improvements at the Sloan Convention Center.



Funds of the City of Bowling Green

The City's governmental funds for the year ended June 30, 2018, reflected a combined ending total fund balance of \$66.8 million, an increase of \$2.9 million over the prior year. The increase in fund balance was a result of increased revenues, primarily property and insurance premium tax collections in the General Fund, some of which was then transferred to capital project funds to pre-fund future capital projects. Of the \$66.8 million total fund balance, \$7.3 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 have 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, 2018, was \$27.6 million, which represents an increase of \$2.2 million from the prior year. The increase in fund balance was mainly a result of an increase in cash due to stronger than expected property tax revenue collections. Of the \$27.6 million total fund balance, unassigned fund balance was \$7.3 million and reflected 10.4% of General Fund revenues, representing residual net resources that have not been restricted, committed or assigned to specific purposes. Committed fund balance was \$17.4 million and was the General Fund's minimum reserve balance equal to 25% of budgeted revenues, which was increased from 20% in FY2016. Assigned fund balance totaled \$2.7 million, or 3.8%, of General Fund revenues; non-spendable fund balance was \$209,367; and restricted was \$0. 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, 2018.

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 City transfers funding from the General Fund, Fire Improvement Fund, and Job Development Incentive Fund to fully cover annual governmental debt service expenditures posted in the Debt Service Fund.

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 \$1.6 million as of June 30, 2018. Of the \$1.6 million total fund balance, all was assigned fund balance.

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 \$14.6 million as of June 30, 2018, compared to \$13.3 million last year. The gain in the Convention Center Fund net position was due to steady revenue receipts combined with a reduction in operating expenses. Of the total net position, \$6.4 million represented the net investment in capital assets and \$8.2 million was unrestricted.

General Fund Budgetary Highlights

Over the course of the fiscal year, the Board of Commissioner's approved revisions of the General Fund's budget three 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 \$688,000 or 0.1%. The changes are briefly summarized below.

Original revenue estimates were changed by the following:

Grants	\$ 615,000
Contributions & donations	50,000
Public Safety fees	23,000

The comparison of actual revenue to the final amended revenue budget yielded significant budgetary variances for employee withholdings (\$0.8 million), permits (\$0.3 million), and net profits (\$0.1 million). Employee withholdings performed very well in Fiscal Year 2018 and finished at +3.1% over FY2017 actual collections due to a growing population and economic base. Permits outpaced budget by \$0.3 million with new construction of both commercial and residential property. Net profit collections for the year exceeded budgetary expectation by \$121,000 as a result of continued net business growth.

The total expenditure budget was decreased by \$589,300 or -1.1%, during the fiscal year. The decrease was primarily due to reclassification of budget from operating expenses to transfer out appropriations to pre-fund future capital projects. Other major changes are due to the following:

General Government	\$ (177,100)
Fire	144,250
Police	(783,500)
Parks and Recreation	(413,300)
Neighborhood & Community Services	301,650
Agency Services	(381,050)
Public Works	719,750

The comparison of actual expenditures to the final amended expenditure budget resulted in significant budgetary variances in the following activities: Public Works (\$1,078,000), Parks and Recreation (\$814,000), and Agency Services (\$394,000). The positive variances are a result of unspent budgeted projects and disciplined under-spending.

Capital Assets

The City's investment in capital assets totaled \$218.6 million as of June 30, 2018, which was an increase of \$13.2 million from the prior year. This investment includes land, buildings, infrastructure, improvements, vehicles, equipment, and intangible assets. For governmental activities, investments totaled \$211.6 million. Comparably, FY2017 had a capital asset investment total of \$198.8 million.

This year's major capital additions are shown below:

Parks and Recreation vehicle and equipment replacements	\$ 483,520
Lovers Lane Park Bathroom and Pavilion expansion	733,968
Public Works vehicle and heavy equipment replacement	315,612
Public Safety vehicle replacements	342,706
CrossWinds Golf Course lake rehabilitation	750,493
Reservoir Hill Park improvements	240,498
Fountain Square Park improvements	541,337
Convention Center roof improvements	554,305
Convention Center automatic doors improvements	150,717
Street infrastructure improvements/additions	2,231,624
Sidewalk infrastructure improvements	554,761

The following table summarizes the changes in net capital assets:

(Net of Depreciation, stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Land	18.1	17.9	2.3	2.3	20.4	20.2
Infrastructure	122.8	120.3	-	-	122.8	120.3
Building	29.8	30.0	4.6	4.2	34.4	34.2
Improvements other than buildings	20.6	19.9	0.1	-	20.7	19.8
Vehicles, equipment and furniture	6.2	5.7	0.2	0.1	6.4	5.8
Construction in progress	12.5	4.0	-	-	12.5	4.0
Intangibles	1.3	1.0	-	-	1.3	1.0
Property held under capital lease	0.1	0.1	-	-	0.1	0.1
Total *	\$ 211.6	\$ 198.8	\$ 7.2	\$ 6.6	\$ 218.6	\$ 205.4

**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 2018 found that 79% of streets and 86.2% of sidewalks met or exceeded this goal. The estimated amount needed to maintain City streets and sidewalks at the specified levels for FY2019 was \$2,000,000 and \$100,000 respectively, which was included in the FY2019 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 \$82.9 million in bonds and notes outstanding, net of discounts and premiums.

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, 2018
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
General obligation & revenue bonds	\$ 75.5	\$ 84.5	\$ 0.7	\$ 1.5	\$ 76.2	\$ 86.0
Notes & lease purchase agreements	4.0	0.8	-	-	4.0	0.8
Compensated absences	1.8	1.8	-	-	1.8	1.8
Landfill post-closure costs	2.5	2.6	-	-	2.5	2.6
Component unit debt	-	0.1	-	-	-	0.1
Bond premiums, discounts, refunding loss	2.7	3.0	-	-	2.7	3.0
Total	<u>\$ 86.6</u>	<u>\$ 92.8</u>	<u>\$ 0.7</u>	<u>\$ 1.5</u>	<u>\$ 87.4</u>	<u>\$ 94.3</u>

**Numbers may not total due to rounding*

The City maintains bond ratings of "Aa2" from Moody's and "AA" from Standard & Poor's. 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 (\$589,423,750). Therefore, the current debt margin of the City is \$506.4 million (See Statistical Schedule 19).

Next Year's Budget

During the budget planning for FY2019, 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 FY2018 performance, particularly in the occupational license fee revenues. The FY2019 adopted General Fund budget is balanced without utilization of fund balance.

The FY2019 adopted expenditure budget for all funds increased by 2.8% over the FY2018 original budget and includes a 2.1% 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 \$29.6 million, which includes debt service, and is a 0.3% decrease compared to the \$29.7 million FY2018 CIP budget. The FY2019 budget

continued funding the committed fund balance at 25% of the adopted General Fund revenue budget or \$17.4 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 FY2019 capital budget. Improving traffic flow is a top priority and is addressed in the budget with a \$1.6 million allocation to continue funding Phase II of the Smallhouse Road corridor improvement project in addition to selected intersection improvements and construction of two residential roundabouts. The City also plans to continue the investment in the new BG Reinvestment/Local Strategy Area by leveraging 80% of the annual CDBG allocation and \$200,000 of local tax revenues to implement improvements in targeted areas. On-going budgetary commitments to construction and the associated budgets that continue in FY2019 include Street overlay funding (\$2.0 million), new sidewalk construction (\$500,000), stormwater mitigation (\$500,000), downtown improvements (\$1.3 million), and parks and recreation capital projects (\$2.5 million).

New initiatives in the FY2019 budget include funding for the construction and staffing of a new fire station at the Lovers Lane Park, which has a budget allocation of over \$4.0 million. Other initiatives include the deployment of tablets in the field to assist with initiating services on a more efficient and timely basis, completing the final year of adding a new staff member for snow removal and a new snow truck, and the potential partnership between the Fire Department and Bureau of Alcohol, Tobacco, Firearms, and Explosives to assist with arson investigations. The FY2019 budget also includes funding to upgrade and maintain the City's information technology equipment and software, including remote access to City-maintained traffic signals, next generation scene reconstruction and unmanned aerial equipment for the Police Department, and BGGuest wireless network improvements.

Request 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 Katie Schaller-Ward, Assistant City Manager/Chief Financial Officer, PO Box 430, Bowling Green, Kentucky, 42102-0430 or can be e-mailed to katie.schaller-ward@bgky.org.

**City of Bowling Green, Kentucky
Statement of Net Position
June 30, 2018**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Pooled cash and cash equivalents	\$ 49,046,710	\$ -	\$ 49,046,710	\$ -
Non-pooled cash and cash equivalents	3,156,194	2,190,410	5,346,604	26,391,338
Investments	21,949,455	5,933,161	27,882,616	100,000
Receivables (net):				
Accounts	182,512	17,589	200,101	10,118,276
Other	195,208	30,763	225,971	3,652,925
Accrued interest	9,796	1,274	11,070	-
Due from other governmental units	613,413	-	613,413	-
Due from Western Kentucky University	19,865,000	-	19,865,000	-
Prepaid items	396,855	-	396,855	646,055
Prepaid rent	26,778,074	-	26,778,074	-
Inventories	316,068	-	316,068	1,312,597
Other assets	-	-	-	401,077
Restricted assets:				
Restricted cash - TVA	-	-	-	562,671
Investments	-	-	-	6,421,457
Capital assets, net of accumulated depreciation:				
Non-depreciable	143,696,947	2,296,764	145,993,711	12,515,354
Depreciable	67,861,875	4,879,506	72,741,381	188,630,247
Net pension asset:	7,873	-	7,873	-
Total assets	<u>334,075,980</u>	<u>15,349,467</u>	<u>349,425,447</u>	<u>250,751,997</u>
DEFERRED OUTFLOWS OF RESOURCES				
Outflows for pensions	29,865,716	-	29,865,716	7,978,435
Outflows for OPEB	11,437,684	-	11,437,684	2,800,009
Deferred amounts from refunding debt	4,962,029	588	4,962,617	268,668
Total deferred outflows of resources	<u>46,265,429</u>	<u>588</u>	<u>46,266,017</u>	<u>11,047,112</u>
LIABILITIES				
Vouchers and accounts payable	1,441,158	-	1,441,158	9,956,094
Accrued payroll	750,296	296	750,592	-
Accrued interest payable	294,309	771	295,080	1,061,561
Insurance claims payable	263,556	-	263,556	-
Other current liabilities	43	-	43	1,353,429
Unearned revenue	5,720	-	5,720	5,995,908
Deposits	681,298	-	681,298	-
Non-current liabilities				
Due within one year				
Compensated absences	1,076,280	-	1,076,280	731,306
Bonds payable	8,345,000	754,122	9,099,122	4,886,742
Notes capital lease obligations	550,640	-	550,640	600,000
Landfill closure and post closure costs	82,437	-	82,437	-
Component unit debt	30,763	-	30,763	-
Due in more than one year				
Compensated absences	767,756	-	767,756	490,908
Bonds payable	69,924,251	-	69,924,251	70,541,873
Notes and capital lease obligations	3,468,108	-	3,468,108	2,250,000
Landfill closure and post closure costs	2,386,685	-	2,386,685	-
Advances from customers and TVA	-	-	-	51,486
Net OPEB liability	29,571,323	-	29,571,323	10,195,328
Net pension liability	81,761,123	-	81,761,123	29,684,699
Total liabilities	<u>201,400,746</u>	<u>755,189</u>	<u>202,155,935</u>	<u>137,799,334</u>
DEFERRED INFLOWS OF RESOURCES				
Inflows for pensions	6,084,642	-	6,084,642	919,752
Inflows for OPEB	1,821,275	-	1,821,275	533,799
Total deferred inflows of resources	<u>7,905,917</u>	<u>-</u>	<u>7,905,917</u>	<u>1,453,551</u>

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Net Position
June 30, 2018

Continued from previous page

NET POSITION

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Net investment in capital assets	190,037,852	6,422,149	196,460,001	122,866,986
Restricted for				
Debt service	5,314,532	-	5,314,532	6,521,457
Capital projects	19,494,138	-	19,494,138	-
Community development	1,901,493	-	1,901,493	-
Perpetual care	1,122,467	-	1,122,467	-
Unrestricted	(46,835,736)	8,172,717	(38,663,019)	(6,842,219)
Total net position	<u>\$ 171,034,746</u>	<u>\$ 14,594,866</u>	<u>\$ 185,629,612</u>	<u>\$ 122,546,224</u>

See accompanying notes.

**City of Bowling Green, Kentucky
Statement of Activities
For the Year Ended June 30, 2018**

Function/Programs	Expenses	Program Revenues			Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT								
Governmental activities:								
General government	\$ 29,613,361	\$ 2,505,897	\$ 4,775,531	\$ 3,063,322	\$ (19,268,611)	\$ -	\$ (19,268,611)	\$ -
Public safety	24,490,523	212,534	1,727,806	156,947	(22,393,236)	-	(22,393,236)	-
Public works	12,284,494	-	982,087	1,272,985	(10,029,422)	-	(10,029,422)	-
Parks and recreation	7,256,246	2,064,862	-	-	(5,191,384)	-	(5,191,384)	-
Neighborhood and comm. services	6,203,076	-	4,047,592	8,473	(2,147,011)	-	(2,147,011)	-
Agency services	2,231,558	-	-	-	(2,231,558)	-	(2,231,558)	-
Interest expense	3,206,275	-	-	-	(3,206,275)	-	(3,206,275)	-
Total governmental activities	<u>85,285,533</u>	<u>4,783,293</u>	<u>11,533,016</u>	<u>4,501,727</u>	<u>(64,467,497)</u>	<u>-</u>	<u>(64,467,497)</u>	<u>-</u>
Business-type activities:								
Convention Center	522,084	162,997	-	-	-	(359,087)	(359,087)	-
Total business-type activities	<u>522,084</u>	<u>162,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(359,087)</u>	<u>(359,087)</u>	<u>-</u>
Total primary government	<u>\$ 85,807,617</u>	<u>\$ 4,946,290</u>	<u>\$ 11,533,016</u>	<u>\$ 4,501,727</u>	<u>\$ (64,467,497)</u>	<u>\$ (359,087)</u>	<u>\$ (64,826,584)</u>	<u>\$ -</u>
COMPONENT UNITS								
Bowling Green Municipal Utilities	117,425,355	120,008,422	-	1,674,032	-	-	-	4,257,099
Total component units	<u>\$ 117,425,355</u>	<u>\$ 120,008,422</u>	<u>\$ -</u>	<u>\$ 1,674,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,257,099</u>
GENERAL REVENUES:								
Property taxes					14,289,761	112,987	14,402,748	-
Insurance premium taxes					4,239,887	-	4,239,887	-
Transient room taxes					-	564,518	564,518	-
Wages and net profits taxes					53,488,756	-	53,488,756	-
Investment income					101,498	11,282	112,780	252,208
Loss on sale of capital assets					(21,381)	-	(21,381)	(2,315,305)
Merchandising revenues					-	-	-	144,209
Miscellaneous					1,135,708	-	1,135,708	21,848
Total general revenues					<u>73,234,229</u>	<u>688,787</u>	<u>73,923,016</u>	<u>(1,897,040)</u>
Transfers					<u>(958,577)</u>	<u>958,577</u>	<u>-</u>	<u>-</u>
					<u>72,275,652</u>	<u>1,647,364</u>	<u>73,923,016</u>	<u>(1,897,040)</u>
Change in net position					7,808,155	1,288,277	9,096,432	2,360,059
Net position, beginning of year					180,807,657	13,306,589	194,114,246	127,535,056
Change in accounting principle - GASB 75					<u>\$ (17,581,066)</u>	<u>\$ -</u>	<u>\$ (17,581,066)</u>	<u>\$ (7,348,891)</u>
Net position, beginning of year, restated					<u>163,226,591</u>	<u>13,306,589</u>	<u>176,533,180</u>	<u>120,186,165</u>
Net position - ending					<u>\$ 171,034,746</u>	<u>\$ 14,594,866</u>	<u>\$ 185,629,612</u>	<u>\$ 122,546,224</u>

See accompanying notes.

**City of Bowling Green, Kentucky
Balance Sheet - Governmental Funds
June 30, 2018**

	General Fund	WKU Athletics	Debt Service	ITA Bond	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Pooled cash and cash equivalents	\$ 14,174,632	\$ -	\$ -	\$ 1,622,695	\$ 29,498,211	\$ 45,295,538
Non-pooled cash and cash equivalents	1,855,803	-	-	-	1,300,391	3,156,194
Investments	12,847,920	-	-	-	7,060,851	19,908,771
Receivables (net of allowances for uncollectibles):						
Accounts receivable	128,169	-	-	-	19,819	147,988
Western Kentucky University	-	19,865,000	-	-	-	19,865,000
Interest receivable	100	-	-	-	9,568	9,668
Due from other governmental units	120,194	-	-	-	493,219	613,413
Prepaid items	150,725	-	-	-	246,130	396,855
Inventories	58,642	-	-	-	-	58,642
Restricted assets						
Total assets	<u>\$ 29,336,185</u>	<u>\$ 19,865,000</u>	<u>\$ -</u>	<u>\$ 1,622,695</u>	<u>\$ 38,628,189</u>	<u>\$ 89,452,069</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Vouchers and accounts payable	\$ 344,306	\$ -	\$ -	\$ -	\$ 977,250	\$ 1,321,556
Accrued payroll	728,793	-	-	-	8,509	737,302
Due to other funds	-	-	-	-	43	43
Unearned revenue	5,720	19,865,000	-	-	-	19,870,720
Security deposits	681,298	-	-	-	-	681,298
Total liabilities	<u>1,760,117</u>	<u>19,865,000</u>	<u>-</u>	<u>-</u>	<u>985,802</u>	<u>22,610,919</u>
Fund balances						
Non-spendable:						
Prepaid Items	150,725	-	-	-	-	150,725
Inventories	58,642	-	-	-	-	58,642
Restricted for:						
Cemetery perpetual	-	-	-	-	1,025,832	1,025,832
Community Services	-	-	-	-	1,345,598	1,345,598
Streets and sidewalks	-	-	-	-	115,682	115,682
Public safety grants	-	-	-	-	2,833,882	2,833,882
Lampkin park	-	-	-	-	59,051	59,051
Committed to:						
Economic Stabilization	17,378,000	-	-	-	-	17,378,000
Economic development	-	-	-	-	2,623,073	2,623,073
Police and fire improvements	-	-	-	-	2,652,699	2,652,699
Landfill	-	-	-	-	1,112,893	1,112,893
Sidewalks	-	-	-	-	672,562	672,562
Assigned to:						
Debt Service	-	-	-	1,622,695	3,691,837	5,314,532
General government services	237,889	-	-	-	1,778,994	2,016,883
Police and fire services	78,134	-	-	-	890,496	968,630
Public works services	1,339,920	-	-	-	15,268,089	16,608,009
Neighborhood and community services	475,298	-	-	-	916,251	1,391,549
Parks and recreation	167,586	-	-	-	2,655,448	2,823,034
Other purposes	415,428	-	-	-	-	415,428
Unassigned	7,274,446	-	-	-	-	7,274,446
Total fund balances	<u>27,576,068</u>	<u>-</u>	<u>-</u>	<u>1,622,695</u>	<u>37,642,387</u>	<u>66,841,150</u>
Total liabilities and fund balances	<u>\$ 29,336,185</u>	<u>\$ 19,865,000</u>	<u>\$ -</u>	<u>\$ 1,622,695</u>	<u>\$ 38,628,189</u>	<u>\$ 89,452,069</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, 2018

Fund balances - total governmental funds		\$ 66,841,150
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	270,774,753	
Less accumulated depreciation	<u>(59,759,846)</u>	211,014,907
Internal service funds are used by management to charge the cost 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.		6,202,769
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.		20,060,208
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.		26,778,074
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	(81,753,250)	
Net OPEB liability	(29,571,323)	
Net deferred inflows and outflows associated with pension & OPEB	33,397,483	
General obligation bonds	(75,540,000)	
Premiums, deferred charges and discounts on bond obligations	2,232,778	
Notes and lease purchase agreements	(4,018,748)	
Component unit debt	(30,763)	
Accrued interest payable	(294,309)	
Accrued compensated absences	(1,815,108)	
Landfill postclosure care	<u>(2,469,122)</u>	<u>(159,862,362)</u>
Net position of governmental activities		<u>\$ 171,034,746</u>

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2018

	General Fund	WKU Athletics	Debt Service	ITA Bond	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 13,556,722	\$ -	\$ -	\$ -	\$ 732,779	\$ 14,289,501
Insurance premium taxes	1,905,149	-	-	-	2,334,737	4,239,886
Wages and net profits taxes	49,925,000	-	-	-	3,241,070	53,166,070
License and permits	1,701,660	-	-	-	-	1,701,660
Intergovernmental	68,048	2,816,155	-	-	8,173,046	11,057,249
Investment income	62,294	-	-	-	43,317	105,611
Charges for services	656,124	-	-	-	78,081	734,205
Parks and recreation	1,995,776	-	-	-	-	1,995,776
Rent income	-	-	-	1,026,513	-	1,026,513
Miscellaneous	264,281	-	-	947,023	1,055,675	2,266,979
Total revenues	70,135,054	2,816,155	-	1,973,536	15,658,705	90,583,450
EXPENDITURES						
Current:						
General government	6,055,332	-	-	-	714,638	6,769,970
Public safety	25,531,969	-	-	-	2,246,509	27,778,478
Public works	7,212,948	-	-	-	3,915,202	11,128,150
Parks and recreation	7,676,363	-	-	-	312,869	7,989,232
Neighborhood and community services	2,096,923	-	-	-	3,666,673	5,763,596
Agency services	2,159,814	-	-	223,264	-	2,383,078
Capital outlay	-	-	-	-	14,486,238	14,486,238
Debt service:						
Principal	-	2,045,000	4,119,543	2,520,000	685,000	9,369,543
Interest	-	771,155	886,101	313,505	765,563	2,736,324
Total expenditures	50,733,349	2,816,155	5,005,644	3,056,769	26,792,692	88,404,609
Excess (deficiency) of revenues over (under) expenditures	19,401,705	-	(5,005,644)	(1,083,233)	(11,133,987)	2,178,841
Other financing sources (uses):						
Transfers in	568,923	-	5,005,644	1,110,500	12,322,190	19,007,257
Transfers out	(17,878,716)	-	-	-	(4,037,118)	(21,915,834)
Proceeds from capital lease	-	-	-	-	3,531,021	3,531,021
Proceeds from sale of capital assets	113,641	-	-	-	5,231	118,872
Total other financing sources (uses)	(17,196,152)	-	5,005,644	1,110,500	11,821,324	741,316
Net change in fund balances	2,205,553	-	-	27,267	687,337	2,920,157
Fund balances, beginning	25,370,515	-	-	1,595,428	36,955,050	63,920,993
Fund balances, ending	\$ 27,576,068	\$ -	\$ -	\$ 1,622,695	\$ 37,642,387	\$ 66,841,150

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
June 30, 2018

Net change in fund balances - total governmental funds \$ 2,920,157

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of 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	17,233,227	
Governmental depreciation expense	(4,394,018)	
Net sales and disposals of capital assets	<u>(140,253)</u>	12,698,956

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. (2,066,072)

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. 5,551,746

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. 46,045

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. 40,089

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	(49,177)	
Landfill postclosure care	88,503	

The net pension expense is an actuarial calculation and does not require the use of current financial resources and it is 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. (11,825,852)

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. 403,760

Net change in net position - governmental activities \$ 7,808,155

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Net Position - Proprietary Funds
June 30, 2018

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Funds
	Convention Center	
ASSETS		
Current assets		
Pooled cash and cash equivalents	\$ -	\$ 3,751,172
Non-pooled cash and cash equivalents	2,190,410	-
Investments	5,933,161	2,040,684
Accounts receivable	17,589	34,524
Interest receivable	1,274	128
Lease receivable from component unit	30,763	-
Inventories	-	257,426
Total current assets	<u>8,173,197</u>	<u>6,083,934</u>
Capital assets		
Land	2,290,764	-
Construction in progress	6,000	-
Buildings	11,074,617	449,511
Machinery and equipment	1,035,627	519,593
Improvements other than buildings	74,550	-
	<u>14,481,558</u>	<u>969,104</u>
Less: accumulated depreciation	<u>(7,305,288)</u>	<u>(425,189)</u>
Capital assets, net	<u>7,176,270</u>	<u>543,915</u>
Total noncurrent assets	<u>7,176,270</u>	<u>543,915</u>
Total assets	<u>\$ 15,349,467</u>	<u>\$ 6,627,849</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts from bond refunding	<u>\$ 588</u>	<u>\$ -</u>
LIABILITIES		
Current liabilities		
Vouchers and accounts payable	\$ -	\$ 119,602
Accrued payroll	296	12,994
Accrued interest payable	771	-
Insurance claims payable	-	263,556
Current portion of compensated absences	-	16,894
Current portion of bond obligations	754,122	-
	<u>755,189</u>	<u>413,046</u>
Noncurrent liabilities		
Noncurrent portion of compensated absences	-	12,034
Total noncurrent liabilities	<u>-</u>	<u>12,034</u>
NET POSITION		
Net invested in capital assets	6,422,147	543,915
Unrestricted	<u>8,172,719</u>	<u>5,658,854</u>
Total net position	<u>\$ 14,594,866</u>	<u>\$ 6,202,769</u>

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
Year Ended June 30, 2018

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Funds
	Convention Center	
OPERATING REVENUES		
Transient room taxes	\$ 564,518	\$ -
Property taxes	112,987	-
Charges for services	162,997	2,023,368
Insurance premium taxes	-	5,774,499
Judgements and settlements	-	166,106
Contributions and donations	-	3,000
Miscellaneous	-	621
Total operating revenues	<u>840,502</u>	<u>7,967,594</u>
OPERATING EXPENSES		
Personnel services	14,319	709,839
Contractual services	104,131	684,612
Supplies	30,091	1,083,722
Utilities	-	36,909
Repairs and maintenance	41,846	122,904
Insurance premiums and claims	37,381	6,818,015
Depreciation	297,977	43,458
Miscellaneous	24	23,869
Total operating expenses	<u>525,769</u>	<u>9,523,328</u>
Operating income (loss)	314,733	(1,555,734)
NONOPERATING REVENUES (EXPENSES)		
Interest income	11,282	9,494
Interest expense	(14,851)	-
Amortization	18,536	-
Total nonoperating income	<u>14,967</u>	<u>9,494</u>
Income (loss) before transfers	329,700	(1,546,240)
Transfers in	1,258,577	2,050,000
Transfers out	<u>(300,000)</u>	<u>(100,000)</u>
Net income	1,288,277	403,760
Net position, beginning of year	<u>13,306,589</u>	<u>5,799,009</u>
Net position, end of year	<u>\$ 14,594,866</u>	<u>\$ 6,202,769</u>

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2018

	Business-Type Activities -	
	Enterprise Funds	Governmental Activities
	Convention Center	Internal Service Funds
CASH FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 152,364	\$ 7,966,959
Other cash receipts	677,505	-
Payments to employees	(14,280)	(707,048)
Cash payments to suppliers	(213,473)	(1,938,483)
Claims paid	-	(7,147,400)
Net cash provided by (used in) operating activities	<u>602,116</u>	<u>(1,825,972)</u>
CASH FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	1,258,577	2,050,000
Transfers out	(300,000)	(100,000)
Net cash provided by noncapital financing activities	<u>958,577</u>	<u>1,950,000</u>
CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(873,299)	(146,961)
Principal paid on bond obligations	(725,000)	-
Interest paid on debt obligations	(16,059)	-
Proceeds/(loss) from retirement of assets	-	10,924
Net cash used in capital and related financing activities	<u>(1,614,358)</u>	<u>(136,037)</u>
CASH FROM INVESTING ACTIVITIES		
Interest received	10,984	9,901
Purchase of investments	(966,375)	-
Proceeds from sale of investments	-	369,830
Cash received from lease property	29,237	-
Net cash (used in) provided by investing activities	<u>(926,154)</u>	<u>379,731</u>
Net (decrease) increase in cash and cash equivalents	(979,819)	367,722
Cash and cash equivalents at beginning of period	<u>3,170,229</u>	<u>3,383,450</u>
Cash and cash equivalents at end of period	<u>\$ 2,190,410</u>	<u>\$ 3,751,172</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ 314,733	\$ (1,555,734)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	297,977	43,458
Changes in assets and liabilities:		
Inventories	-	(41,826)
Accounts receivable	(10,633)	(635)
Accounts payable	-	29,716
Compensated absences	-	2,670
Accrued payroll	39	121
Insurance claims payable	-	(303,742)
Net cash provided (used) by operating activities:	<u>\$ 602,116</u>	<u>\$ (1,825,972)</u>

See accompanying notes.

**City of Bowling Green, Kentucky
Statement of Fiduciary Net Position
June 30, 2018**

	Pension Trust- Police & Firefighters' Retirement	<u>Agency Funds</u>
ASSETS		
Pooled cash and cash equivalents	\$ -	\$ 212,851
Non-pooled cash and cash equivalents	112,791	1,773,291
Receivable from other government	-	161,598
Accrued interest receivable	26,469	-
Investments		
Corporate securities	1,900,412	-
Mutual funds	4,039,684	-
United States government securities	97,864	-
Kentucky local municipal bonds	767,952	25,370
Certificate of deposit	-	143,043
Total investments	<u>6,805,912</u>	<u>168,413</u>
Total assets	<u>\$ 6,945,172</u>	<u>\$ 2,316,153</u>
LIABILITIES		
Due to other governmental units	-	542,862
Other liabilities	-	1,773,291
Total liabilities	<u>-</u>	<u>2,316,153</u>
NET POSITION		
Restricted for pensions	<u>\$ 6,945,172</u>	

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2018

	Pension Trust- Police & Firefighters' Retirement
ADDITIONS	
Investment income	<u>\$ 583,269</u>
Total additions	<u>583,269</u>
DEDUCTIONS	
Benefit payments	<u>810,168</u>
Total deductions	<u>810,168</u>
Change in net position	(226,899)
Net position, beginning of year	<u>7,172,071</u>
Net position, end of year, restricted for pensions	<u><u>\$ 6,945,172</u></u>

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Net Position - Component Unit - Bowling Green Municipal Utilities
June 30, 2018

	<u>Bowling Green Municipal Utilities</u>
ASSETS	
Non-pooled cash and cash equivalents	\$ 26,391,338
Investments	100,000
Receivables (net):	
Accounts	10,118,276
Other receivables	272,197
Inventories	1,312,597
Prepaid items	646,055
Restricted assets	
Prepayment to TVA	562,671
Investments and restricted funds	6,421,457
Due from component units	3,380,728
Other assets	401,077
Capital assets, net of accumulated depreciation	
Non-depreciable	12,515,354
Depreciable	<u>188,630,247</u>
Total assets	<u>\$ 250,751,997</u>
DEFERRED OUTFLOWS	
Outflows for pensions	7,978,435
Outflows for OPEB	2,800,009
Deferred amounts from refunding debt	<u>268,668</u>
Total deferred outflows	<u>11,047,112</u>
LIABILITIES	
Vouchers and accounts payable	9,956,094
Compensated absences payable	731,306
Accrued interest payable	1,061,561
Other current liabilities	827,851
Due to component units	525,578
Customer deposits	5,995,908
Net pension liability	29,684,699
Net OPEB liability	10,195,328
Customer advances, noncurrent	51,486
Compensated absences payable, noncurrent	490,908
Noncurrent liabilities	
Due within one year	5,486,742
Due in more than one year	<u>72,791,873</u>
Total liabilities	<u>137,799,334</u>
DEFERRED INFLOWS OF RESOURCES	
Inflows for pension	919,752
Inflows for OPEB	<u>533,799</u>
Total deferred inflows of resources	<u>1,453,551</u>
NET POSITION	
Net investment in capital assets	122,866,986
Restricted	6,521,457
Unrestricted	<u>(6,842,219)</u>
Total net position	<u>\$ 122,546,224</u>

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Activities - Component Unit - Bowling Green Municipal Utilities
June 30, 2018

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for services	Operating Contributions	Capital Contributions	Bowling Green Municipal Utilities
Bowling Green Municipal Utilities	\$ 117,425,355	\$ 120,008,422	\$ -	\$ 1,674,032	\$ 4,257,099
GENERAL REVENUES					
					252,208
					144,209
					21,848
					(2,315,305)
					<u>(1,897,040)</u>
					2,360,059
					127,535,056
					(7,348,891)
					<u>120,186,165</u>
					<u>\$ 122,546,224</u>

See accompanying notes.

City of Bowling Green, Kentucky

NOTES TO FINANCIAL STATEMENTS

PAGE

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	38
	A. Reporting Entity.....	38
	B. Related Organization.....	39
	C. Joint Venture.....	39
	D. Basic Financial Statements.....	40
	E. Basis of Presentation.....	41
	F. Assets, Liabilities and Fund Equity.....	43
	G. Revenues, Expenditures and Expenses.....	46
	H. Estimates.....	46
NOTE 2.	STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY.....	46
	A. Compliance with Finance Related Legal and Contractual Provisions.....	46
NOTE 3.	DETAIL NOTES ON ALL FUNDS.....	46
	A. Cash and Investments.....	46
	B. Restricted Assets.....	50
	C. Capital Assets.....	51
	D. Interfund Transfers.....	53
	E. Long-term Debt.....	53
	F. Net Position.....	61
NOTE 4.	RISK MANAGEMENT.....	61
NOTE 5.	COMMITMENTS AND CONTINGENCIES.....	62
	A. Litigation.....	62
	B. Bowling Green Municipal Utilities.....	62
	C. Construction Commitments.....	63
	D. Contingencies.....	63
	E. Liens and Encumbrances.....	64
	F. Conduit Debt.....	64
	G. Lease Commitments.....	64
NOTE 6.	THE SINGLE AUDIT ACT.....	65
NOTE 7.	DEFINED BENEFIT PENSION PLANS.....	65
	A. The Police and Firefighters' Retirement Fund (PFRF).....	65
	B. The County Employees Retirement System (CERS).....	68
NOTE 8.	POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB).....	72
NOTE 9.	DEFINED CONTRIBUTION PLANS.....	76
NOTE 10.	TAX ABATEMENTS.....	77
NOTE 11.	SUBSEQUENT EVENTS.....	78
NOTE 12.	IMPLEMENTATION OF GASB 75.....	78
NOTE 13.	RECENT PRONOUNCEMENTS.....	79

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

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 financially dependent upon the City and the City does have operational responsibility.

Governmental Fund Type

City of Bowling Green Police and Firefighters' Retirement Fund. Retired or disabled City public safety employees participate in the Police and Firefighters' 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.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units

The agency described below is included in the City's reporting entity because the City appoints the governing body and the agency is fiscally dependent on the City. The agency is reported as discretely presented component unit 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.

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 to 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 that was used for a partial early redemption call on the 2007C bonds through 2018. Subsequently, during FY2016 the outstanding debt of the 2007B and 2007C bonds were partially refunded by General Obligation Refunding Bonds, Series 2016A&B in the total amount of \$15,300,000. During FY2018, the City and County made scheduled debt service contributions in the amount of \$3,056,769. Included in this amount is \$223,264 from debt service savings related to the partial early redemption of the 2007C Series bonds that 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.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 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.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Basic Financial Statements, Continued

Basis of Accounting and Financial Statement 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 Fund, Workers' Compensation Fund, Fleet Maintenance Fund and Property and Casualty Fund 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 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, 2007C, 2016A and 2016B 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.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Basis of Presentation, Continued

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. 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 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.

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

Payroll Fund is an imprest paying agent for City payroll.

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 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.

Bowling Green/Warren County Adjusted TIF Increment Fund is used to account for TIF revenues based on an agreement with Warren County. The associated investment account is jointly shared with Warren County with available cash pledged to the County cover debt shortfalls on the County's 2016 Industrial Revenue Bonds.

Workforce Innovation & Opportunity Act Fund was created when the City was selected to provide fiscal agent services for the South Central Development Workforce Board (SCDWB) for a two-year period effective July 1, 2016. This funds is used to account for the receipt of grant funds and the disbursement of the grant funds as directed by the SCDWB.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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, 2018, 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, 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.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Assets, Liabilities and Fund Equity, Continued

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 - 40 years	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 the Financial Statements
For the Year Ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Assets, Liabilities and Fund Equity, Continued

Long-Term Obligations - In the Government-wide, proprietary and fiduciary 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 established 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 2018, licenses and permits paid in advance of \$5,720 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 by 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 the Financial Statements
For the Year Ended June 30, 2018**

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, 2018 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, 2018 are summarized and categorized in the table on the next page:

Primary Government (except Fiduciary Funds)		
Investment Type	Fair Value	Weighted Average Maturity
Certificate of deposit	\$ 10,232,831	0.461
Cash equivalents	364,450	n/a
Tax free mutual funds	1,616,820	n/a
U.S. agencies CMO	94,592	0.047
Taxable mutual funds	730,996	n/a
U.S. equity	180,169	n/a
Foreign equity	55,452	n/a
U.S. agencies bonds	6,258,976	0.339
Foreign real estate fund	5,808	n/a
U.S. real estate	8,145	n/a
Municipal bonds	8,334,377	0.304
	<u>\$ 27,882,616</u>	

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 3. DETAIL NOTES ON ALL FUNDS, Continued

A. Cash and Investments, Continued

Primary Government

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 concentration of 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.

Recurring Fair Value Measurement - The City categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2018:

- Certificates of deposit, cash equivalents, U.S. Agencies CMO, and U.S. Agencies Bonds that total \$16,950,849 and are valued using quoted market prices (Level 1 inputs)
- Municipal bonds, tax free mutual funds, taxable mutual funds, U.S. and foreign equity, and U.S. and foreign real state funds total \$10,931,767 using quoted prices for similar assets in active markets (Level 2 inputs).

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, 2018 are summarized and categorized in the following tables:

Bowling Green Municipal Utilities Water-Sewer Division		
Investment Type	Fair Value	Maturities in Years
		Less than 1
U.S. treasury obligations	\$ 589,492	\$ 589,492
Money market account	7,368,411	7,368,411
	<u>\$ 7,957,903</u>	<u>\$ 7,957,903</u>

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 3. DETAIL NOTES ON ALL FUNDS, Continued

A. Cash and Investments, Continued

Component Units

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	\$ 6,640,979
Investments	<u>7,957,903</u>
	<u>\$ 14,598,882</u>

Included in the following captions:

Cash and cash equivalents	\$ 9,376,619
Noncurrent cash and investments	<u>5,222,263</u>
	<u>\$ 14,598,882</u>

<u>Bowling Green Municipal Utilities Electric Division</u>		
		Maturities in Years
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>
Money market account	\$ 1,199,194	\$ 1,199,194

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	\$ 16,188,771
Investments	<u>1,199,194</u>
	<u>\$ 17,387,965</u>

Included in the following captions:

Cash and cash equivalents	\$ 16,088,771
Investments and restricted funds	<u>1,299,194</u>
	<u>\$ 17,387,965</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 Bowling Green 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, 2018, 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.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 3. DETAIL NOTES ON ALL FUNDS, Continued

A. Cash and Investments, Continued

Component Units

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, 2018, Bowling Green 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, 2018, the Water-Sewer Division's investment in U.S. Treasury Note obligations constituted approximately 7% of its total investments.

Recurring Fair Value Measurements - Water/Sewer and Electric Division had no assets measured at fair value on a recurring basis as of June 30, 2018.

Policemen and Firefighters' Retirement Fund

Plan investments are presented at fair value, which is the amount that financial instruments could be exchanged in a current transaction between willing parties. Short-term investments are carried at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Other investments not having an established market are recorded at estimated fair value. All fair values are determined by external consultants. The City of Bowling Green Police and Firefighter's Retirement Fund investments are measured and reported at fair value and are classified according to the following hierarchy:

Level 1 - Investments reflect prices quoted in active markets.

Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 - Investments reflect prices based on upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Investments by Fair Value Level	June 30, 2018	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Corporate securities	\$ 1,900,412	\$ 565,856	\$ 1,334,556
Mutual funds	4,039,684	4,039,684	-
Kentucky local municipal bonds	767,952	-	767,952
United States government securities	97,864	97,864	-
Total investments by fair value	\$ 6,805,912	\$ 4,703,404	\$ 2,102,508

Approximately 28% of the net assets held in trust for pension benefits are invested in corporate securities. The fund has no investments in stocks or bonds of any commercial or industrial organization whose market value exceeds 5% of the plan's fiduciary net position. The funds do not have a formal investment policy.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 3. DETAIL NOTES ON ALL FUNDS, Continued

A. Cash and Investments, Continued

Component Units

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 Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1-5	6-10	More than 10
U.S. government	\$ 97,864	\$ -	\$ 97,864	\$ -	\$ -
Corporate securities	1,900,412	-	715,540	1,067,157	117,715
Kentucky municipal bonds	767,952	-	301,478	315,654	150,820
Mutual funds	4,039,684	4,039,684	-	-	-
Total	\$ 6,805,912	\$ 4,039,684	\$ 1,114,882	\$ 1,382,811	\$ 268,535

Rate of Return - For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments calculated as the internal rate of return on pension plan investments, net of pension plan investment expense was 8.57%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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, 2018, 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

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 the Financial Statements
For the Year Ended June 30, 2018**

NOTE 3. DETAIL NOTES ON ALL FUNDS, Continued

C. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Primary Government				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 17,920,582	\$ 409,200	\$ (183,186)	\$ 18,146,596
Infrastructure	110,271,903	2,786,385	(17,191)	113,041,097
Construction in progress	3,977,287	10,796,267	(2,264,300)	12,509,254
Total capital assets, not being depreciated	<u>132,169,772</u>	<u>13,991,852</u>	<u>(2,464,677)</u>	<u>143,696,947</u>
Capital assets, being depreciated:				
Stormwater infrastructure	12,668,832	-	-	12,668,832
Buildings	47,966,389	1,061,843	(8,420)	49,019,812
Improvements other than buildings	36,852,062	2,172,584	(64,750)	38,959,896
Intangibles	1,531,282	507,902	(16,751)	2,022,433
Vehicles, equipment and furniture	25,027,678	2,021,459	(1,979,833)	25,069,304
Property held under capital lease	306,633	-	-	306,633
Total capital assets, being depreciated	<u>124,352,876</u>	<u>5,763,788</u>	<u>(2,069,754)</u>	<u>128,046,910</u>
Less accumulated depreciation:				
Stormwater infrastructure	(2,653,614)	(237,656)	-	(2,891,270)
Buildings	(17,992,989)	(1,229,814)	5,263	(19,217,540)
Improvements other than buildings	(17,000,105)	(1,394,255)	54,995	(18,339,365)
Intangibles	(542,983)	(152,279)	16,751	(678,511)
Vehicles, equipment and furniture	(19,372,909)	(1,416,041)	1,930,795	(18,858,155)
Property held under capital lease	(192,763)	(7,431)	-	(200,194)
Total accumulated depreciation	<u>(57,755,363)</u>	<u>(4,437,476)</u>	<u>2,007,804</u>	<u>(60,185,035)</u>
Total capital assets, being depreciated, net	<u>66,597,513</u>	<u>1,326,312</u>	<u>(61,950)</u>	<u>67,861,875</u>
Governmental activities, capital assets, net	<u>\$ 198,767,285</u>	<u>\$ 15,318,164</u>	<u>\$ (2,526,627)</u>	<u>\$ 211,558,822</u>
	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,290,764	\$ -	\$ -	\$ 2,290,764
Construction in progress	43,895	667,127	(705,022)	6,000
Total capital assets, not being depreciated	<u>2,334,659</u>	<u>667,127</u>	<u>(705,022)</u>	<u>2,296,764</u>
Capital assets, being depreciated:				
Buildings	10,694,595	705,022	(325,000)	11,074,617
Improvements other than buildings	-	74,550	-	74,550
Vehicles, equipment and furniture	962,183	131,623	(58,179)	1,035,627
Total capital assets, being depreciated	<u>11,656,778</u>	<u>911,195</u>	<u>(383,179)</u>	<u>12,184,794</u>
Less accumulated depreciation:				
Buildings	(6,527,326)	(256,570)	325,000	(6,458,896)
Improvements	-	(1,775)	-	(1,775)
Vehicles, equipment and furniture	(863,164)	(39,632)	58,179	(844,617)
Total accumulated depreciation	<u>(7,390,490)</u>	<u>(297,977)</u>	<u>383,179</u>	<u>(7,305,288)</u>
Total capital assets, being depreciated, net	<u>4,266,288</u>	<u>613,218</u>	<u>-</u>	<u>4,879,506</u>
Business-type activities, capital assets, net	<u>\$ 6,600,947</u>	<u>\$ 1,280,345</u>	<u>\$ (705,022)</u>	<u>\$ 7,176,270</u>

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 3. DETAIL NOTES ON ALL FUNDS, Continued

C. Capital Assets, Continued

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

Governmental activities	
General government	\$ 493,292
Public safety	1,350,766
Public works	917,085
Parks and recreation	1,395,505
Neighborhood and community services	<u>280,828</u>
Total depreciation expense - governmental activities	<u>\$ 4,437,476</u>
Business-type activities	
Convention Center	<u>\$ 297,977</u>

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Bowling Green Municipal Utilities				
Capital assets, not being depreciated:				
Construction in progress	\$ 5,093,814	\$ 9,989,352	\$ (2,567,812)	\$ 12,515,354
Capital assets, being depreciated:				
Transmission plant	2,504,374	55,668	(27,893)	2,532,149
Distribution plant	87,827,096	3,142,186	(1,942,474)	89,026,808
Structures and improvements, nodes	312,219	-	-	312,219
General plant	14,020,068	1,116,813	(171,314)	14,965,567
Water plant	94,871,857	2,518,553	-	97,390,410
Sewer plant	115,082,573	682,121	(2,939,549)	112,825,145
Equipment	7,386,732	242,843	(76,240)	7,553,335
Overhead conductors and devices	5,728,980	246,217	-	5,975,197
Trucks and autos	2,473,413	145,794	(39,692)	2,579,515
Office equipment	1,516,526	80,738	-	1,597,264
Office additions	65,716	-	-	65,716
Total capital assets, being depreciated	<u>331,789,554</u>	<u>8,230,933</u>	<u>(5,197,162)</u>	<u>334,823,325</u>
Less accumulated depreciation	<u>(138,921,251)</u>	<u>(10,203,611)</u>	<u>2,931,784</u>	<u>(146,193,078)</u>
Total capital assets, being depreciated, net	<u>192,868,303</u>	<u>(1,972,678)</u>	<u>(2,265,378)</u>	<u>188,630,247</u>
Bowling Green Municipal Utilities, capital assets, net	<u>\$ 197,962,117</u>	<u>\$ 8,016,674</u>	<u>\$ (4,833,190)</u>	<u>\$ 201,145,601</u>

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 3. DETAIL NOTES ON ALL FUNDS, Continued

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 Out				Total
	General	Nonmajor Governmental	Internal Service	Convention Center	
General Fund	\$ -	\$ 568,923	\$ -	\$ -	\$ 568,923
ITA Bond	1,110,500	-	-	-	1,110,500
Debt Service	2,916,026	2,089,618	-	-	5,005,644
Convention Center	-	1,258,577	-	-	1,258,577
Internal Service Funds	1,950,000	-	100,000	-	2,050,000
Nonmajor Governmental Funds	11,902,190	120,000	-	300,000	12,322,190
Totals	\$ 17,878,716	\$ 4,037,118	\$ 100,000	\$ 300,000	\$ 22,315,834

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. The table on the following page reports all City long-term debt as of June 30, 2018.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 3. DETAIL NOTES ON ALL FUNDS, Continued

E. Long-term Debt, Continued

Primary Government:

Governmental Activities	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
General obligation and revenue bonds	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 Refinance GO Series	\$14,905,000	4.0%-5.0%	June 30, 2033	\$ 1,560,000
General Obligation Bond, Series 2007A	Refinance GO Series 1995, 1998 and 200A	15,740,000	3.00%-4.50%	June 1, 2020	3,145,000
General Obligation Bond Series 2009	Refinance GO Series 2002B and 2002C	29,580,000	0.5%-3.75%	June 1, 2026	19,865,000
General Obligation Bond, Series 2010/2011	Refinance GO Series 2004A	6,320,000	2.0%-3.0%	June 1, 2024	5,135,000
General Obligation Bond, Series 2012A	Refinance GO Series 2002A & 2004A	1,400,000	1.0%-3.3%	June 1, 2024	840,000
General Obligation Bond, Series 2012B	Refinance portion of GO Series 2007A	9,245,000	2.25%-3.0%	December 1, 2032	9,055,000
General Obligation Bond, Series 2015A	Refinance portion of GO Series 2007B	12,040,000	2.05%	September 1, 2023	9,375,000
General Obligation Bond, Series 2016A	Refinance GO Series 2007C	3,260,000	3.09%	September 1, 2023	2,205,000
General Obligation Bond, Series 2016B	Refinance portion of Series 2008A & 2008B	24,545,000	3.0%-4.0%	June 1, 2038	24,360,000
					<u>75,540,000</u>
Premiums, deferred charges and discounts on bond obligations					<u>2,729,251</u>
Total general obligation bonds					<u>\$ 78,269,251</u>

	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
Notes and Lease Purchase Agreements					
US Bank	Depot Project	\$ 881,153	5.02%	June 30, 2019	\$ 58,086
Chase Bank	2010 Fire Aerial & Pumper Trucks	1,309,391	2.66%	October 1, 2020	429,499
Farmers National Bank	2018 Fire Trucks	3,531,163	2.99%	March 29, 2028	3,531,163
Total notes payable and capital leases					<u>\$ 4,018,748</u>

Other Long-Term Liabilities

Component unit debt					30,763
Compensated absences					1,844,036
Landfill					<u>2,469,122</u>
					<u>4,343,921</u>

Total long-term governmental liabilities \$ 86,631,920

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 3. DETAIL NOTES ON ALL FUNDS, Continued

E. Long-term Debt, Continued

Business-type Activities:	<u>Purpose of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
General obligation bonds					
General Obligation Bond, Series 2013C	Refinancing of GO Series 2003	\$ 3,595,000	2.00%	December 1, 2018	\$ 735,000
Premiums, deferred changes and discounts on bond obligations					19,122
Total general obligation bonds					<u>754,122</u>
Total long-term business-type liabilities					<u>\$ 754,122</u>

Changes in Long-term Liabilities

Long-term liability activity for the primary government for the year ended June 30, 2018, was as follows:

	<u>Balance June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2018</u>	<u>Amounts Due in One Year</u>
Governmental Activities:					
General obligation and revenue bonds	\$ 84,545,000	\$ -	\$ (9,005,000)	\$ 75,540,000	\$ 8,345,000
Notes and lease purchase agreements	794,217	3,531,163	(306,632)	4,018,748	550,640
Adjustments for deferred amounts:					
Discount on bonds payable	(97,590)	14,433	-	(83,157)	-
Premium on bonds payable	3,127,658	-	(315,250)	2,812,408	-
Total bonds, notes, leases payable	88,369,285	3,545,596	(9,626,882)	82,287,999	8,895,640
Component unit debt	60,000	-	(29,237)	30,763	30,763
Compensated absences	1,792,189	1,196,255	(1,144,408)	1,844,036	1,076,280
Landfill postclosure care	2,557,625	-	(88,503)	2,469,122	82,437
Total governmental activities	<u>92,779,099</u>	<u>4,741,851</u>	<u>(10,889,030)</u>	<u>86,631,920</u>	<u>10,085,120</u>
Business-type Activities:					
General obligation and revenue bonds	1,460,000	-	(725,000)	735,000	735,000
Less: Unamortized bond discount and premiums from refunding	38,248	-	(19,126)	19,122	19,122
Total business-type activities	<u>1,498,248</u>	<u>-</u>	<u>(744,126)</u>	<u>754,122</u>	<u>754,122</u>
Total governmental and business-type activities	<u>\$ 94,277,347</u>	<u>\$ 4,741,851</u>	<u>\$ (11,633,156)</u>	<u>\$ 87,386,042</u>	<u>\$ 10,839,242</u>

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 3. DETAIL NOTES ON ALL FUNDS, Continued

E. Long-term Debt, Continued

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, \$28,928 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.

Component Unit

Long-term liability activity for the component unit for the year ended June 30, 2018, was as follows:

Component Unit:	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018	Amounts Due in One Year
Bowling Green Municipal Utilities					
Water-Sewer Division					
Notes payable	\$ 65,521,320	\$ 7,581,850	\$ (7,618,066)	\$ 65,485,104	\$ 4,401,742
Electric Division					
Revenue bonds	10,390,000	-	(475,000)	9,915,000	485,000
General Services Division					
Notes payable	3,450,000	-	(600,000)	2,850,000	600,000
Less: unamortized bond discount	23,262	-	5,249	28,511	-
	<u>\$ 79,384,582</u>	<u>\$ 7,581,850</u>	<u>\$ (8,687,817)</u>	<u>\$ 78,278,615</u>	<u>\$ 5,486,742</u>

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	
	Interest	Principal	Interest	Principal	Interest	Principal
2019	\$ 2,433,938	\$ 8,345,000	\$ 75,934	\$ 550,640	\$ 4,594	\$ 735,000
2020	2,181,585	8,320,000	69,276	496,250	-	-
2021	1,916,081	7,060,000	65,469	500,046	-	-
2022	1,689,355	7,230,000	61,560	353,116	-	-
2023	1,471,941	7,235,000	61,560	353,116	-	-
2024-2028	4,410,360	21,200,000	307,800	1,765,580	-	-
2029-2033	2,075,815	9,570,000	-	-	-	-
2034-2038	675,565	6,580,000	-	-	-	-
	<u>\$ 16,854,640</u>	<u>\$ 75,540,000</u>	<u>\$ 641,599</u>	<u>\$ 4,018,748</u>	<u>\$ 4,594</u>	<u>\$ 735,000</u>

Principal requirements for component unit debt is as follows:

Fiscal Year	Bowling Green Municipal Utilities		Total
	Water-Sewer Division	Bowling Green Municipal Utilities Electric Division	
2019	\$ 4,401,742	\$ 485,000	\$ 4,886,742
2020	4,466,262	495,000	4,961,262
2021	4,521,318	505,000	5,026,318
2022	4,591,917	515,000	5,106,917
2023	4,553,651	530,000	5,083,651
2024-2028	21,120,953	2,880,000	24,000,953
2029-2033	16,420,325	3,405,000	19,825,325
2034-2038	5,408,936	1,100,000	6,508,936
	<u>\$ 65,485,104</u>	<u>\$ 9,915,000</u>	<u>\$ 75,400,104</u>

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 3. DETAIL NOTES ON ALL FUNDS, Continued

E. Long-term Debt, Continued

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 fiscal year 2015, this obligation was partially refunded in the amount of \$9,245,000 by Series 2015A.
2. \$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.
3. \$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.
4. \$6,320,000 general obligation bonds, Series 2012A, issued for the purpose of refinancing Series 2004A, general obligation bonds.
5. \$1,400,000 general obligation bonds, Series 2012B, issued for the purpose of refinancing Series 2004B, general obligation bonds.
6. \$3,595,000 general obligation bonds, Series 2013C, issued for the purpose of refinancing Series 2003 general obligation bonds.
7. \$9,245,000 general obligation bonds, Series 2015A, issued for the purpose of refinancing a portion of Series 2007A general obligation bonds
8. \$15,300,000 general obligation bonds, Series 2016A & B, issued for the purpose of refinancing a portion of Series 2007B & C general obligation bonds. The refunding was undertaken in FY2016 and resulted a net present value savings or benefit of \$1,216,517 or approximately 8.2%. The aggregate difference between the refunding debt and the refunded debt was \$470,000; with \$14,830,000 as the refunded principal.
9. \$24,545,000 general obligation bonds, Series 2016C, issued to refinance a portion of Series 2008A & 2008B general obligation bonds. The refunding was completed in FY2016 and resulted in a net present value savings or benefit of \$3,072,159 or about 12.72%. The aggregate difference between the refunding debt and the refunded debt was \$395,000; with \$24,150,000 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

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 3. DETAIL NOTES ON ALL FUNDS, Continued

E. Long-term Debt, Continued

Memorandum of Agreement/WKU Project Financing

(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.

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	Interest	Total
2019	\$ 2,185,000	\$ 709,805	\$ 2,894,805
2020	2,340,000	644,255	2,984,255
2021	2,500,000	568,205	3,068,205
2022	2,525,000	480,705	3,005,705
2023	2,415,000	392,330	2,807,330
2024-2026	7,900,000	618,206	8,518,206
	<u>\$ 19,865,000</u>	<u>\$ 3,413,506</u>	<u>\$ 23,278,506</u>

As of June 30, 2018 the City has recorded a receivable from WKU and unearned revenue of \$19,865,000 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

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 3. DETAIL NOTES ON ALL FUNDS, Continued

E. Long-term Debt, Continued

Fund Depository and Administration Agreement/WKU Project Financing

(\$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 dedicated for debt service payments on various projects within the TIF District. The State also pledged 80% of incremental revenues within the district under the condition that the project reach \$200 million in eligible projects, which was later amended to \$150 million by the State General Assembly in June 2009.

During 2009, the City issued \$25 million in general obligation bonds to fund the construction of a ballpark for a Single A baseball 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 that 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.

With the achievement of reaching the \$150 million capital investment threshold, the State has begun distributing 80% of State withholdings, individual, corporate, sales and property taxes generated from within the TIF boundaries to the Authority for further distribution to various block developments for debt service.

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, 2018, \$61,780,000 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, 2018, the cash, investments and due from other governments available totaled \$1,113,052.

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,

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 3. DETAIL NOTES ON ALL FUNDS, Continued

E. Long-term Debt, Continued

Landfill Closure and Postclosure Care Cost

transportation and disposal of leachate, erosion control, mowing, etc). 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, 2018 is \$2,469,122. 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).

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. To date, landfill closure cap construction is complete and the City performs annual monitoring, testing and reporting. In 2010 the City entered into a memorandum of agreement with the Kentucky Division of Waste Management and HB174 funds were used for 6.1 acres of improvements at the landfill to decrease the production of leachate. Further, the groundwater monitoring program was deemed compliant and complete.

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. A thirty year closure period will commence once the two year post-closure period has been approved. Glen Lily is further categorized as a superfund site.

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. Construction of the landfill cap was completed in fiscal year 1995 and 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. From 2012-2016, the Kentucky Division of Waste Management used HB174 funds to design and construct a leachate consolidation system as well as improve the cap to decrease leachate production rates. Beginning in 2017, the City is working with the HB174 program to design and implement a Phase II of landfill improvements to further decrease leachate production as well as provide for permanent low cost leachate disposal options. The City continues to monitor and care for the landfill, submit required reports, and dispose of the leachate generated. It is assumed that the City will incur landfill maintenance costs at least through 2034.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 3. DETAIL NOTES ON ALL FUNDS, Continued

E. Long-term Debt, Continued

Landfill Closure and Postclosure Care Cost

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. In 2010, the Cabinet, through HB174, deemed the groundwater monitoring program at the landfill compliant and complete and removed the groundwater monitoring wells at the site. In order to move the closure process forward, the City must restrict the deed for the property that remains with the Kentucky Transportation Cabinet. In 2016, the City delivered a new survey to the Kentucky Transportation Cabinet and a decision to either restrict the deed appropriately or transfer the property to the City is being awaited. The City continues to monitor and care for the landfill, submit required reports, and assume that maintenance costs will be incurred at least through 2034. A two year post-closure and thirty year closure period will follow the date upon which the state should grant closure if the 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.

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 \$250,000 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 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

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 4. RISK MANAGEMENT, Continued

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, Public Officials Liability, and Auto Liability. Additionally, the City has chosen to self-insure a portion of its fleet for collision coverage.

All funds of the City participate in the program and make payments to the EDCF and WCF based on historical cost information of the amounts needed to pay prior and current year claims. WCF claim liabilities are determined based on conservative claim estimates and EDCF liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. The P&C Fund primarily receives funding from the General Fund annually, but has been subsidized from the WCF in the past.

Changes in the balances of claims liabilities during fiscal years 2018 and 2017 follows:

	Health Care	Workers Compensation	Property and Casualty
Liability at June 30, 2016	\$ 346,979	\$ 42,098	\$ 31,690
Claims and changes in estimates FY 2017	5,614,778	82,102	104,171
Claims paid FY 2017	(5,433,558)	(105,939)	(115,023)
Liability at June 30, 2017	528,199	18,261	20,838
Claims and changes in estimates FY 2018	4,782,376	66,869	168,861
Claims paid FY 2018	(5,102,708)	(67,754)	(151,386)
Liability at June 30, 2018	<u>\$ 207,867</u>	<u>\$ 17,376</u>	<u>\$ 38,313</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, 2018 of \$4,660,956. 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 \$512,705 per year on a recurring basis. 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.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 5. COMMITMENTS AND CONTINGENCIES, Continued

C. Construction Commitments

The City has active construction projects as of June 30, 2018. At year end, the City had the following commitments on construction contracts:

Project	Remaining Commitment
Sidewalk improvement projects	\$ 450,162
Parks construction projects	748,995
Storm drainage improvement projects	659,201
Street resurfacing construction project	301,495
Landfill construction project	153,236
Street intersection improvements	148,300
Hobson House facility improvement project	130,786
Golf course construction project	91,098
Downtown improvement project	46,511
Police department facility improvements	45,810
Greenway construction projects	30,256
Smallhouse Road construction project	15,063

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, 2018 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with 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 each December.

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 that closed in January 2016. Additionally, the agreement with the original sub-developer was terminated in July 2015, and a new

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 5. COMMITMENTS AND CONTINGENCIES, Continued

D. Contingencies, Continued

sub-developer was selected to complete construction of the four-story mixed use development and act as the 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 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, 2018, there is one industrial revenue bond series and six series of special assessment bonds outstanding with an aggregate principal balance of \$40,000,000 and \$1,091,000, 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, 2018 as follows:

Year Ending June 30, \$	6,326
	6,328
	6,328
	<u>6,328</u>
	<u>\$ 25,312</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

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 5. COMMITMENTS AND CONTINGENCIES, Continued

G. Lease Commitments, Continued

facility's original cost (\$660,000) as a percentage of total project costs financed by Bonds (\$8,660,000). The following is a schedule of minimum future rentals of the land element of the pro shop lease as of June 30, 2018:

Year Ending June 30,	
2019	\$ <u>31,036</u>

NOTE 6. THE SINGLE AUDIT ACT

The U.S. Office of Management and Budget's Uniform Administrative Requirements (2 CFR 200.501), Cost Principles, and Audit Requirements for Federal Awards, which replaced Circular No. A133 for *Audits of States, Local Governments and Non-Profit Organizations*, requires non-federal entities that expend \$750,000 or more a year in federal awards to have an audit performed in accordance with the provisions of the guidance. The Single Audit report is issued in the Comprehensive Annual Financial Report after the Statistical Section beginning on page 174.

NOTE 7. DEFINED BENEFIT PENSION PLANS

A. The Policemen and Firefighters' 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. That report may be obtained from the City's Chief Financial Officer, Bowling Green, Kentucky.

Plan membership. As of June 30, 2018, the plan consisted of the following:

Active employees	0
Retirees and disabled participants	16
Widow participants	17
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

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 7. DEFINED BENEFIT PENSION PLANS, Continued

A. The Policemen and Firefighters' Retirement Fund (PFRF), Continued

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 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, eleven participants receiving disability annuities, and seventeen 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, 2018

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 2017-2018, the City made no contribution. For fiscal year 2017-2018, the Board of Trustees did approve a cost of living increase of 1.0%. The City will fund the Plan at least at the actuarial determined amount 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.

In future years, cost of living increases will be considered based upon the Plan's Funding Policy, which was adopted on September 7, 2016. The Policy states that when the funded ratio is maintained at 95% or above, as measured by the 0% cost of living actuarial calculation, the board of trustees will consider a cost of living adjustment. The City will fund the Plan on the five-year 1% cost of living adjustment amortization amount found in the "Summary of Funding Levels" section of the annual actuarial report in order to eliminate any unfunded accrued liability within five years.

Net Pension Liability

The City's net pension liability (asset) was measured as of July 1, 2018, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 7. DEFINED BENEFIT PENSION PLANS, Continued

A. The Policemen and Firefighters' Retirement Fund (PFRF), Continued

Actuarial assumptions. The total pension liability as of July 1, 2018 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 adjusted for accruals
Inflation	None
COLAs	Average of the cost of living adjustments made over the prior 5 years, rounded to the nearest 1.0%. For July 1, 2017 valuation, this result is 1.0% per annum.
Investment rate of return	6.0% per annum
Mortality	IRS generational mortality tables for males and females with improvements under projection scale AA

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:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Inflation (CPI)	N/A
US equity	3.60%
Non-US equity	5.40%
Fixed income	1.50%
Cash	0.20%

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

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:

	<u>Current Discount Rate</u>		
	<u>1% Decrease (5.0%)</u>	<u>(6.0%)</u>	<u>1% Increase (7.0%)</u>
City of Bowling Green's net pension liability \$	476,422	\$ (7,873)	\$ (436,419)

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

Pension expense. For the year ended June 30, 2018, the City recognized pension expense of \$278,858.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 7. DEFINED BENEFIT PENSION PLANS, Continued

A. The Policemen and Firefighters' Retirement Fund (PFRF), Continued

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 56,964	\$ (276,757)
Change of assumptions	-	-
Experience losses (gains)	-	-
Total	<u>\$ 56,964</u>	<u>\$ (276,757)</u>

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:	
2019	\$ (36,267)
2020	(67,371)
2021	(80,300)
2022	(35,855)
2023	-
	<u>\$ (219,793)</u>

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

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

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 7. DEFINED BENEFIT PENSION PLANS, Continued

B. The County Employees Retirement System (CERS), Continued

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.

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, 2018, total employer contributions for the City were \$6,330,348 based on a rate of 19.18% for Non-Hazardous and 31.55% for Hazardous members through covered payroll. The contribution rate of 19.18% for Non-Hazardous is comprised of amounts for pension and insurance benefits, 14.48% or \$1,489,103 was dedicated to pensions and 4.70% or \$483,341 was allocated to insurance. The total contribution rate of 31.55% for Hazardous consists of 22.20% or \$3,066,417 toward pension benefits and 9.35% or \$1,291,487 for insurance benefits. The total City contribution in 2018 for pension benefits was \$4,555,520.

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.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 7. DEFINED BENEFIT PENSION PLANS, Continued

B. The County Employees Retirement System (CERS), Continued

Net Pension Liability

The City's net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30 percent
Salary increases	3.05 percent, average
Investment rate of return	6.25 percent

The rates of mortality used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality tables used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2013. 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, is outlined in a report dated April 30, 2014. 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 on following page). 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 time-frame. The assumption 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.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 7. DEFINED BENEFIT PENSION PLANS, Continued

B. The County Employees Retirement System (CERS), Continued

<u>Asset Class</u>	<u>Long Term Expected</u>	
	<u>Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	5.97%	17.50%
International equity	7.85%	17.50%
Global bonds	2.63%	4.00%
Global credit	3.63%	2.00%
High yield	5.75%	7.00%
Emerging market debt	5.50%	5.00%
Real estate	7.63%	5.00%
Private credit	8.75%	10.00%
Absolute return	5.63%	10.00%
Real return	6.13%	10.00%
Private equity	8.25%	10.00%
Cash	1.88%	2.00%
		100.00%

The long-term expected rate of return on pension plan investments was established by the KRS Board of Trustees as 7.50 percent based on a blending of the factors described above.

Discount rate. The discount rate used to measure the total pension liability was 6.25 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 6.25 percent, as well as the net pension liability (asset) if calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

<i>City of Bowling Green's net pension liability</i>	<u>Current Discount</u>		
	<u>1% Decrease (5.25%)</u>	<u>Rate (6.25%)</u>	<u>1% Increase (7.25%)</u>
Hazardous	\$ 71,936,959	\$ 57,214,576	\$ 45,056,032
Nonhazardous	30,958,502	24,546,547	19,182,996
Total	\$ 102,895,461	\$ 81,761,123	\$ 64,239,028

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

Pension expense. For the year ended June 30, 2018, the City recognized pension expense of \$13,702,899.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 7. DEFINED BENEFIT PENSION PLANS, Continued

B. The County Employees Retirement System (CERS), Continued

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following table:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 5,696,867	\$ (4,893,280)
Net difference between expected and actual experience	2,129,010	(623,097)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,484,850	(291,508)
Change of assumptions	15,942,505	-
Contributions subsequent to the measurement date of June 30, 2017	4,555,520	-
Total	<u>\$ 29,808,752</u>	<u>\$ (5,807,885)</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2017,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30th:	
2019	\$ 8,091,151
2020	8,834,373
2021	3,459,305
2022	(939,482)
2023	-
	<u>\$ 19,445,347</u>

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

Changes in assumptions. The following changes were made by the Kentucky Legislature and are reflected in the valuation performed as of June 30, 2017:

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.

NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the Plan

Plan description. Employees of the City are provided hospital and medical insurance through the Kentucky Retirement Systems’ Insurance Fund (Insurance Fund), a cost-sharing multiple-employer defined benefit OPEB plan. 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.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), Continued

Benefits provided. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. The Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous members killed in the line of duty. As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on, or after, July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

Contributions. Contribution requirements of the participating employers are established and may be amended by the KRS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2018 was 4.70% of covered payroll. Contributions to the Insurance Fund from the City were \$1,774,828 for the year ended June 30, 2018. Employees that entered the plan prior to September 1, 2008 are not required to contribute to the Insurance Fund. Employees that entered the plan after September 1, 2008 are required to contribute 1% of their annual creditable compensation which 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's proportion of the collective net OPEB liability and OPEB expense was determined using the employers' actual contributions for Fiscal Year 2017. This method is expected to be reflective of the employers' long-term contribution effort. At June 30, 2017, the City's proportion was 1.04%.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30 percent
Payroll growth rate	2.00 percent
Salary increases	3.05 percent, average
Investment rate of return	6.25 percent
Healthcare cost trend rates (Pre-65)	Initial trend starting at 7.25% at January 1, 2019, and gradually decreasing to ultimate trend rate of 4.05% over a period of 13 years.
Healthcare cost trend rates (Post-65)	Initial trend starting at 5.10% at January 1, 2019, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2013 with Scale BB (set back 1 year for females).

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period of July 1, 2008 through June 30, 2013.

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 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), Continued

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 ranges 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 assumptions are intended to be long-term assumptions and are 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	17.50%	5.97%
International equity	17.50%	7.85%
Global bonds	4.00%	2.63%
Global credit	2.00%	3.63%
High yield	7.00%	5.75%
Emerging market credit	5.00%	5.50%
Real estate	5.00%	7.63%
Private credit	10.00%	8.75%
Absolute return	10.00%	5.63%
Real return	10.00%	6.13%
Private equity	10.00%	8.25%
Cash	2.00%	1.88%
Total	100.00%	

Discount rate. The discount rate used to measure the total OPEB liability was 5.84%. The discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.56%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2017. Future contributions are projected in accordance with the Board’s current funding policy, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period (26 years as of June 30, 2017).

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), Continued

Changes in the Net OPEB Liability

Sensitivity of the City's proportionate share of the collective net OPEB liability to changes in the discount rate. The following presents the City's proportionate share of the collective net OPEB liability as well as what the City's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.84%) or 1 percentage point higher (6.84%) than the current discount rate:

	1% Decrease (4.84%)	Discount Rate (5.84%)	1% Increase (6.84%)
<i>City of Bowling Green's net OPEB liability Non-hazardous</i>	\$ 10,727,485	\$ 8,430,611	\$ 6,519,251
	1% Decrease (4.96%)	Discount Rate (5.96%)	1% Increase (6.96%)
<i>City of Bowling Green's net OPEB liability Hazardous</i>	\$ 28,331,451	\$ 21,140,712	\$ 15,257,205

Sensitivity of the City's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates. The following presents the City's proportionate share of the collective net OPEB liability, as well as what the City's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current health care cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
<i>City of Bowling Green's net OPEB liability Non-hazardous</i>	\$ 6,466,712	\$ 8,430,611	\$ 10,983,563
<i>Hazardous</i>	<u>14,965,185</u>	<u>21,140,712</u>	<u>28,783,863</u>
<i>Total</i>	<u>\$ 21,431,897</u>	<u>\$ 29,571,323</u>	<u>\$ 39,767,426</u>

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KRS financial report.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$4,179,163. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between expected and actual experience	\$ -	\$ (72,679)
Changes of assumptions	9,632,368	-
Net difference between projected and actual earnings on OPEB plan investments	-	(1,724,831)
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	(23,765)
Contributions subsequent to the measurement date of June 30, 2017	1,805,316	-
Total	<u>\$ 11,437,684</u>	<u>\$ (1,821,275)</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB are recognized in OPEB expense as follows:

Year ended June 30th:	
2018	\$ 2,095,784
2019	2,095,784
2020	2,095,784
2021	1,089,445
2022	339,293
Thereafter	<u>95,003</u>
	<u>\$ 7,811,093</u>

NOTE 9. DEFINED CONTRIBUTION PLANS

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 \$18,500 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, 2018, employee contributions for both plans totaled \$271,915.

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.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 9. DEFINED CONTRIBUTION PLANS, Continued

Participating employees can defer a maximum of \$18,500 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 \$293,860 for the fiscal year ended June 30, 2018.

NOTE 10. TAX ABATEMENTS

As of June 30, 2018, the City provides tax abatement through four programs - Job Development Incentive Program, annexation of property taxes, Tax Increment Financing (TIF) Occupational taxes and historical moratorium property taxes.

Job Development Incentive Program (JDIP) provides a credit of 1% of employee withholding fees from gross wages generated from new and/or expanded businesses for a period of 10 years. The credit is offered to businesses engaged in one or more of the following activities: manufacturing, agribusiness, regional and national headquarters (regardless of the underlying business activity), or nonretail service or technology activities. To qualify for the incentive, a business must create at least 10 new, full-time jobs for Kentucky residents, incur eligible costs of at least \$100,000, pay minimum wages defined by county, and provide minimum employee benefits. The abatement is equal to 1% of employee withholding fees and is reported on a monthly basis. Abated taxes of participating companies can be recaptured for a number reasons, including: failure to report or pay employee tax withholdings; failure to satisfy projected schedule of withholdings; failure to pay any tax, license fee, penalty or other charge or obligation to the City; failure to comply with any terms or conditions per Chapter 18 of City Code of Ordinances and/or incentive program agreement; material misrepresentation of any statement or fact on incentive application; abandoning or closing of business for a period of thirty (30) days; or default declared by the State Economic Development Cabinet on Kentucky Business Incentive (KBI) agreement.

Property Tax Annexation Program provides a rebate of City property taxes paid on annexed property for a period not to exceed five years to aid in covering development costs. The rebate period shall begin no later than 10 years from the date of annexation. To be eligible for the property tax abatement program, the proposed property to be annexed must be: adjacent or contiguous to the City and is urban in character and suitable for development for urban purposes without unreasonable delay; adjacent to City limits, particularly in areas likely to result in job creation; and in five specific target areas to the current City limits or close to such area(s). Abated taxes may be recaptured if a participating company: fails to comply with City ordinances, rules, or regulations, or any terms of the Economic Development Annexation Incentive Agreement; or abandons or closes any businesses constructed on the property being annexed for a period of thirty consecutive days.

TIF Occupational Tax Program abates 80% of the incremental occupational revenues generated by the approved entity. The Warren County Downtown Development Authority Inc. oversees this program and determines eligibility and approves abatements. The abatements consist of the paid occupational revenues being returned to the appropriate authority after calculations are finalized. The calculation is determined by comparing current year revenues to a set base amount, 80% of the incremental revenue is then distributed to the appropriate occupational taxpayer. This program does not contain a provision to recapture abated taxes.

Historical Moratorium Property Tax Program provides abatement of City property taxes for a period of five years. To be eligible, the following conditions must be met by the property: located in historic district, residential or commercial building at least 50 years old within City limits, project must be completed within two years, and moratorium must be filed 30 days prior to project start. The abatement amount is calculated as the difference of frozen City assessment values at project start to the current assessment of the property. Abatements are completed prior to the initiation of rehabilitation work on the property. After rehab is complete, City and County Planning Commission staff conduct an inspection and issue the Moratorium Certificate to the City of Bowling Green. The assessment is then frozen for five years. This program does not contain a provision to recapture abated taxes.

Payments-in-Lieu-of-Taxes (PILOT) Program abates City property taxes for an agreed upon period of time. Eligible participants must be located within the geographic boundaries of the City, County, and school district(s) and the investment by the participant must generate new employment in the area. The abatement is in the form of

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 10. TAX ABATEMENTS, Continued

a suspension of payment (or portion thereof) for a specified period of time, which is tied to Industrial Revenue Bond (IRB) issuance not to exceed the IRB payment period. The abated amount is equal to the annually assessed fair cash value of the project as determined by the Warren County Property Valuation Administrators (PVA). The land is held by Warren County as part of the IRB issuance and is thereby removed from the City tax roll, but still assessed for partial payments. Abated taxes may be recaptured on a sliding scale if agreed upon job creation and capital investment thresholds are not met at a certain percentage.

A summary of all tax abatements is presented below:

	JDIP withholdings	Annexed property taxes	TIF occupationals	Moratoriums	Payments-in- lieu-of-taxes (PILOT)	Amount of Taxes Abated
2009	\$ 1,336,735	\$ -	\$ -	\$ 11,502	\$ 132,291	\$ 1,480,528
2010	1,116,740	-	-	11,442	132,291	1,260,473
2011	1,181,115	-	-	1,293	132,291	1,314,699
2012	1,317,654	-	-	1,387	115,360	1,434,401
2013	1,236,267	-	-	820	69,010	1,306,097
2014	1,325,519	-	13,466	820	69,010	1,408,815
2015	1,620,628	-	14,375	6,982	69,010	1,710,995
2016	1,591,215	-	45,038	7,775	82,246	1,726,274
2017	1,685,886	-	156,496	7,775	147,651	1,997,808
2018	2,196,373	216	148,483	10,917	152,074	2,508,063
Total	<u>\$ 14,608,132</u>	<u>\$ 216</u>	<u>\$ 377,858</u>	<u>\$ 60,713</u>	<u>\$ 1,101,234</u>	<u>\$ 16,148,153</u>

NOTE 11. SUBSEQUENT EVENTS

No subsequent events occurred after the close of the fiscal year end of June 30, 2018.

NOTE 12. IMPLEMENTATION OF GASB 75

In June 2015, the GASB issued Statement No. 75, Accounting and Reporting for Postemployment Benefits Other than Pensions. The 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 are also addressed.

This statement's provisions are effective for fiscal years beginning after June 15, 2017 and the City adopted for the year ended June 30, 2018. The adoption of this standard did impact the City's financial position and resulted in a restatement to reduce the beginning net position as of July 1, 2017 in the amount of \$17,581,066 for government activities and \$0 for business-type activities. See Note 8 for more information.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2018**

NOTE 13. RECENT PRONOUNCEMENTS

In January 2017, the GASB issued statement No. 84, Fiduciary Activities. The provisions of this statement are effective for fiscal years beginning after December 15, 2018. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

In June 2017, the GASB issued statement No. 87, Leases. The provisions of this statement are effective for fiscal years beginning after December 15, 2019. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

In April 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The provisions of this statement are effective for fiscal years beginning after June 15, 2018. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

In June 2018, the GASB issued statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The provisions of this statement are effective for fiscal years beginning after December 15, 2019. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The City is evaluating the impact that will result from adopting the above GASB statements 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, 2018**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Real estate	\$ 9,200,000	\$ 9,200,000	\$ 9,280,768	\$ 80,768
Personal property	1,800,000	1,800,000	1,830,525	30,525
Insurance premium	1,800,000	1,800,000	1,905,149	105,149
Motor vehicle and boat	960,000	960,000	1,044,951	84,951
Payment in lieu of taxes	160,000	160,000	161,002	1,002
Franchise	1,005,000	1,005,000	1,166,185	161,185
Other taxes	16,000	16,000	16,151	151
Penalties and Interest	80,000	80,000	57,140	(22,860)
Total taxes	15,021,000	15,021,000	15,461,871	440,871
Licenses and permits				
Occupational:				
Employees' withholding	40,250,000	40,250,000	41,009,167	759,167
Net profits	8,795,000	8,795,000	8,915,833	120,833
Other fees	290,000	290,000	322,947	32,947
Special licenses	280,000	280,000	243,876	(36,124)
Permits	880,000	880,000	1,134,837	254,837
Total licenses and permits	50,495,000	50,495,000	51,626,660	1,131,660
Intergovernmental				
Federal grants	-	367,591	41,036	(326,555)
State grants	-	245,000	(27,350)	(272,350)
Local grants	52,000	54,500	54,362	(138)
Total intergovernmental	52,000	667,091	68,048	(599,043)
Charges for services				
School tax collection fees	210,000	210,000	252,935	42,935
Other general government fees	10,000	10,000	7,182	(2,818)
Public safety fees	64,000	87,123	77,453	(9,670)
Cemetery lot sales	96,000	96,000	113,786	17,786
Cemetery fees	152,000	152,000	152,272	272
Other	60,000	60,000	52,496	(7,504)
Total charges for services	592,000	615,123	656,124	41,001
Parks and recreation				
	2,080,320	2,080,320	1,995,776	(84,544)
Miscellaneous				
Investment income	311,830	311,830	62,294	(249,536)
ABC and parking violations fees	7,000	7,000	15,015	8,015
Contributions and donations	35,400	85,255	93,258	8,003
Judgements and settlements	23,500	23,500	21,133	(2,367)
Other	175,900	175,900	134,875	(41,025)
Total miscellaneous	553,630	603,485	326,575	(276,910)
Total revenues	\$ 68,793,950	\$ 69,482,019	\$ 70,135,054	\$ 653,035

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2018**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
EXPENDITURES				
General government				
Legislative	\$ 157,288	\$ 156,432	\$ 155,654	\$ 778
Executive	1,098,301	1,207,684	1,067,210	140,474
Finance	1,502,591	1,401,166	1,364,027	37,139
Human resources	1,175,428	859,673	823,776	35,897
Law	397,688	509,976	396,419	113,557
Information technology	1,941,723	1,953,754	1,921,795	31,959
Administrative services	339,580	346,830	326,451	20,379
Total general government	6,612,599	6,435,515	6,055,332	380,183
Public safety				
Police	14,236,559	13,453,033	13,237,103	215,930
Fire	12,166,565	12,310,814	12,294,866	15,948
Total public safety	26,403,124	25,763,847	25,531,969	231,878
Public works				
Public works administration	1,309,045	1,523,054	1,342,771	180,283
Highway and streets	2,945,744	2,801,399	2,692,498	108,901
Building and plant	2,608,568	2,719,668	2,404,393	315,275
Environmental Compliance	365,096	828,764	355,404	473,360
Transportation	342,560	417,880	417,880	-
Total public works	7,571,013	8,290,765	7,212,946	1,077,819
Parks and recreation				
Parks	2,901,381	2,668,886	2,492,381	176,505
Recreation	1,357,021	1,358,424	1,220,790	137,634
Athletics	569,807	518,783	442,683	76,100
Community centers	1,044,059	963,128	880,462	82,666
Golf Courses	1,661,029	1,661,880	1,381,516	280,364
Other parks	1,370,872	1,319,742	1,258,533	61,209
Total parks and recreation	8,904,169	8,490,843	7,676,365	814,478
Neighborhood & Community Services	2,123,324	2,424,978	2,096,923	328,055
Agency services				
Agency services	1,074,395	1,239,183	1,195,523	43,660
Intergovernmental	1,860,120	1,314,291	964,291	350,000
Total agency services	2,934,515	2,553,474	2,159,814	393,660
Total expenditures	54,548,744	53,959,422	50,733,349	3,226,073
Excess of revenues over expenditures	14,245,206	15,522,597	19,401,705	3,879,108
Other financing sources (uses)				
Transfers in	598,050	598,050	568,923	(29,127)
Transfers out	(14,963,256)	(17,885,580)	(17,878,716)	6,864
Proceeds from sale of capital assets	120,000	120,850	113,641	(7,209)
Total other financing sources (uses)	(14,245,206)	(17,166,680)	(17,196,152)	(29,472)
Net change in budgetary fund balances	-	(1,644,083)	2,205,553	3,849,636
Fund balances, beginning of year	25,370,515	25,370,515	25,370,515	-
Fund balances, end of year	\$ 25,370,515	\$ 23,726,432	\$ 27,576,068	\$ 3,849,636

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Notes to Required Supplementary Information on Budgetary Accounting and Control
Year Ended June 30, 2018

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 1st. 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 30th.

The Assistant City Manager is authorized to transfer budget amounts between departments within any fund. The Assistant Chief Financial Officer 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, 2018 as follows:

General fund	\$ 1,319,287
Convention Center	32,362
Nonmajor governmental	3,769,688
Internal service	15,621
	<u>\$ 5,136,958</u>

See accompanying independent auditor's report.

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

	2018	2017	2016	2015	2014*	2013	2012	2011	2010	2009
TOTAL PENSION LIABILITY										
Interest on TPL	\$ 395,370	\$ 440,360	\$ 490,156	\$ 499,000	\$ 582,820	\$ 603,247	\$ 613,792	\$ 655,937	\$ 673,236	\$ 694,343
Change of benefit terms	-	-	(82,559)	(42,390)	-	-	-	-	-	-
Differences between expected & actual experience in measurement of the TPL	60,187	(359,520)	170,136	241,872	(1,495,216)	(49,224)	162,348	(413,563)	(16,086)	(78,390)
Changes of assumptions about future economic or demographic factors or other inputs	263,562	-	(536,108)	46,957	-	-	-	-	-	-
Benefit payments	(810,168)	(854,877)	(891,272)	(894,710)	(894,455)	(951,864)	(944,811)	(945,459)	(967,741)	(988,432)
Net change in total pension liability	(91,049)	(774,037)	(849,647)	(149,271)	(1,806,851)	(397,841)	(168,671)	(703,085)	(310,591)	(372,479)
Total pension liability - beginning	<u>\$ 7,028,348</u>	<u>\$ 7,802,385</u>	<u>\$ 8,652,032</u>	<u>\$ 8,801,303</u>	<u>\$ 10,608,154</u>	<u>\$ 11,005,995</u>	<u>\$ 11,174,666</u>	<u>\$ 11,877,751</u>	<u>\$ 12,188,342</u>	<u>\$ 12,560,821</u>
Total pension liability - ending (a)	<u>\$ 6,937,299</u>	<u>\$ 7,028,348</u>	<u>\$ 7,802,385</u>	<u>\$ 8,652,032</u>	<u>\$ 8,801,303</u>	<u>\$ 10,608,154</u>	<u>\$ 11,005,995</u>	<u>\$ 11,174,666</u>	<u>\$ 11,877,751</u>	<u>\$ 12,188,342</u>
PLAN FIDUCIARY NET PENSION										
Contributions from City	\$ -	\$ 182,500	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 450,000	\$ 410,000	\$ 384,000
Plan net investment income	583,269	633,921	359,902	284,522	918,180	630,239	375,513	788,139	621,436	(546,203)
Benefit payments	(810,168)	(854,877)	(891,272)	(894,710)	(894,455)	(951,864)	(944,811)	(945,459)	(967,741)	(988,432)
Plan administrative expense	-	-	-	-	-	(19,711)	(18,694)	(19,087)	(18,863)	(18,969)
Net change in plan fiduciary net position	(226,899)	(38,456)	(131,370)	(210,188)	423,725	58,664	(187,992)	273,593	44,832	(1,169,604)
Plan fiduciary net position - beginning	<u>\$ 7,172,071</u>	<u>\$ 7,210,527</u>	<u>\$ 7,341,897</u>	<u>\$ 7,552,085</u>	<u>\$ 7,128,360</u>	<u>\$ 7,069,696</u>	<u>\$ 7,257,688</u>	<u>\$ 6,984,095</u>	<u>\$ 6,939,263</u>	<u>\$ 8,108,867</u>
Plan fiduciary net position - ending (b)	<u>\$ 6,945,172</u>	<u>\$ 7,172,071</u>	<u>\$ 7,210,527</u>	<u>\$ 7,341,897</u>	<u>\$ 7,552,085</u>	<u>\$ 7,128,360</u>	<u>\$ 7,069,696</u>	<u>\$ 7,257,688</u>	<u>\$ 6,984,095</u>	<u>\$ 6,939,263</u>
City net pension (asset) liability (a)-(b)	\$ (7,873)	\$ (143,723)	\$ 591,858	\$ 1,310,135	\$ 1,249,218	\$ 3,479,794	\$ 3,936,299	\$ 3,916,978	\$ 4,893,656	\$ 5,249,079
Plan fiduciary net position as a percentage of the total pension liability	100.11 %	102.04 %	92.41 %	84.86 %	85.81 %	67.20 %	64.23 %	64.95 %	58.80 %	56.93 %
Covered-employee payroll	-	-	-	-	-	-	-	-	-	-
NPL as % of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* The total pension liability presented in the previous report dated 6/30/2014 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.

See accompanying independent auditor's report

**City of Bowling Green, Kentucky
Schedule of City Contributions
Police and Firefighters' Retirement Fund
Last Ten Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ -	\$ 80,415	\$ 311,021	\$ 330,058
Contributions in relation to the actuarially determined contribution	\$ -	\$ 182,500	400,000	\$ 400,000
Contribution deficiency (excess)	\$ -	\$ (102,085)	\$ (88,979)	\$ (69,942)
City's covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: July 1, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal

Asset valuation method Fair market value adjusted for accruals

Salary scale Not applicable

Disability, withdrawal, & retirement rates Not applicable

Rate of investment return 6.0% per annum

Cost of living adjustment Average cost of living adjustments made over the last five years, rounded to the nearest 1.00%

Eligible dependents It is assumed that there are no eligible dependent children or parents.

Mortality In the July 1, 2018 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 intended to present a 10-year trend per GASB 67.

Additional years will be reported as incurred.

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
Schedule of Investment Returns
Police and Firefighters' Retirement Fund
Last Ten Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Annual money-weighted rate of return	8.57 %	9.15 %	5.02 %	3.85 %	12.70 %	12.65 %	9.64 %	4.23 %	8.02 %	11.59 %

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

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Schedule of Proportionate Share of the Net Pension Liability
County Employees Retirement System for the State of Kentucky
Last Ten Fiscal Years

	2018	2017	2016	2015
Total net pension liability for county employees retirement systems	\$ 8,090,585,976	\$ 6,639,559,678	\$ 5,834,631,445	\$ 4,446,199,755
City's proportion of the net pension liability (asset)	1.0106 %	0.9421 %	0.9649 %	0.9719 %
City's proportionate share of the net pension liability (asset)	\$ 81,761,120	\$ 62,552,116	\$ 56,301,098	\$ 43,211,000
City's covered payroll	\$ 24,380,227	\$ 22,635,432	\$ 22,529,147	\$ 22,141,166
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	335.36 %	276.35 %	249.90 %	195.16 %
Total pension plan's fiduciary net position	\$ 8,905,233,231	\$ 8,151,568,466	\$ 8,519,001,523	\$ 8,615,148,614
Total pension plan's pension liability	\$ 16,995,819,207	\$ 14,791,128,144	\$ 14,353,632,968	\$ 13,061,348,369
Total pension plan's fiduciary net position as a percentage of the total pension liability	52.40 %	55.11 %	59.35 %	65.96 %

Note: This schedule is intended to present a 10-year trend per GASB 68.

Additional years will be reported as incurred.

Note: The County Employees Retirement System measurement date is 12 months prior to the City's Financial Statements; the 2018 measurement date is 6/30/2017.

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Schedule of City Pension Contributions
County Employees Retirement System of the State of Kentucky
Last Ten Fiscal Years

	2018	2017	2016	2015	2014
Actuarially determined pension contribution	\$ 4,555,520	\$ 4,497,839	\$ 3,837,246	\$ 3,905,623	\$ 4,021,011
Contributions in relation to the actuarially determined pension contribution	<u>4,555,520</u>	<u>4,497,839</u>	<u>3,837,246</u>	<u>3,905,623</u>	<u>4,021,011</u>
Pension contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 24,380,227	\$ 22,635,432	\$ 22,529,147	\$ 22,141,166	\$ 21,940,723
Pension Contributions as a percentage of covered payroll	18.69 %	19.87 %	17.03 %	17.64 %	18.33 %

Notes to Schedule

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed
Remaining amortization period	28 years, Closed
Payroll Growth Rate	4.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	3.25%
Salary Increase	4.0%, average
Investment Rate of Return	7.50%

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

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Schedule of Proportionate Share of the Net OPEB Liability
County Employees Retirement System of the State of Kentucky
Last Ten Fiscal Years

	<u>2018</u>
Total net OPEB liability for county employees retirement systems	\$ 2,837,013,635
City's proportionate share of the net OPEB liability (asset)	1.042340 %
City's proportionate share of the net OPEB liability (asset)	\$ 29,571,323
City's covered payroll	\$ 24,380,227
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	121.29 %
Total pension plan's fiduciary net position	\$ 3,401,537,049
Total pension plan's OPEB liability	\$ 6,238,550,680
Total pension plan's fiduciary net position as a percentage of the total OPEB liability	54.52 %

Note: This schedule is intended to present a 10-year trend per GASB 75.

Additional years will be reported as incurred.

Note: The County Employer's Retirement System measurement date is 12 months prior to the City's Financial Statements; the 2018 measurement date is 6/30/2017.

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
Schedule of City OPEB Contributions
County Employees Retirement System of the State of Kentucky
Last Ten Fiscal Years**

	<u>2018</u>	<u>2017</u>
Actuarially determined OPEB contribution	\$ 1,805,316	\$ 1,664,002
Contributions in relation to the actuarially determined OPEB contribution	<u>1,805,316</u>	<u>1,664,002</u>
OPEB contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 24,380,227	\$ 22,635,432
OPEB Contributions as a percentage of covered payroll	7.40 %	7.35 %

Notes to Schedule

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	28 Years, Closed
Payroll Growth Rate	4.00%
Asset Valuation Method	20% of the difference between market value of assets and the expected actuarial value of assets is recognized.
Inflation	3.25%
Salary Increase	4.00%, average
Investment Rate of Return	7.50%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years.
Post-65	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years.

Note: This schedule is intended to present a 10-year trend per GASB 75.

Additional years will be reported as incurred.

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
 Modified Approach for City Streets Infrastructure Capital Assets
 Year Ended June 30, 2018**

Modified Approach for City Streets Infrastructure Capital Assets

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 expends 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 spring of 2018.

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
Alley	25.0

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

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Modified Approach for City Streets Infrastructure Capital Assets (Continued)
Year Ended June 30, 2018

Assessed Conditions

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

<u>Year</u>	<u>Percentage</u>
2018	79%*
2017	87%
2016	97%
2015	97%
2014	98%
2013	98%
2012	97%
2011	95%
2010	94%
2009	90%

*Note: In 2017 the City migrated its pavement management system from the Cartegraph Navigator platform to Cartegraph Operations Management Systems (OMS). This move is important to note because the new OMS system uses a different calculation than the prior system did, which results in lower OCI scores. The City has chosen not to adjust the quality conditions or minimum standards as defined above since the new OCI calculation in combination with the existing defined standards provides a more conservative benchmark for assessment of the overall condition of the pavement network. Additionally, in 2018 the City revised the street functional classification in use to more closely align with the Kentucky Transportation Cabinet system. This also resulted in a negative net impact to the overall network OCI scores.

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:

<u>Fiscal Year</u>	<u>Estimated Spending</u>	<u>Actual Spending</u>
2018-2019	\$ 2,000,000	\$ -
2017-2018	\$ 2,350,000	\$ 2,390,174
2016-2017	\$ 2,000,000	\$ 2,696,980
2015-2016	\$ 1,300,000	\$ 886,796
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

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, setting, and spalling.

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Modified Approach for City Streets Infrastructure Capital Assets (Continued)
Year Ended June 30, 2018

These assessments were conducted on the entire sidewalk network on a three-year cycle. The most recent assessment was completed in the Spring of 2016.

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.

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 86.2% of city-maintained sidewalks had an OCI value greater than or equal to the minimum rating of 76.0 as of June 30, 2018.

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:

<u>Fiscal Year</u>	<u>Estimated Spending</u>	<u>Actual Spending</u>
2018-2019	\$ 100,000	\$ -
2017-2018	\$ 100,000	\$ 20,130
2016-2017	\$ 100,000	\$ 94,463
2015-2016	\$ 100,000	\$ 249,176
2014-2015	\$ 100,000	\$ 215,000
2013-2014	\$ 100,000	\$ 10,000
2012-2013	\$ 100,000	\$ 41,000
2011-2012	\$ 10,000	\$ 41,000
2010-2011	\$ 100,000	\$ 133,000
2009-2010	\$ 100,000	\$ -

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.

See accompanying independent auditor's report.

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 Operating 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.

See accompanying independent auditor's report.

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.

Greenways/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.

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 expenditures 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.

Downtown Development Fund

This fund is used to account for the costs associated with the improvement of the Downtown Bowling Green area. Funding is made available through subsidies from the General Fund.

Fire Capital Improvements Fund

This fund is used to account for expenditures and revenues associated with the planning, design, and construction or procurement of Fire Department capital projects and equipment. These projects are funded by the General Fund, Fire Improvement Fund, and through capital financing as necessary.

See accompanying independent auditor's report.

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

TIF District

This fund is used to account for debt service payments for the General Bond Obligation Bond originally issued to provide 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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund - TIF District	Nonmajor Permanent Fund- Cemetery Perpetual	Total Nonmajor Governmental Funds
ASSETS					
Pooled cash and cash equivalents	\$ 8,684,116	\$ 17,028,780	\$ 3,691,837	\$ 93,478	\$ 29,498,211
Non-pooled cash and cash equivalents	1,300,391	-	-	-	1,300,391
Investments	3,038,091	2,996,928	-	1,025,832	7,060,851
Receivables (net of allowances for uncollectibles):					
Accounts receivable	19,819	-	-	-	19,819
Interest receivable	5,925	486	-	3,157	9,568
Due from other governmental units	490,045	3,174	-	-	493,219
Prepaid items	246,130	-	-	-	246,130
Total assets	<u>\$ 13,784,517</u>	<u>\$ 20,029,368</u>	<u>\$ 3,691,837</u>	<u>\$ 1,122,467</u>	<u>\$ 38,628,189</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Vouchers and accounts payable	\$ 442,020	\$ 535,230	\$ -	\$ -	\$ 977,250
Accrued payroll	8,509	-	-	-	8,509
Other current liabilities	43	-	-	-	43
Total liabilities	<u>450,572</u>	<u>535,230</u>	<u>-</u>	<u>-</u>	<u>985,802</u>
Fund balances					
Restricted	4,237,546	116,667	-	1,025,832	5,380,045
Committed	7,061,226	-	-	-	7,061,226
Assigned	2,035,173	19,377,471	3,691,837	96,635	25,201,116
Total fund balances	<u>13,333,945</u>	<u>19,494,138</u>	<u>3,691,837</u>	<u>1,122,467</u>	<u>37,642,387</u>
Total liabilities and fund balances	<u>\$ 13,784,517</u>	<u>\$ 20,029,368</u>	<u>\$ 3,691,837</u>	<u>\$ 1,122,467</u>	<u>\$ 38,628,189</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2018

	Community Development	Fire Improvement	Municipal Aid	Job Development Incentive	Parks Development	Landfill Closure
ASSETS						
Pooled cash and cash equivalents	\$ -	\$ 2,088,729	\$ 3,564,089	\$ 2,137,177	\$ 1,908	\$ 172,806
Non-pooled cash and cash equivalents	1,113,506	186,885	-	-	-	-
Investments	510,303	33,168	1,067,995	486,394	-	940,231
Receivables (net of allowances for uncollectibles):						
Accounts receivable	15,169	-	-	-	-	-
Interest receivable	5,900	8	1	1	-	15
Due from other governmental units	52,139	-	424,151	-	-	-
Prepaid items	246,130	-	-	-	-	-
Total assets	<u>\$ 1,943,147</u>	<u>\$ 2,308,790</u>	<u>\$ 5,056,236</u>	<u>\$ 2,623,572</u>	<u>\$ 1,908</u>	<u>\$ 1,113,052</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Vouchers and accounts payable	\$ 36,044	\$ 7,273	\$ 396,136	\$ 500	\$ 1,908	\$ 159
Accrued payroll	5,610	-	2,899	-	-	-
Other current liabilities	-	-	43	-	-	-
Total liabilities	<u>41,654</u>	<u>7,273</u>	<u>399,078</u>	<u>500</u>	<u>1,908</u>	<u>159</u>
Fund balances						
Restricted	1,228,931	13,844	2,509,682	-	-	-
Committed	672,562	2,287,673	112,303	2,623,072	-	1,112,893
Assigned	-	-	2,035,173	-	-	-
Total fund balances	<u>1,901,493</u>	<u>2,301,517</u>	<u>4,657,158</u>	<u>2,623,072</u>	<u>-</u>	<u>1,112,893</u>
Total liabilities and fund balances	<u>\$ 1,943,147</u>	<u>\$ 2,308,790</u>	<u>\$ 5,056,236</u>	<u>\$ 2,623,572</u>	<u>\$ 1,908</u>	<u>\$ 1,113,052</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Balance Sheet - Nonmajor Special Revenue Funds (Continued)
June 30, 2018

	Local Law Enforcement Block Grant	Trunking Operation	Police Improvement	Lampkin Park Trust	Homeland Security	Total Nonmajor Special Revenue Funds
ASSETS						
Pooled cash and cash equivalents	\$ -	\$ 421,388	\$ 238,968	\$ 59,051	\$ -	\$ 8,684,116
Non-pooled cash and cash equivalents	-	-	-	-	-	1,300,391
Investments	-	-	-	-	-	3,038,091
Receivables (net of allowances for uncollectibles):						
Accounts receivable	-	4,650	-	-	-	19,819
Interest receivable	-	-	-	-	-	5,925
Due from other governmental units	-	-	13,755	-	-	490,045
Prepaid items	-	-	-	-	-	246,130
Total assets	<u>\$ -</u>	<u>\$ 426,038</u>	<u>\$ 252,723</u>	<u>\$ 59,051</u>	<u>\$ -</u>	<u>\$ 13,784,517</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Vouchers and accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 442,020
Accrued payroll	-	-	-	-	-	8,509
Other current liabilities	-	-	-	-	-	43
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,572</u>
Fund balances						
Restricted	-	426,038	-	59,051	-	4,237,546
Committed	-	-	252,723	-	-	7,061,226
Assigned	-	-	-	-	-	2,035,173
Total fund balances	<u>-</u>	<u>426,038</u>	<u>252,723</u>	<u>59,051</u>	<u>-</u>	<u>13,333,945</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 426,038</u>	<u>\$ 252,723</u>	<u>\$ 59,051</u>	<u>\$ -</u>	<u>\$ 13,784,517</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Balance Sheet - Nonmajor Capital Projects Funds
June 30, 2018

	<u>Riverfront Development</u>	<u>Equipment Replacement</u>	<u>Road Construction</u>	<u>Fire Capital Improvements</u>	<u>Heritage Trail Construction</u>	<u>Sidewalk Improvement</u>	<u>Stormwater Infrastructure Improvement</u>
ASSETS							
Pooled cash and cash equivalents	\$ 833,043	\$ 1,854,879	\$ 1,788,208	\$ -	\$ 196,701	\$ 518,682	\$ 803,918
Investments	-	-	2,996,928	-	-	-	-
Interest receivable	-	-	486	-	-	-	-
Due from other governmental units	3,174	-	-	-	-	-	-
Total assets	<u>\$ 836,217</u>	<u>\$ 1,854,879</u>	<u>\$ 4,785,622</u>	<u>\$ -</u>	<u>\$ 196,701</u>	<u>\$ 518,682</u>	<u>\$ 803,918</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Vouchers and accounts payable	\$ -	\$ 146,580	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>146,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Restricted	-	-	-	-	116,667	-	-
Assigned	836,217	1,708,299	4,785,622	-	80,034	518,682	803,918
Total fund balances	<u>836,217</u>	<u>1,708,299</u>	<u>4,785,622</u>	<u>-</u>	<u>196,701</u>	<u>518,682</u>	<u>803,918</u>
Total liabilities and fund balances	<u>\$ 836,217</u>	<u>\$ 1,854,879</u>	<u>\$ 4,785,622</u>	<u>\$ -</u>	<u>\$ 196,701</u>	<u>\$ 518,682</u>	<u>\$ 803,918</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Balance Sheet - Nonmajor Capital Projects Funds (Continued)
June 30, 2018

	<u>Municipal Facilities</u>	<u>Technology Capital Improvement</u>	<u>Smallhouse Road Construction</u>	<u>Parks Capital Improvements</u>	<u>800 Trunking Radio Systems Improvements</u>	<u>Downtown Development</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS							
Pooled cash and cash equivalents	\$ 1,703,224	\$ 1,797,517	\$ 1,180,046	\$ 2,928,940	\$ 890,497	\$ 2,533,125	\$ 17,028,780
Investments	-	-	-	-	-	-	2,996,928
Interest receivable	-	-	-	-	-	-	486
Due from other governmental units	-	-	-	-	-	-	3,174
Total assets	<u>\$ 1,703,224</u>	<u>\$ 1,797,517</u>	<u>\$ 1,180,046</u>	<u>\$ 2,928,940</u>	<u>\$ 890,497</u>	<u>\$ 2,533,125</u>	<u>\$ 20,029,368</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Vouchers and accounts payable	\$ -	\$ 18,523	\$ -	\$ 370,127	\$ -	\$ -	\$ 535,230
Total liabilities	<u>-</u>	<u>18,523</u>	<u>-</u>	<u>370,127</u>	<u>-</u>	<u>-</u>	<u>535,230</u>
FUND BALANCES							
Restricted	-	-	-	-	-	-	116,667
Assigned	1,703,224	1,778,994	1,180,046	2,558,813	890,497	2,533,125	19,377,471
Total fund balances	<u>1,703,224</u>	<u>1,778,994</u>	<u>1,180,046</u>	<u>2,558,813</u>	<u>890,497</u>	<u>2,533,125</u>	<u>19,494,138</u>
Total liabilities and fund balances	<u>\$ 1,703,224</u>	<u>\$ 1,797,517</u>	<u>\$ 1,180,046</u>	<u>\$ 2,928,940</u>	<u>\$ 890,497</u>	<u>\$ 2,533,125</u>	<u>\$ 20,029,368</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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund - TIF District	Nonmajor Permanent Fund- Cemetery Perpetual	Total Nonmajor Governmental Funds
REVENUES					
Property taxes	\$ 732,779	\$ -	\$ -	\$ -	\$ 732,779
Insurance premium taxes	2,334,737	-	-	-	2,334,737
Wages and net profits taxes	3,241,070	-	-	-	3,241,070
Judgements and settlements	20,109	-	-	-	20,109
Intergovernmental	8,164,573	8,473	-	-	8,173,046
Investment income	24,109	(2,586)	-	21,794	43,317
Charges for services	78,081	-	-	-	78,081
Contributions and donations	130,739	293,103	192,858	-	616,700
Miscellaneous	391,032	-	-	27,834	418,866
Total revenues	15,117,229	298,990	192,858	49,628	15,658,705
EXPENDITURES					
Current:					
General government	39	714,599	-	-	714,638
Public safety	2,092,346	154,163	-	-	2,246,509
Public works	3,510,885	404,317	-	-	3,915,202
Parks and recreation	-	312,869	-	-	312,869
Neighborhood and community services	3,643,504	23,169	-	-	3,666,673
Capital outlay	921,895	13,564,343	-	-	14,486,238
Debt service:					
Principal	-	-	685,000	-	685,000
Interest	-	-	765,563	-	765,563
Total expenditures	10,168,669	15,173,460	1,450,563	-	26,792,692
Excess (deficiency) of revenues over (under) expenditures	4,948,560	(14,874,470)	(1,257,705)	49,628	(11,133,987)
Other financing sources (uses):					
Proceeds from sale of capital assets	5,231	-	-	-	5,231
Transfers in	1,478,890	9,392,800	1,450,500	-	12,322,190
Transfers out	(4,037,118)	-	-	-	(4,037,118)
Proceeds from capital lease	-	3,531,021	-	-	3,531,021
Total other financing sources (uses)	(2,552,997)	12,923,821	1,450,500	-	11,821,324
Net change in fund balances	2,395,563	(1,950,649)	192,795	49,628	687,337
Fund balances, beginning	10,938,382	21,444,787	3,499,042	1,072,839	36,955,050
Fund balances, ending	\$ 13,333,945	\$ 19,494,138	\$ 3,691,837	\$ 1,122,467	\$ 37,642,387

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, 2018

	Community Development	Fire Improvement	Municipal Aid	Job Development Incentive	Parks Development	Landfill Closure
REVENUES						
Property taxes	\$ -	\$ -	\$ 200,000	\$ 79,171	\$ 453,608	\$ -
Insurance premium taxes	-	2,334,737	-	-	-	-
Wages and net profits taxes	-	-	-	1,867,178	1,373,892	-
Judgements and settlements	-	20,109	-	-	-	-
Intergovernmental	4,047,593	-	4,093,354	-	-	-
Investment income	9,046	910	12,766	-	-	1,387
Charges for services	-	-	1,981	-	-	-
Contributions and donations	-	50	-	-	-	-
Miscellaneous	323,392	-	67,640	-	-	-
Total revenues	4,380,031	2,355,806	4,375,741	1,946,349	1,827,500	1,387
EXPENDITURES						
Current:						
General government	-	-	-	39	-	-
Public safety	-	460,276	1,600,026	-	-	-
Public works	-	-	3,463,223	-	-	47,662
Neighborhood and community services	3,558,155	-	-	85,349	-	-
Capital outlay	575,783	279,573	66,539	-	-	-
Total expenditures	4,133,938	739,849	5,129,788	85,388	-	47,662
Excess (deficiency) of revenues over (under) expenditures	246,093	1,615,957	(754,047)	1,860,961	1,827,500	(46,275)
Other financing sources (uses):						
Transfers in	-	-	1,378,890	-	-	-
Transfers out	-	(1,404,952)	-	(804,666)	(1,827,500)	-
Proceeds from sale of capital assets	51	5,180	-	-	-	-
Total other financing sources (uses)	51	(1,399,772)	1,378,890	(804,666)	(1,827,500)	-
Net change in fund balances	246,144	216,185	624,843	1,056,295	-	(46,275)
Fund balances, beginning	1,655,349	2,085,332	4,032,315	1,566,777	-	1,159,168
Fund balances, ending	\$ 1,901,493	\$ 2,301,517	\$ 4,657,158	\$ 2,623,072	\$ -	\$ 1,112,893

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, 2018

	Local Law Enforcement Block Grant	Trunking Operation	Police Improvement	Lampkin Park Trust	Homeland Security	Total Nonmajor Special Revenue Funds
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	732,779
Insurance premium taxes	-	-	-	-	-	2,334,737
Wages and net profits taxes	-	-	-	-	-	3,241,070
Judgements and settlements	-	-	-	-	-	20,109
Intergovernmental	3,026	-	-	-	20,600	8,164,573
Investment income	-	-	-	-	-	24,109
Charges for services	-	-	76,100	-	-	78,081
Contributions and donations	-	122,409	-	8,280	-	130,739
Miscellaneous	-	-	-	-	-	391,032
Total revenues	3,026	122,409	76,100	8,280	20,600	15,117,229
EXPENDITURES						
Current:						
General government	-	-	-	-	-	39
Public safety	3,026	8,418	-	-	20,600	2,092,346
Public works	-	-	-	-	-	3,510,885
Neighborhood and community services	-	-	-	-	-	3,643,504
Capital outlay	-	-	-	-	-	921,895
Total expenditures	3,026	8,418	-	-	20,600	10,168,669
Excess (deficiency) of revenues over (under) expenditures	-	113,991	76,100	8,280	-	4,948,560
Other financing sources (uses):						
Transfers in	-	-	100,000	-	-	1,478,890
Transfers out	-	-	-	-	-	(4,037,118)
Proceeds from sale of capital assets	-	-	-	-	-	5,231
Total other financing sources (uses)	-	-	100,000	-	-	(2,552,997)
Net change in fund balances	-	113,991	176,100	8,280	-	2,395,563
Fund balances, beginning	-	312,047	76,623	50,771	-	10,938,382
Fund balances, ending	\$ -	\$ 426,038	\$ 252,723	\$ 59,051	\$ -	\$ 13,333,945

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds
Year Ended June 30, 2018

	Riverfront Development	Equipment Replacement	Road Construction	Fire Capital Improvements	Heritage Trail Construction	Sidewalk Improvement	Stormwater Infrastructure Improvement
REVENUES							
Intergovernmental	\$ 8,473	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	(2,586)	-	-	-	-
Contributions and donations	-	-	-	-	-	-	-
Total revenues	<u>8,473</u>	<u>-</u>	<u>(2,586)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	92,741	-	-	-	-	-
Public works	-	-	-	-	-	65,590	18,411
Parks and recreation	-	-	-	-	-	-	-
Neighborhood and community services	10,591	-	-	-	-	-	-
Capital outlay	-	1,084,128	-	3,651,021	-	609,290	1,194,787
Total expenditures	<u>10,591</u>	<u>1,176,869</u>	<u>-</u>	<u>3,651,021</u>	<u>-</u>	<u>674,880</u>	<u>1,213,198</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,118)</u>	<u>(1,176,869)</u>	<u>(2,586)</u>	<u>(3,651,021)</u>	<u>-</u>	<u>(674,880)</u>	<u>(1,213,198)</u>
Other financing sources (uses):							
Transfers in	625,000	1,225,000	600,000	120,000	-	500,000	500,000
Proceeds from capital lease	-	-	-	3,531,021	-	-	-
Total other financing sources (uses)	<u>625,000</u>	<u>1,225,000</u>	<u>600,000</u>	<u>3,651,021</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Net change in fund balances	622,882	48,131	597,414	-	-	(174,880)	(713,198)
Fund balances, beginning	<u>213,335</u>	<u>1,660,168</u>	<u>4,188,208</u>	<u>-</u>	<u>196,701</u>	<u>693,562</u>	<u>1,517,116</u>
Fund balances, ending	<u>\$ 836,217</u>	<u>\$ 1,708,299</u>	<u>\$ 4,785,622</u>	<u>\$ -</u>	<u>\$ 196,701</u>	<u>\$ 518,682</u>	<u>\$ 803,918</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds (Continued)
Year Ended June 30, 2018

	Municipal Facilities	Technology Capital Improvement	Smallhouse Road Construction	Parks Capital Improvements	800 Trunking Radio Systems Improvements	Downtown Development	Total Nonmajor Capital Projects Funds
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,473
Investment income	-	-	-	-	-	-	(2,586)
Contributions and donations	-	-	-	-	293,103	-	293,103
Total revenues	-	-	-	-	293,103	-	298,990
EXPENDITURES							
Current:							
General government	-	714,599	-	-	-	-	714,599
Public safety	-	-	-	-	61,422	-	154,163
Public works	-	-	91,827	-	-	228,489	404,317
Parks and recreation	-	-	-	303,398	-	9,471	312,869
Neighborhood and community services	-	-	-	-	-	12,578	23,169
Capital outlay	41,063	338,016	1,321,631	4,220,910	563,660	539,837	13,564,343
Total expenditures	41,063	1,052,615	1,413,458	4,524,308	625,082	790,375	15,173,460
Excess (deficiency) of revenues over (under) expenditures	(41,063)	(1,052,615)	(1,413,458)	(4,524,308)	(331,979)	(790,375)	(14,874,470)
Other financing sources (uses):							
Transfers in	100,000	600,000	1,250,000	1,650,000	322,800	1,900,000	9,392,800
Proceeds from capital lease	-	-	-	-	-	-	3,531,021
Total other financing sources (uses)	100,000	600,000	1,250,000	1,650,000	322,800	1,900,000	12,923,821
Net change in fund balances	58,937	(452,615)	(163,458)	(2,874,308)	(9,179)	1,109,625	(1,950,649)
Fund balances, beginning	1,644,287	2,231,609	1,343,504	5,433,121	899,676	1,423,500	21,444,787
Fund balances, ending	\$ 1,703,224	\$ 1,778,994	\$ 1,180,046	\$ 2,558,813	\$ 890,497	\$ 2,533,125	\$ 19,494,138

See accompanying independent auditor's report

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Debt Service Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt service				
Principal	\$ 4,163,900	\$ 4,164,709	\$ 4,119,543	\$ 45,166
Interest	900,100	899,291	886,101	13,190
Total expenditures	<u>5,064,000</u>	<u>5,064,000</u>	<u>5,005,644</u>	<u>58,356</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,064,000)</u>	<u>(5,064,000)</u>	<u>(5,005,644)</u>	<u>58,356</u>
Other financing sources (uses)				
Transfers in	<u>5,064,000</u>	<u>5,064,000</u>	<u>5,005,644</u>	<u>(58,356)</u>
Total other financing sources (uses)	<u>5,064,000</u>	<u>5,064,000</u>	<u>5,005,644</u>	<u>(58,356)</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
 WKU Athletics Debt Service Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 2,816,500	\$ 2,816,500	\$ 2,816,155	\$ (345)
Total revenues	<u>2,816,500</u>	<u>2,816,500</u>	<u>2,816,155</u>	<u>(345)</u>
EXPENDITURES				
Debt service				
Principal	2,045,000	2,045,000	2,045,000	-
Interest	771,500	771,500	771,155	345
Total expenditures	<u>2,816,500</u>	<u>2,816,500</u>	<u>2,816,155</u>	<u>345</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
 ITA Bond Debt Service Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Rent income	-	1,026,513	1,026,513	-
Miscellaneous	1,110,500	1,110,500	947,023	(163,477)
Total revenues	<u>1,135,500</u>	<u>2,162,013</u>	<u>1,973,536</u>	<u>(188,477)</u>
EXPENDITURES				
Current:				
Agency services	225,000	225,000	223,264	1,736
Debt service				
Principal	1,665,000	2,691,513	2,520,000	171,513
Interest	331,000	331,000	313,505	17,495
Total expenditures	<u>2,221,000</u>	<u>3,247,513</u>	<u>3,056,769</u>	<u>190,744</u>
Excess (deficiency) of revenues over (under) expenses	<u>(1,085,500)</u>	<u>(1,085,500)</u>	<u>(1,083,233)</u>	<u>2,267</u>
Other financing sources (uses)				
Transfers in	<u>1,110,500</u>	<u>1,110,500</u>	<u>1,110,500</u>	<u>-</u>
Total other financing sources (uses)	<u>1,110,500</u>	<u>1,110,500</u>	<u>1,110,500</u>	<u>-</u>
Net change in fund balances	25,000	25,000	27,267	2,267
Fund balances, beginning	<u>1,595,428</u>	<u>1,595,428</u>	<u>1,595,428</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,620,428</u>	<u>\$ 1,620,428</u>	<u>\$ 1,622,695</u>	<u>\$ 2,267</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 TIF District Debt Service Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Contributions and donations	\$ 265,000	\$ 265,000	\$ 192,858	\$ (72,142)
Total revenues	<u>265,000</u>	<u>265,000</u>	<u>192,858</u>	<u>(72,142)</u>
EXPENDITURES				
Debt service				
Principal	685,000	685,000	685,000	-
Interest	765,500	765,563	765,563	-
Total expenditures	<u>1,450,500</u>	<u>1,450,563</u>	<u>1,450,563</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenses	<u>(1,185,500)</u>	<u>(1,185,563)</u>	<u>(1,257,705)</u>	<u>(72,142)</u>
Other financing sources (uses)				
Transfers in	1,450,500	1,450,500	1,450,500	-
Total other financing sources (uses)	<u>1,450,500</u>	<u>1,450,500</u>	<u>1,450,500</u>	<u>-</u>
Net change in fund balances	265,000	264,937	192,795	(72,142)
Fund balances, beginning	<u>3,499,042</u>	<u>3,499,042</u>	<u>3,499,042</u>	<u>-</u>
Fund balances, ending	<u>\$ 3,764,042</u>	<u>\$ 3,763,979</u>	<u>\$ 3,691,837</u>	<u>\$ (72,142)</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Community Development Special Revenue Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget - Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 3,590,000	\$ 4,712,154	\$ 4,047,593	\$ (664,561)
Investment income	5,000	5,000	9,046	4,046
Miscellaneous	80,000	80,000	323,392	243,392
Total revenues	<u>3,675,000</u>	<u>4,797,154</u>	<u>4,380,031</u>	<u>(417,123)</u>
EXPENDITURES				
Current:				
Neighborhood and community services	3,245,000	3,692,386	3,558,155	134,231
Capital outlay	425,000	984,255	575,783	408,472
Total expenditures	<u>3,670,000</u>	<u>4,676,641</u>	<u>4,133,938</u>	<u>542,703</u>
Excess (deficiency) of revenues over (under) expenses	<u>5,000</u>	<u>120,513</u>	<u>246,093</u>	<u>125,580</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	51	51
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>51</u>	<u>51</u>
Net change in fund balances	5,000	120,513	246,144	125,631
Fund balances, beginning	<u>1,655,349</u>	<u>1,655,349</u>	<u>1,655,349</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,660,349</u>	<u>\$ 1,775,862</u>	<u>\$ 1,901,493</u>	<u>\$ 125,631</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Fire Improvement Special Revenue Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget - Positive (Negative)</u>
REVENUES				
Insurance premium taxes	\$ 2,185,000	\$ 2,185,000	\$ 2,334,737	\$ 149,737
Judgements and settlements	13,500	13,500	20,109	6,609
Investment income	700	700	910	210
Contributions and donations	-	-	50	50
Total revenues	<u>2,199,200</u>	<u>2,199,200</u>	<u>2,355,806</u>	<u>156,606</u>
EXPENDITURES				
Current:				
Public safety	494,312	510,434	460,276	50,158
Capital outlay	4,956,300	5,011,929	279,573	4,732,356
Total expenditures	<u>5,450,612</u>	<u>5,522,363</u>	<u>739,849</u>	<u>4,782,514</u>
Excess (deficiency) of revenues over (under) expenses	<u>(3,251,412)</u>	<u>(3,323,163)</u>	<u>1,615,957</u>	<u>4,939,120</u>
Other financing sources (uses)				
Transfers out	(1,286,000)	(1,406,000)	(1,404,952)	1,048
Proceeds from capital lease	3,050,000	3,050,000	-	(3,050,000)
Proceeds from sale of capital assets	-	-	5,180	5,180
Total other financing sources (uses)	<u>1,764,000</u>	<u>1,644,000</u>	<u>(1,399,772)</u>	<u>(3,043,772)</u>
Net change in fund balances	<u>(1,487,412)</u>	<u>(1,679,163)</u>	<u>216,185</u>	<u>1,895,348</u>
Fund balances, beginning	<u>2,085,332</u>	<u>2,085,332</u>	<u>2,085,332</u>	<u>-</u>
Fund balances, ending	<u>\$ 597,920</u>	<u>\$ 406,169</u>	<u>\$ 2,301,517</u>	<u>\$ 1,895,348</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Municipal Aid Special Revenue Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$ 185,000	\$ 185,000	\$ 200,000	\$ 15,000
Intergovernmental	4,333,832	6,031,791	4,093,354	(1,938,437)
Investment income	40,750	40,750	12,766	(27,984)
Charges for services	12,000	12,000	1,981	(10,019)
Contributions and donations	-	3,000	-	(3,000)
Miscellaneous	72,000	72,000	67,640	(4,360)
Total revenues	<u>4,643,582</u>	<u>6,344,541</u>	<u>4,375,741</u>	<u>(1,968,800)</u>
EXPENDITURES				
Current:				
Public safety	2,282,710	2,084,718	1,600,026	484,692
Public works	3,783,000	4,930,544	3,463,223	1,467,321
Agency services	-	387,289	-	387,289
Capital outlay	-	66,539	66,539	-
Total expenditures	<u>6,065,710</u>	<u>7,469,090</u>	<u>5,129,788</u>	<u>2,339,302</u>
Excess (deficiency) of revenues over (under) expenses	<u>(1,422,128)</u>	<u>(1,124,549)</u>	<u>(754,047)</u>	<u>370,502</u>
Other financing sources (uses)				
Transfers in	<u>1,380,956</u>	<u>1,380,956</u>	<u>1,378,890</u>	<u>(2,066)</u>
Total other financing sources (uses)	<u>1,380,956</u>	<u>1,380,956</u>	<u>1,378,890</u>	<u>(2,066)</u>
Net change in fund balances	(41,172)	256,407	624,843	368,436
Fund balances, beginning	<u>4,032,315</u>	<u>4,032,315</u>	<u>4,032,315</u>	<u>-</u>
Fund balances, ending	<u>\$ 3,991,143</u>	<u>\$ 4,288,722</u>	<u>\$ 4,657,158</u>	<u>\$ 368,436</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, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$ 78,000	\$ 78,000	\$ 79,171	\$ 1,171
Wages and net profits taxes	1,400,000	1,400,000	1,867,178	467,178
Total revenues	<u>1,478,000</u>	<u>1,478,000</u>	<u>1,946,349</u>	<u>468,349</u>
EXPENDITURES				
Current:				
General government	11,160	10,960	39	10,921
Neighborhood and community services	103,775	103,775	85,349	18,426
Total expenditures	<u>114,935</u>	<u>114,735</u>	<u>85,388</u>	<u>29,347</u>
Excess (deficiency) of revenues over (under) expenses	<u>1,363,065</u>	<u>1,363,265</u>	<u>1,860,961</u>	<u>497,696</u>
Other financing sources (uses)				
Transfers out	<u>(804,500)</u>	<u>(804,700)</u>	<u>(804,666)</u>	<u>34</u>
Total other financing sources (uses)	<u>(804,500)</u>	<u>(804,700)</u>	<u>(804,666)</u>	<u>34</u>
Net change in fund balances	558,565	558,565	1,056,295	497,730
Fund balances, beginning	<u>1,566,777</u>	<u>1,566,777</u>	<u>1,566,777</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,125,342</u>	<u>\$ 2,125,342</u>	<u>\$ 2,623,072</u>	<u>\$ 497,730</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Parks Development Special Revenue Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget - Positive (Negative)</u>
REVENUES				
Property taxes	\$ 485,250	\$ 485,250	\$ 453,608	\$ (31,642)
Wages and net profits taxes	1,408,000	1,408,000	1,373,892	(34,108)
Total revenues	<u>1,893,250</u>	<u>1,893,250</u>	<u>1,827,500</u>	<u>(65,750)</u>
Excess (deficiency) of revenues over (under) expenses	<u>1,893,250</u>	<u>1,893,250</u>	<u>1,827,500</u>	<u>(65,750)</u>
Other financing sources (uses)				
Transfers out	<u>(1,893,250)</u>	<u>(1,893,250)</u>	<u>(1,827,500)</u>	<u>65,750</u>
Total other financing sources (uses)	<u>(1,893,250)</u>	<u>(1,893,250)</u>	<u>(1,827,500)</u>	<u>65,750</u>
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, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Investment income	\$ 19,500	\$ 19,500	\$ 1,387	\$ (18,113)
Total revenues	<u>19,500</u>	<u>19,500</u>	<u>1,387</u>	<u>(18,113)</u>
EXPENDITURES				
Current:				
Public works	236,195	329,084	47,662	281,422
Total expenditures	<u>236,195</u>	<u>329,084</u>	<u>47,662</u>	<u>281,422</u>
Excess (deficiency) of revenues over (under) expenses	<u>(216,695)</u>	<u>(309,584)</u>	<u>(46,275)</u>	<u>263,309</u>
Net change in fund balances	(216,695)	(309,584)	(46,275)	263,309
Fund balances, beginning	<u>1,159,168</u>	<u>1,159,168</u>	<u>1,159,168</u>	<u>-</u>
Fund balances, ending	<u>\$ 942,473</u>	<u>\$ 849,584</u>	<u>\$ 1,112,893</u>	<u>\$ 263,309</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, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ -	\$ 3,893	\$ 3,026	\$ (867)
Total revenues	<u>-</u>	<u>3,893</u>	<u>3,026</u>	<u>(867)</u>
EXPENDITURES				
Current:				
Public safety	-	3,893	3,026	867
Total expenditures	<u>-</u>	<u>3,893</u>	<u>3,026</u>	<u>867</u>
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
 Trunking Operation Special Revenue Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget - Positive (Negative)</u>
REVENUES				
Contributions and donations	\$ 110,400	\$ 110,400	\$ 122,409	\$ 12,009
Total revenues	<u>110,400</u>	<u>110,400</u>	<u>122,409</u>	<u>12,009</u>
EXPENDITURES				
Current:				
Public safety	62,000	62,000	8,418	53,582
Total expenditures	<u>62,000</u>	<u>62,000</u>	<u>8,418</u>	<u>53,582</u>
Excess (deficiency) of revenues over (under) expenses	<u>48,400</u>	<u>48,400</u>	<u>113,991</u>	<u>65,591</u>
Net change in fund balances	48,400	48,400	113,991	65,591
Fund balances, beginning	<u>312,047</u>	<u>312,047</u>	<u>312,047</u>	<u>-</u>
Fund balances, ending	<u>\$ 360,447</u>	<u>\$ 360,447</u>	<u>\$ 426,038</u>	<u>\$ 65,591</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Police Improvement Special Revenue Fund
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Charges for services	\$ 97,000	\$ 97,000	\$ 76,100	\$ (20,900)
Total revenues	<u>97,000</u>	<u>97,000</u>	<u>76,100</u>	<u>(20,900)</u>
Excess (deficiency) of revenues over (under) expenses	<u>97,000</u>	<u>97,000</u>	<u>76,100</u>	<u>(20,900)</u>
Other financing sources (uses)				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balances	197,000	197,000	176,100	(20,900)
Fund balances, beginning	<u>76,623</u>	<u>76,623</u>	<u>76,623</u>	<u>-</u>
Fund balances, ending	<u>\$ 273,623</u>	<u>\$ 273,623</u>	<u>\$ 252,723</u>	<u>\$ (20,900)</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Lampkin Park Trust Special Revenue Fund
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Contributions and donations	\$ 6,000	\$ 6,000	\$ 8,280	\$ 2,280
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>8,280</u>	<u>2,280</u>
Excess (deficiency) of revenues over (under) expenses	<u>6,000</u>	<u>6,000</u>	<u>8,280</u>	<u>2,280</u>
Net change in fund balances	6,000	6,000	8,280	2,280
Fund balances, beginning	<u>50,771</u>	<u>50,771</u>	<u>50,771</u>	<u>-</u>
Fund balances, ending	<u>\$ 56,771</u>	<u>\$ 56,771</u>	<u>\$ 59,051</u>	<u>\$ 2,280</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Homeland Security Special Revenue Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ -	\$ 36,200	\$ 20,600	\$ (15,600)
Total revenues	<u>-</u>	<u>36,200</u>	<u>20,600</u>	<u>(15,600)</u>
EXPENDITURES				
Current:				
Public safety	-	20,600	20,600	-
Total expenditures	<u>-</u>	<u>20,600</u>	<u>20,600</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenses	<u>-</u>	<u>15,600</u>	<u>-</u>	<u>(15,600)</u>
Net change in fund balances	-	15,600	-	(15,600)
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ 15,600</u>	<u>\$ -</u>	<u>\$ (15,600)</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Riverfront Development Capital Projects Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ -	\$ 666,362	\$ 8,473	\$ (657,889)
Total revenues	<u>-</u>	<u>666,362</u>	<u>8,473</u>	<u>(657,889)</u>
EXPENDITURES				
Current:				
Neighborhood and community services	-	136,627	10,591	126,036
Capital outlay	-	800,620	-	800,620
Total expenditures	<u>-</u>	<u>937,247</u>	<u>10,591</u>	<u>926,656</u>
Excess (deficiency) of revenues over (under) expenses	<u>-</u>	<u>(270,885)</u>	<u>(2,118)</u>	<u>268,767</u>
Other financing sources (uses)				
Transfers in	-	625,000	625,000	-
Total other financing sources (uses)	<u>-</u>	<u>625,000</u>	<u>625,000</u>	<u>-</u>
Net change in fund balances	-	354,115	622,882	268,767
Fund balances, beginning	<u>213,335</u>	<u>213,335</u>	<u>213,335</u>	<u>-</u>
Fund balances, ending	<u>\$ 213,335</u>	<u>\$ 567,450</u>	<u>\$ 836,217</u>	<u>\$ 268,767</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Equipment Replacement Capital Projects Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget - Positive (Negative)</u>
EXPENDITURES				
Current:				
Public safety	\$ 180,000	\$ 180,000	\$ 92,741	\$ 87,259
Parks and recreation	-	173,937	-	173,937
Capital outlay	1,351,000	1,202,637	1,084,128	118,509
Total expenditures	<u>1,531,000</u>	<u>1,556,574</u>	<u>1,176,869</u>	<u>379,705</u>
Excess (deficiency) of revenues over (under) expenses	<u>(1,531,000)</u>	<u>(1,556,574)</u>	<u>(1,176,869)</u>	<u>379,705</u>
Other financing sources (uses)				
Transfers in	1,225,000	1,225,000	1,225,000	-
Total other financing sources (uses)	<u>1,225,000</u>	<u>1,225,000</u>	<u>1,225,000</u>	<u>-</u>
Net change in fund balances	(306,000)	(331,574)	48,131	379,705
Fund balances, beginning	1,660,168	1,660,168	1,660,168	-
Fund balances, ending	<u>\$ 1,354,168</u>	<u>\$ 1,328,594</u>	<u>\$ 1,708,299</u>	<u>\$ 379,705</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Road Construction Capital Projects Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Investment income	\$ -	\$ -	\$ (2,586)	\$ (2,586)
Total revenues	<u>-</u>	<u>-</u>	<u>(2,586)</u>	<u>(2,586)</u>
Excess (deficiency) of revenues over (under) expenses	<u>-</u>	<u>-</u>	<u>(2,586)</u>	<u>(2,586)</u>
Other financing sources (uses)				
Transfers in	100,000	600,000	600,000	-
Total other financing sources (uses)	<u>100,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Net change in fund balances	100,000	600,000	597,414	(2,586)
Fund balances, beginning	<u>4,188,208</u>	<u>4,188,208</u>	<u>4,188,208</u>	<u>-</u>
Fund balances, ending	<u>\$ 4,288,208</u>	<u>\$ 4,788,208</u>	<u>\$ 4,785,622</u>	<u>\$ (2,586)</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, 2018

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
EXPENDITURES				
Capital outlay	\$ -	\$ 50,000	\$ -	\$ 50,000
Total expenditures	-	50,000	-	50,000
Excess (deficiency) of revenues over (under) expenses	-	(50,000)	-	50,000
Net change in fund balances	-	(50,000)	-	50,000
Fund balances, beginning	196,701	196,701	196,701	-
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, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES				
Current:				
Public works	\$ -	\$ 68,813	\$ 65,590	\$ 3,223
Capital outlay	500,000	674,264	609,290	64,974
Total expenditures	<u>500,000</u>	<u>743,077</u>	<u>674,880</u>	<u>68,197</u>
Excess (deficiency) of revenues over (under) expenses	<u>(500,000)</u>	<u>(743,077)</u>	<u>(674,880)</u>	<u>68,197</u>
Other financing sources (uses)				
Transfers in	500,000	500,000	500,000	-
Total other financing sources (uses)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net change in fund balances	-	(243,077)	(174,880)	68,197
Fund balances, beginning	693,562	693,562	693,562	-
Fund balances, ending	<u>\$ 693,562</u>	<u>\$ 450,485</u>	<u>\$ 518,682</u>	<u>\$ 68,197</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, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES				
Current:				
Public works	\$ -	\$ 49,604	\$ 18,411	\$ 31,193
Capital outlay	500,000	1,301,889	1,194,787	107,102
Total expenditures	<u>500,000</u>	<u>1,351,493</u>	<u>1,213,198</u>	<u>138,295</u>
Excess (deficiency) of revenues over (under) expenses	<u>(500,000)</u>	<u>(1,351,493)</u>	<u>(1,213,198)</u>	<u>138,295</u>
Other financing sources (uses)				
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total other financing sources (uses)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net change in fund balances	-	(851,493)	(713,198)	138,295
Fund balances, beginning	<u>1,517,116</u>	<u>1,517,116</u>	<u>1,517,116</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,517,116</u>	<u>\$ 665,623</u>	<u>\$ 803,918</u>	<u>\$ 138,295</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Municipal Facilities Capital Projects Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES				
Capital outlay	\$ -	\$ 643,966	\$ 41,063	\$ 602,903
Total expenditures	-	643,966	41,063	602,903
Excess (deficiency) of revenues over (under) expenses	-	(643,966)	(41,063)	602,903
Other financing sources (uses)				
Transfers in	100,000	100,000	100,000	-
Total other financing sources (uses)	100,000	100,000	100,000	-
Net change in fund balances	100,000	(543,966)	58,937	602,903
Fund balances, beginning	1,644,287	1,644,287	1,644,287	-
Fund balances, ending	<u>\$ 1,744,287</u>	<u>\$ 1,100,321</u>	<u>\$ 1,703,224</u>	<u>\$ 602,903</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Downtown Development Capital Projects Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget - Positive (Negative)</u>
EXPENDITURES				
Current:				
Public works	\$ -	\$ 228,489	\$ 228,489	\$ -
Parks and recreation	-	9,471	9,471	-
Neighborhood and community services	-	100,000	12,578	87,422
Capital outlay	1,200,000	2,239,029	539,837	1,699,192
Total expenditures	<u>1,200,000</u>	<u>2,576,989</u>	<u>790,375</u>	<u>1,786,614</u>
Excess (deficiency) of revenues over (under) expenses	<u>(1,200,000)</u>	<u>(2,576,989)</u>	<u>(790,375)</u>	<u>1,786,614</u>
Other financing sources (Uses)				
Transfers in	<u>1,200,000</u>	<u>1,900,000</u>	<u>1,900,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,200,000</u>	<u>1,900,000</u>	<u>1,900,000</u>	<u>-</u>
Net change in fund balances	-	(676,989)	1,109,625	1,786,614
Fund balances, beginning	<u>1,423,500</u>	<u>1,423,500</u>	<u>1,423,500</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,423,500</u>	<u>\$ 746,511</u>	<u>\$ 2,533,125</u>	<u>\$ 1,786,614</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 800 Trunking Radio Systems Improvements Capital Projects Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Contributions and donations	\$ -	\$ 266,711	\$ 293,103	\$ 26,392
Total revenues	-	266,711	293,103	26,392
EXPENDITURES				
Current:				
Public safety	-	62,000	61,422	578
Capital outlay	-	671,432	563,660	107,772
Total expenditures	-	733,432	625,082	108,350
Excess (deficiency) of revenues over (under) expenses	-	(466,721)	(331,979)	134,742
Other financing sources (uses)				
Transfers in	322,800	322,800	322,800	-
Total other financing sources (uses)	322,800	322,800	322,800	-
Net change in fund balances	322,800	(143,921)	(9,179)	134,742
Fund balances, beginning	899,676	899,676	899,676	-
Fund balances, ending	<u>\$ 1,222,476</u>	<u>\$ 755,755</u>	<u>\$ 890,497</u>	<u>\$ 134,742</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Technology Capital Improvement Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget - Positive (Negative)</u>
EXPENDITURES				
Current:				
General government	\$ 517,400	\$ 898,943	\$ 714,599	\$ 184,344
Capital outlay	310,000	339,000	338,016	984
Total expenditures	<u>827,400</u>	<u>1,237,943</u>	<u>1,052,615</u>	<u>185,328</u>
Excess (deficiency) of revenues over (under) expenses	<u>(827,400)</u>	<u>(1,237,943)</u>	<u>(1,052,615)</u>	<u>185,328</u>
Other financing sources (uses)				
Transfers in	<u>450,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Total other financing sources (uses)	<u>450,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Net change in fund balances	(377,400)	(637,943)	(452,615)	185,328
Fund balances, beginning	<u>2,231,609</u>	<u>2,231,609</u>	<u>2,231,609</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,854,209</u>	<u>\$ 1,593,666</u>	<u>\$ 1,778,994</u>	<u>\$ 185,328</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Smallhouse Road Construction Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget - Positive (Negative)</u>
EXPENDITURES				
Current:				
Public works	\$ -	\$ 138,743	\$ 91,827	\$ 46,916
Capital outlay	1,250,000	2,439,698	1,321,631	1,118,067
Total expenditures	<u>1,250,000</u>	<u>2,578,441</u>	<u>1,413,458</u>	<u>1,164,983</u>
Excess (deficiency) of revenues over (under) expenses	<u>(1,250,000)</u>	<u>(2,578,441)</u>	<u>(1,413,458)</u>	<u>1,164,983</u>
Other financing sources (uses)				
Transfers in	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>-</u>
Net change in fund balances	-	(1,328,441)	(163,458)	1,164,983
Fund balances, beginning	<u>1,343,504</u>	<u>1,343,504</u>	<u>1,343,504</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,343,504</u>	<u>\$ 15,063</u>	<u>\$ 1,180,046</u>	<u>\$ 1,164,983</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Parks Capital Improvements Fund
 Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES				
Current:				
Parks and recreation	\$ -	\$ 555,181	\$ 303,398	\$ 251,783
Capital outlay	<u>1,650,000</u>	<u>5,211,877</u>	<u>4,220,910</u>	<u>990,967</u>
Total expenditures	<u>1,650,000</u>	<u>5,767,058</u>	<u>4,524,308</u>	<u>1,242,750</u>
Excess (deficiency) of revenues over (under) expenses	<u>(1,650,000)</u>	<u>(5,767,058)</u>	<u>(4,524,308)</u>	<u>1,242,750</u>
Other financing sources (uses)				
Transfers in	<u>1,650,000</u>	<u>1,650,000</u>	<u>1,650,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,650,000</u>	<u>1,650,000</u>	<u>1,650,000</u>	<u>-</u>
Net change in fund balances	-	(4,117,058)	(2,874,308)	1,242,750
Fund balances, beginning	<u>5,433,121</u>	<u>5,433,121</u>	<u>5,433,121</u>	<u>-</u>
Fund balances, ending	<u>\$ 5,433,121</u>	<u>\$ 1,316,063</u>	<u>\$ 2,558,813</u>	<u>\$ 1,242,750</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Fire Capital Improvements Capital Projects Fund
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES				
Capital outlay	\$ -	\$ 3,651,021	\$ 3,651,021	\$ -
Total expenditures	-	3,651,021	3,651,021	-
Excess (deficiency) of revenues over (under) expenses	-	(3,651,021)	(3,651,021)	-
Other financing sources (Uses)				
Transfers in	-	120,000	120,000	-
Total other financing sources (uses)	-	120,000	120,000	-
Net change in fund balances	-	(3,531,021)	(3,531,021)	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ (3,531,021)	\$ (3,531,021)	\$ -

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 of 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 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, 2018

	Fleet Maintenance	Employee Health Care	Workers Compensation	Property and Casualty	Total Internal Service Funds
ASSETS					
Current assets					
Pooled cash and cash equivalents	\$ 754,893	\$ 1,547,026	\$ 460,781	\$ 988,472	\$ 3,751,172
Investments	-	882,045	1,158,639	-	2,040,684
Accounts receivable	34,524	-	-	-	34,524
Interest receivable	-	96	32	-	128
Inventories	257,426	-	-	-	257,426
Total current assets	<u>1,046,843</u>	<u>2,429,167</u>	<u>1,619,452</u>	<u>988,472</u>	<u>6,083,934</u>
Noncurrent assets					
Capital assets					
Buildings	250,810	198,701	-	-	449,511
Machinery and equipment	264,835	-	215,675	39,083	519,593
	515,645	198,701	215,675	39,083	969,104
Less: accumulated depreciation	<u>(351,896)</u>	<u>(12,419)</u>	<u>(57,863)</u>	<u>(3,011)</u>	<u>(425,189)</u>
Total capital assets, net of accumulated depreciation	<u>163,749</u>	<u>186,282</u>	<u>157,812</u>	<u>36,072</u>	<u>543,915</u>
Total noncurrent assets	<u>163,749</u>	<u>186,282</u>	<u>157,812</u>	<u>36,072</u>	<u>543,915</u>
Total assets	<u>\$ 1,210,592</u>	<u>\$ 2,615,449</u>	<u>\$ 1,777,264</u>	<u>\$ 1,024,544</u>	<u>\$ 6,627,849</u>
LIABILITIES					
Current liabilities					
Vouchers and accounts payable	\$ 52,282	\$ 28,862	\$ 32,268	\$ 6,190	\$ 119,602
Accrued payroll	11,851	-	852	291	12,994
Insurance claims payable	-	207,867	17,376	38,313	263,556
Current portion of compensated absences	16,894	-	-	-	16,894
Total current liabilities	<u>81,027</u>	<u>236,729</u>	<u>50,496</u>	<u>44,794</u>	<u>413,046</u>
Noncurrent liabilities					
Noncurrent portion of compensated absences	12,034	-	-	-	12,034
Total liabilities	<u>93,061</u>	<u>236,729</u>	<u>50,496</u>	<u>44,794</u>	<u>425,080</u>
NET POSITION					
Net invested in capital assets	163,749	186,282	157,812	36,072	543,915
Unrestricted	953,782	2,192,438	1,568,956	943,678	5,658,854
Total net position	<u>\$ 1,117,531</u>	<u>\$ 2,378,720</u>	<u>\$ 1,726,768</u>	<u>\$ 979,750</u>	<u>\$ 6,202,769</u>

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, 2018

	Fleet Maintenance	Employee Health Care	Workers Compensation	Property and Casualty	Total
OPERATING REVENUES					
Charges for services	\$ 2,023,368	\$ -	\$ -	\$ -	\$ 2,023,368
Insurance premiums	-	5,154,069	620,430	-	5,774,499
Judgements and settlements	9,833	-	-	156,273	166,106
Contributions and donations	-	-	3,000	-	3,000
Miscellaneous	621	-	-	-	621
Total operating revenues	<u>2,033,822</u>	<u>5,154,069</u>	<u>623,430</u>	<u>156,273</u>	<u>7,967,594</u>
OPERATING EXPENSES					
Personnel services	653,069	-	40,839	15,931	709,839
Contractual services	13,416	578,442	71,862	20,892	684,612
Supplies	948,870	63,441	56,317	15,094	1,083,722
Utilities	36,909	-	-	-	36,909
Repairs and maintenance	120,755	2,149	-	-	122,904
Insurance premiums and claims	-	5,536,219	284,004	997,792	6,818,015
Depreciation	14,980	4,967	20,980	2,531	43,458
Miscellaneous	18,536	-	4,309	1,024	23,869
Total operating expenses	<u>1,806,535</u>	<u>6,185,218</u>	<u>478,311</u>	<u>1,053,264</u>	<u>9,523,328</u>
Operating income (loss)	<u>227,287</u>	<u>(1,031,149)</u>	<u>145,119</u>	<u>(896,991)</u>	<u>(1,555,734)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	-	9,072	422	-	9,494
Total nonoperating revenues (expenses)	<u>-</u>	<u>9,072</u>	<u>422</u>	<u>-</u>	<u>9,494</u>
Income (loss) before transfers	227,287	(1,022,077)	145,541	(896,991)	(1,546,240)
Transfers in	-	1,100,000	-	950,000	2,050,000
Transfers out	-	-	(100,000)	-	(100,000)
Change in net position	227,287	77,923	45,541	53,009	403,760
Net position, beginning	890,244	2,300,797	1,681,227	926,741	5,799,009
Net position, ending	<u>\$ 1,117,531</u>	<u>\$ 2,378,720</u>	<u>\$ 1,726,768</u>	<u>\$ 979,750</u>	<u>\$ 6,202,769</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Combining Statement of Cash Flows - Internal Service Funds
Year Ended June 30, 2018

	<u>Fleet Maintenance</u>	<u>Workers Compensation</u>	<u>Employee Health Care</u>	<u>Property and Casualty</u>	<u>Total</u>
CASH FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 2,030,793	\$ 623,430	\$ 5,154,069	\$ 158,667	\$ 7,966,959
Payments to employees	(650,850)	(40,492)	-	(15,706)	(707,048)
Cash payments to suppliers	(1,172,967)	(116,029)	(636,748)	(12,739)	(1,938,483)
Claims paid	-	(284,889)	(5,856,551)	(1,005,960)	(7,147,400)
Net cash provided (used in) provided by operating activities	<u>206,976</u>	<u>182,020</u>	<u>(1,339,230)</u>	<u>(875,738)</u>	<u>(1,825,972)</u>
CASH FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	-	1,100,000	950,000	2,050,000
Transfers to other funds	-	(100,000)	-	-	(100,000)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(100,000)</u>	<u>1,100,000</u>	<u>950,000</u>	<u>1,950,000</u>
CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(5,654)	(115,664)	-	(25,643)	(146,961)
Proceeds/(loss) from retirement of assets	10,924	-	-	-	10,924
Net cash (used in) capital and related financing activities	<u>5,270</u>	<u>(115,664)</u>	<u>-</u>	<u>(25,643)</u>	<u>(136,037)</u>
CASH FROM INVESTING ACTIVITIES					
Interest received	-	390	9,511	-	9,901
Proceeds from sale of investments	-	8,271	361,559	-	369,830
Net provided (used in) provided by investing activities	<u>-</u>	<u>8,661</u>	<u>371,070</u>	<u>-</u>	<u>379,731</u>
Net cash increase (decreases) in cash and cash equivalents	212,246	(24,983)	131,840	48,619	367,722
Cash and cash equivalents at beginning of period	542,647	485,764	1,415,186	939,853	3,383,450
Cash and cash equivalents at end of period	<u>\$ 754,893</u>	<u>\$ 460,781</u>	<u>\$ 1,547,026</u>	<u>\$ 988,472</u>	<u>\$ 3,751,172</u>
Reconciliation of operating income to net cash used in operating activities					
Operating income (loss)	\$ 227,287	\$ 145,119	\$ (1,031,149)	\$ (896,991)	\$ (1,555,734)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	14,980	20,980	4,967	2,531	43,458
Changes in assets and liabilities:					
Inventories	(41,826)	-	-	-	(41,826)
Accounts receivable	(3,029)	-	-	2,394	(635)
Accounts payable	7,345	16,459	7,284	(1,372)	29,716
Compensated absences	2,670	-	-	-	2,670
Accrued payroll	(451)	347	-	225	121
Insurance claims payable	-	(885)	(320,332)	17,475	(303,742)
Net cash provided by (used in) operating activities	<u>\$ 206,976</u>	<u>\$ 182,020</u>	<u>\$ (1,339,230)</u>	<u>\$ (875,738)</u>	<u>\$ (1,825,972)</u>

See accompanying independent auditor's report.

NONMAJOR GOVERNMENTAL FUNDS

AGENCY FUNDS

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

Claims Fund

Imprest vendor paying agent for all governmental 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.

Bowling Green/Warren County Adjusted TIF Incremental Fund

This fund is used to account for TIF revenues based on an agreement with Warren County. The associated investment account is jointly shared with Warren County with available cash pledged to the County to cover debt shortfalls on the 2016 Industrial Revenue Bonds.

Workforce Innovation & Opportunity Act Fund

The City was selected to provide fiscal agent services for the South-Central Kentucky Workforce Development Board (SCWDB) for a two-year period effective July 1, 2016. This fund is used to account for the receipt of grant funds and the disbursement of the grant funds as directed by the SCWDB.

City of Bowling Green, Kentucky
Combining Statement of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
CLAIMS FUND				
Assets				
Non-pooled cash and cash equivalents	\$ 1,910,429	\$ 142,028,227	\$ 142,183,699	\$ 1,754,957
Liabilities				
Other liabilities	\$ 1,910,429	\$ 142,028,227	\$ 142,183,699	\$ 1,754,957
PAYROLL FUND				
Assets				
Non-pooled cash and cash equivalents	\$ 17,441	\$ 39,138,476	\$ 39,137,583	\$ 18,334
Liabilities				
Other liabilities	\$ 17,441	\$ 39,138,476	\$ 39,137,583	\$ 18,334
TOURIST & CONVENTION FUND				
Assets				
Pooled cash and cash equivalents	\$ 99	\$ 2,316,313	\$ 2,316,412	\$ -
Liabilities				
Due to Tourist Commission	\$ 74	\$ 1,751,795	\$ 1,751,869	\$ -
Due to Convention Center Corp.	25	564,518	564,543	-
Total liabilities	\$ 99	\$ 2,316,313	\$ 2,316,412	\$ -
TAX DISTRIBUTION FUND				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 12,841,599	\$ 12,841,599	\$ -
Liabilities				
Due to other taxing units - School Board	-	12,602,065	12,602,065	-
Other liabilities	-	221,707	221,707	-
Total liabilities	\$ -	\$ 12,823,772	\$ 12,823,772	\$ -
TREASURER'S DISTRIBUTION FUND				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 211,687	\$ 211,687	\$ -
Liabilities				
Due to other governmental units	\$ -	\$ 211,687	\$ 211,687	\$ -

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Combining Statement of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
BOWLING GREEN WARREN COUNTY				
ADJUSTED TIF FUND				
Assets				
Pooled cash and cash equivalents	\$ 1,148	\$ 112,400	\$ 107,117	\$ 6,431
Investments	220,252	-	51,839	168,413
Total assets	<u>\$ 221,400</u>	<u>\$ 112,400</u>	<u>\$ 158,956</u>	<u>\$ 174,844</u>
Liabilities				
Due to other governments	<u>\$ 221,400</u>	<u>\$ 112,400</u>	<u>\$ 158,956</u>	<u>\$ 174,844</u>
EVIDENCE STORAGE FUND				
Assets				
Pooled cash and cash equivalents	\$ 136,871	\$ 24,200	\$ 14,656	\$ 146,415
Liabilities				
Due to other governmental units	<u>\$ 136,871</u>	<u>\$ 24,200</u>	<u>\$ 14,656</u>	<u>\$ 146,415</u>
WORKFORCE INNOVATION & OPPORTUNITY ACT FUND				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 3,035,750	\$ 2,975,745	\$ 60,005
Receivable from other government	1,280,762	161,598	1,280,762	161,598
Total assets	<u>\$ 1,280,762</u>	<u>\$ 3,197,348</u>	<u>\$ 4,256,507</u>	<u>\$ 221,603</u>
Liabilities				
Due to So. Central KY Workforce Dev. Board	<u>\$ 1,280,762</u>	<u>\$ 3,197,348</u>	<u>\$ 4,256,507</u>	<u>\$ 221,603</u>
TOTALS - ALL AGENCY FUNDS				
Assets				
Pooled cash and cash equivalents	\$ 138,118	\$ 18,541,611	\$ 18,466,878	\$ 212,851
Non-pooled cash and cash equivalents	1,927,870	181,166,703	181,321,282	1,773,291
Investments	220,252	-	51,839	168,413
Receivable from other government	1,280,762	161,598	1,280,762	161,598
Total assets	<u>\$ 3,567,002</u>	<u>\$ 199,869,912</u>	<u>\$ 201,120,761</u>	<u>\$ 2,316,153</u>
Liabilities				
Due to Tourist Commission	74	1,751,795	1,751,869	-
Due to Convention Center Corp.	25	564,518	564,543	-
Due to other taxing units - School Board	-	12,602,065	12,602,065	-
Due to other governmental units	358,271	348,287	385,299	321,259
Due to So. Central KY Workforce Dev. Board	1,280,762	3,197,348	4,256,507	221,603
Other liabilities	<u>1,927,870</u>	<u>181,388,410</u>	<u>181,542,989</u>	<u>1,773,291</u>
Total liabilities	<u>\$ 3,567,002</u>	<u>\$ 199,852,423</u>	<u>\$ 201,103,272</u>	<u>\$ 2,316,153</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Combining Statement of Net Position - Component Unit - Bowling Green Municipal Utilities
June 30, 2018

	Bowling Green Municipal Utilities			Total
	Electric Division	Water-Sewer Division	General Services Division	
ASSETS				
Non-pooled cash and cash equivalents	\$ 16,088,771	\$ 9,376,619	\$ 925,948	\$ 26,391,338
Investments	100,000	-	-	100,000
Receivables (net of allowances for uncollectibles):				
Accounts	8,428,204	1,644,733	45,339	10,118,276
Other receivables	70,641	201,556	-	272,197
Inventories	994,559	221,617	96,421	1,312,597
Prepaid items	392,631	230,127	23,297	646,055
Prepayment to TVA	562,671	-	-	562,671
Investments and restricted funds	1,199,194	5,222,263	-	6,421,457
Other assets	75,147	135,000	190,930	401,077
Due from component units	118,215	3,239,653	22,860	3,380,728
Capital assets, net of accumulated depreciation				
Non-depreciable	2,228,636	10,166,097	120,621	12,515,354
Depreciable	55,215,662	129,064,661	4,349,924	188,630,247
Total assets	<u>\$ 85,474,331</u>	<u>\$159,502,326</u>	<u>\$ 5,775,340</u>	<u>\$ 250,751,997</u>
DEFERRED OUTFLOWS				
Outflows for pensions	3,517,724	3,930,550	530,161	7,978,435
Outflows for OPEB	1,266,444	1,338,964	194,601	2,800,009
Deferred amounts from refunding debt	94,752	173,916	-	268,668
Total deferred outflows	<u>4,878,920</u>	<u>5,443,430</u>	<u>724,762</u>	<u>11,047,112</u>
Total assets and deferred outflows of resources	<u>90,353,251</u>	<u>164,945,756</u>	<u>6,500,102</u>	<u>261,799,109</u>
LIABILITIES				
Vouchers and accounts payable	8,531,845	1,318,516	105,733	9,956,094
Compensated absences payable	472,266	259,040	-	731,306
Accrued interest payable	958,965	102,596	-	1,061,561
Due to component units	408,063	117,515	-	525,578
Customer deposits	5,995,808	100	-	5,995,908
Other current liabilities	616,195	132,531	79,125	827,851
Net pension liability	13,723,771	14,004,524	1,956,404	29,684,699
Compensated absences payable, noncurrent	294,217	196,691	-	490,908
Net OPEB liability	4,611,347	4,875,406	708,575	10,195,328
Customer advances, noncurrent	51,486	-	-	51,486
Noncurrent liabilities				
Due within one year	485,000	4,401,742	600,000	5,486,742
Due in more than one year	9,609,465	60,932,408	2,250,000	72,791,873
Total liabilities	<u>45,758,428</u>	<u>86,341,069</u>	<u>5,699,837</u>	<u>137,799,334</u>
DEFERRED INFLOWS OF RESOURCES				
Inflows for pension	417,680	439,001	63,071	919,752
Inflows for OPEB	241,437	255,263	37,099	533,799
Total deferred inflows of resources	<u>659,117</u>	<u>694,264</u>	<u>100,170</u>	<u>1,453,551</u>
NET POSITION				
Net investment in capital assets	47,349,833	73,896,608	1,620,545	122,866,986
Restricted	1,299,194	5,222,263	-	6,521,457
Unrestricted	(4,713,321)	(1,208,448)	(920,450)	(6,842,219)
Total net position	<u>\$ 43,935,706</u>	<u>\$ 77,910,423</u>	<u>\$ 700,095</u>	<u>\$ 122,546,224</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Statement of Activities - Component Unit - Bowling Green Municipal Utilities
June 30, 2018

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for services	Operating Contributions	Capital Contributions	Electric System	Water and Sewer System	Fiber Optic System	Totals
Electric Division	\$ 89,633,495	\$ 89,234,837	\$ -	\$ -	\$ (398,658)	\$ -	\$ -	\$ (398,658)
Water-Sewer Division	24,490,724	26,776,244	-	1,674,032	-	3,959,552	-	3,959,552
General Services Division	3,301,136	3,997,341	-	-	-	-	696,205	696,205
Total component units	\$ 117,425,355	\$ 120,008,422	\$ -	1,674,032	(398,658)	3,959,552	696,205	4,257,099
GENERAL REVENUES								
Investment income					184,197	67,693	318	252,208
Merchandising revenues					144,209	-	-	144,209
Miscellaneous					-	-	21,848	21,848
Loss on sale of assets					-	(2,315,305)	-	(2,315,305)
Total general revenues					328,406	(2,247,612)	22,166	(1,897,040)
Change in net position					(70,252)	1,711,940	718,371	2,360,059
Net position, beginning of year					47,329,862	79,712,723	492,471	127,535,056
Change in accounting principle - GASB 75					(3,323,904)	(3,514,240)	(510,747)	(7,348,891)
Net position, beginning of year, restated					44,005,958	76,198,483	(18,276)	120,186,165
Net position, end of year					\$ 43,935,706	\$ 77,910,423	\$ 700,095	\$ 122,546,224

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 - 10

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

Debt Capacity: Tables 11 - 20

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 21 - 22

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 23 - 25

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, Kentucky
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 190,037,852	\$ 176,973,806	\$ 164,964,407	\$ 156,304,559 ^(a)	\$ 155,028,352	\$ 137,092,802	\$ 135,364,894	\$ 124,378,964	\$ 115,406,434	\$ 110,124,978
Restricted	27,832,630	29,267,444	27,174,588	19,415,538	13,291,912	9,755,642	8,334,411	7,678,890	8,489,209	12,648,978
Unrestricted	<u>(46,835,736)</u>	<u>(43,014,659)</u> ^(c)	<u>(31,716,893)</u>	<u>(28,174,114)</u> ^(b)	<u>(29,848,657)</u> ^(b)	<u>22,355,235</u>	<u>14,779,013</u>	<u>11,861,503</u>	<u>10,322,628</u>	<u>3,791,321</u>
Total governmental activities net position	<u>\$ 171,034,746</u>	<u>\$ 163,226,591</u>	<u>\$ 160,422,102</u>	<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>
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 6,422,149	\$ 5,103,874	\$ 4,524,334	\$ 4,061,947 ^(a)	\$ 1,797,454	\$ 6,831,728	\$ 6,697,127	\$ 6,601,646	\$ 6,073,639	\$ 5,673,876
Unrestricted	<u>8,172,717</u>	<u>8,202,715</u>	<u>7,840,586</u>	<u>6,715,057</u>	<u>8,057,826</u>	<u>6,966,658</u>	<u>5,855,494</u>	<u>5,109,640</u>	<u>4,408,480</u>	<u>3,763,476</u>
Total business-type activities net position	<u>\$ 14,594,866</u>	<u>\$ 13,306,589</u>	<u>\$ 12,364,920</u>	<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>
Primary government										
Net investment in capital assets	\$ 196,460,001	\$ 182,077,680	\$ 169,488,741	\$ 160,366,506	\$ 156,825,806	\$ 143,924,530	\$ 142,062,021	\$ 130,980,610	\$ 121,480,073	\$ 115,798,854
Restricted	27,832,630	29,267,444	27,174,588	19,415,538	13,291,912	9,755,642	8,334,411	7,678,890	8,489,209	12,648,978
Unrestricted	<u>(38,663,019)</u>	<u>(34,811,944)</u> ^(c)	<u>(23,876,307)</u>	<u>(21,459,057)</u>	<u>(21,790,831)</u>	<u>29,321,893</u>	<u>20,634,507</u>	<u>16,971,143</u>	<u>14,731,108</u>	<u>7,554,797</u>
Total governmental activities program revenues	<u>\$ 185,629,612</u>	<u>\$ 176,533,180</u>	<u>\$ 172,787,022</u>	<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>

Notes:

- (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.
- (c) The City implemented GASB 75 effective for period ending June 30, 2018, which resulted in a restatement of the FY2017 ending balances.

See accompanying independent auditor's report.

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
EXPENSES										
Governmental activities:										
General government	\$ 29,613,361	\$ 36,558,180 ^(c)	\$ 19,038,235	\$ 16,081,900	\$ 14,940,954	\$ 16,265,264	\$ 15,273,247	\$ 15,155,819	\$ 12,874,758	\$ 14,240,674
Public safety	24,490,523	24,581,788	23,723,294	25,081,145	24,384,208	23,180,539	22,297,308	21,843,704	22,477,932	20,629,290
Public works	12,284,494	10,619,939	9,547,794	15,513,082	8,781,909	6,207,967	7,576,164	6,700,923	7,782,325	6,276,210
Parks and recreation	7,256,246	7,623,720	7,751,367	7,434,798 ^(b)	4,899,266	5,280,474	5,011,216	5,478,404	4,895,725	4,715,430
Neighborhood and comm. services	6,203,076	5,436,759	5,014,886	4,308,565	3,734,515	4,787,160	5,158,144	4,948,826	4,739,011	5,562,852
Agency services	2,231,558	2,028,787	1,950,663	1,267,637	1,362,100	1,070,544	1,341,318	1,238,015	2,446,270	24,078,708
Interest expense	3,206,275	2,828,885	3,999,109	5,931,620	6,869,043	7,568,802	6,498,659	5,670,703	6,789,892	7,033,869
Total governmental activities	<u>85,285,533</u>	<u>72,096,992</u>	<u>71,025,348</u>	<u>75,618,747</u>	<u>64,971,995</u>	<u>64,360,750</u>	<u>63,156,056</u>	<u>61,036,394</u>	<u>62,005,913</u>	<u>82,537,033</u>
Business-type activities:										
Golf course	\$ -	\$ -	\$ -	\$ -	\$ 1,750,045	\$ 2,066,604	\$ 2,759,341	\$ 2,366,430	\$ 2,323,270	\$ 2,342,624
Aquatics	-	-	-	-	884,164	885,993	919,636	871,429	849,210	848,501
Convention Center	522,084	975,317	471,616	715,458	984,699	673,102	904,908	607,015	823,333	742,829
Total business-type activities	<u>522,084</u>	<u>975,317</u>	<u>471,616</u>	<u>715,458</u>	<u>3,618,908</u>	<u>3,625,699</u>	<u>4,583,885</u>	<u>3,844,874</u>	<u>3,995,813</u>	<u>3,933,954</u>
Total primary government expenses	<u>\$ 85,807,617</u>	<u>\$ 73,072,309</u>	<u>\$ 71,496,964</u>	<u>\$ 76,334,205</u>	<u>\$ 68,590,903</u>	<u>\$ 67,986,449</u>	<u>\$ 67,739,941</u>	<u>\$ 64,881,268</u>	<u>\$ 66,001,726</u>	<u>\$ 86,470,987</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 2,505,897	\$ 2,529,394	\$ 2,865,512	\$ 2,084,612	\$ 1,898,623	\$ 4,650,906	\$ 3,728,986	\$ 3,415,888	\$ 3,095,600	\$ 3,545,304
Public Safety	212,534	268,958	244,291	239,223	259,539	252,181	269,502	187,098	187,228	250,696
Parks and recreation	2,064,862	2,013,933	2,257,783	1,942,755	381,975	380,360	389,486	398,333	421,798	390,693
Operating grants and contributions	11,533,016	11,268,936	10,084,318	9,338,213	9,387,792	9,538,468	7,308,403	8,425,923	8,986,469	7,311,410
Capital grants and contributions	4,501,727	4,898,262	1,844,479	7,396,801	4,544,651	5,169,106	13,461,928	9,941,334	8,339,284	7,689,270
Total governmental activities program revenues	<u>20,818,036</u>	<u>20,979,483</u>	<u>17,296,383</u>	<u>21,001,604</u>	<u>16,472,580</u>	<u>19,991,021</u>	<u>25,158,305</u>	<u>22,368,576</u>	<u>21,030,379</u>	<u>19,187,373</u>
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
Aquatics	-	-	-	-	449,284	477,508	649,347	578,532	518,834	511,395
Convention center	162,997	160,600	201,378	183,961	210,800	212,823	205,503	216,665	214,459	223,958
Total business-type activities program revenues	<u>162,997</u>	<u>160,600</u>	<u>201,378</u>	<u>183,961</u>	<u>1,907,706</u>	<u>2,059,058</u>	<u>2,293,367</u>	<u>2,071,018</u>	<u>2,049,511</u>	<u>2,165,299</u>
Total primary government program revenues	<u>\$ 20,981,033</u>	<u>\$ 21,140,083</u>	<u>\$ 17,497,761</u>	<u>\$ 21,185,565</u>	<u>\$ 18,380,286</u>	<u>\$ 22,050,079</u>	<u>\$ 27,451,672</u>	<u>\$ 24,439,594</u>	<u>\$ 23,079,890</u>	<u>\$ 21,352,672</u>
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (64,467,497)	\$ (51,117,509)	\$ (53,728,965)	\$ (54,617,143)	\$ (48,499,415)	\$ (44,369,729)	\$ (37,997,751)	\$ (38,667,818)	\$ (40,975,534)	\$ (63,349,660)
Business-type activities	(359,087)	(814,717)	(270,238)	(531,497)	(1,711,202)	(1,566,641)	(2,290,518)	(1,773,856)	(1,946,302)	(1,768,655)
Total primary government net expense	<u>\$ (64,826,584)</u>	<u>\$ (51,932,226)</u>	<u>\$ (53,999,203)</u>	<u>\$ (55,148,640)</u>	<u>\$ (50,210,617)</u>	<u>\$ (45,936,370)</u>	<u>\$ (40,288,269)</u>	<u>\$ (40,441,674)</u>	<u>\$ (42,921,836)</u>	<u>\$ (65,118,315)</u>

See accompanying independent auditor's report.

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
General revenues										
Property taxes	\$ 14,289,761	\$ 13,342,889	\$ 12,988,729	\$ 12,760,797	\$ 12,253,118	\$ 11,763,153	\$ 11,377,484	\$ 11,220,959	\$ 11,346,706	\$ 10,824,938
Insurance premium taxes	4,239,887	4,096,944	3,839,322	3,660,165	3,545,527	3,342,087	3,156,411	3,087,621	3,140,598	3,100,377
Wages and net profits taxes	53,488,756	53,840,825	48,670,998	46,774,186	43,188,734	41,392,272	39,490,949	37,220,689	35,502,869	36,016,500
Investment income	101,498	125,424	462,415	362,436	597,329	644,577	815,700	886,084	1,031,911	2,435,228
Loss on sale of capital assets	(21,381)	165,492	368,040	223,557	(98,712)	53,678	-	(1,839,170)	-	-
Miscellaneous	1,135,708	941,112	1,262,660	724,169	562,905	251,083	262,868	270,561	144,527	696,997
Transfers	(958,577)	(1,009,622)	(987,080)	(813,791)	(2,044,823)	(2,351,760)	(2,546,700)	(2,477,840)	(2,538,083)	(2,868,586)
Total governmental activities	72,275,652	71,503,064	66,605,084	63,691,519	58,004,078	55,095,090	52,556,712	48,368,904	48,628,528	50,205,454
Business-type activities:										
General revenues										
Property tax ^(a)	\$ 112,987	\$ 111,542	\$ 114,542	\$ 96,848	\$ 100,322	\$ -	\$ -	\$ -	\$ -	\$ -
Transient room tax	564,518	590,019	559,040	450,592	405,516	460,640	432,158	420,300	382,340	396,518
Investment earnings	11,282	21,327	177,491	91,990	85,883	6	152,995	84,510	70,646	72,356
Miscellaneous	-	23,877	20,000	-	35	-	-	20,373	-	-
Transfers	958,577	1,009,622	987,080	813,791	2,044,823	2,351,760	2,546,700	2,477,840	2,538,083	2,868,586
Total business-type activities	1,647,364	1,756,387	1,858,153	1,453,221	2,636,579	2,812,406	3,131,853	3,003,023	2,991,069	3,337,460
Total primary government	\$ 73,923,016	\$ 73,259,451	\$ 68,463,237	\$ 65,144,740	\$ 60,640,657	\$ 57,907,496	\$ 55,688,565	\$ 51,371,927	\$ 51,619,597	\$ 53,542,914
CHANGES IN NET POSITION										
Governmental activities	\$ 7,808,155	\$ 20,385,555	\$ 12,876,119	\$ 9,074,376	\$ 9,504,663	\$ 10,725,361	\$ 14,558,961	\$ 9,701,086	\$ 7,652,994	\$ (13,144,206)
Business-type activities	1,288,277	941,670	1,587,915	921,724	925,377	1,245,765	841,335	1,229,167	1,044,767	1,568,805
Total primary government	\$ 9,096,432	\$ 21,327,225	\$ 14,464,034	\$ 9,996,100	\$ 10,430,040	\$ 11,971,126	\$ 15,400,296	\$ 10,930,253	\$ 8,697,761	\$ (11,575,401)

Notes:

- (a) Property taxes for business-type activities were previously reported on transient room tax line.
- (b) Golf and Aquatics enterprise funds were reclassified as governmental activities-effective July 1, 2014.
- (c) Implementation of GASB 75 for OPEB reporting resulted in the restatement of FY2017 general government expenses.

See accompanying independent auditor's report.

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Nonspendable	\$ 209,367	\$ 200,384	\$ 223,820	\$ 217,129	\$ 190,343	\$ 102,022	\$ 110,067	\$ 116,591	\$ -	\$ -
Reserved	-	-	-	-	-	-	-	-	580,258	1,843,259
Restricted	-	-	9,838	2,289	-	-	-	28,381	-	-
Committed	17,378,000	16,268,250	12,052,100	11,772,500	10,716,400	10,476,400	10,142,001	7,153,358	-	-
Assigned	2,714,255	2,986,496	3,236,165	5,234,158	2,367,637	4,147,690	3,946,030	2,350,558	-	-
Unassigned	7,274,446	5,915,385	5,763,288	5,295,615	5,904,641	4,084,127	4,288,920	8,083,626	-	-
Unreserved	-	-	-	-	-	-	-	-	16,393,728	13,888,739
Total general fund	<u>\$ 27,576,068</u>	<u>\$ 25,370,515</u>	<u>\$ 21,285,211</u>	<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>
All Other Governmental Funds										
Restricted	\$ 5,380,045	\$ 5,620,593	\$ 6,625,289	\$ 6,001,112	\$ 11,555,838	\$ 17,445,124	\$ 17,804,417	\$ 20,223,543	\$ 4,992,442	\$ 3,672,061
Committed	7,061,227	5,664,499	5,314,947	4,989,083	4,722,507	4,093,440	3,875,464	-	-	-
Assigned	26,823,810	27,265,386	24,482,158	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
Capital Projects funds	-	-	-	-	-	-	-	-	3,285,091	8,778,626
Permanent Fund	-	-	-	-	-	-	-	-	36,806	93,736
Total all other governmental funds	<u>\$ 39,265,082</u>	<u>\$ 38,550,478</u>	<u>\$ 36,422,394</u>	<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>

Notes:

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

- Nonspendable
- Committed
- Assigned
- Unassigned

Effective with FY2011, the unrestricted governmental fund balance is eliminated.

Golf and Acquatics enterprise funds were reclassified as governmental activities-effective July 1, 2014.

See accompanying independent auditor's report.

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
REVENUES										
Taxes	\$ 14,289,501	\$ 13,342,888	\$ 12,988,729	\$ 12,642,600	\$ 12,149,933	\$ 11,642,257	\$ 11,233,161	\$ 11,094,132	\$ 11,174,838	\$ 10,633,642
Insurance premium taxes	4,239,886	4,096,944	3,839,322	3,660,165	3,545,527	3,342,087	3,131,426	3,087,621	3,140,598	3,100,377
Wages and net profits taxes	53,166,070	53,531,170	48,503,596	46,774,184	43,188,734	41,392,272	39,490,949	37,218,764	35,502,869	36,111,281
License and permits	1,701,660	1,751,842	1,877,089	1,315,429	1,053,434	1,196,829	1,225,876	1,008,531	1,164,737	898,603
Intergovernmental	11,057,249	10,396,702	9,753,351	9,847,448	9,761,879	9,699,484	10,282,887	10,490,457	12,457,418	9,836,174
Investment income	105,612	97,235	400,194	313,327	539,104	597,234	709,096	774,589	940,504	2,236,555
Charges for services	734,205	768,490	680,960	657,839	673,241	655,280	617,189	572,038	616,196	481,491
Parks and recreation	1,995,776	1,939,935	2,125,466	1,918,822	348,223	345,951	352,727	379,821	410,111	380,317
Rent income	1,026,513	1,342,225	1,814,788	1,289,025	1,303,456	3,698,284	1,418,056	1,410,533	976,868	1,685,901
Miscellaneous	<u>2,266,979</u>	<u>1,829,821</u>	<u>1,396,401</u>	<u>2,382,712</u>	<u>2,207,881</u>	<u>2,045,088</u>	<u>678,284</u>	<u>1,007,904</u>	<u>492,125</u>	<u>954,532</u>
Total revenues	<u>90,583,450</u>	<u>89,097,252</u>	<u>83,379,896</u>	<u>80,801,551</u>	<u>74,771,412</u>	<u>74,614,766</u>	<u>69,139,651</u>	<u>67,044,390</u>	<u>66,876,264</u>	<u>66,318,873</u>
EXPENDITURES										
General government	\$ 6,769,970	\$ 5,934,999	\$ 6,119,394	\$ 5,814,708	\$ 5,322,276	\$ 5,929,691	\$ 6,416,600	\$ 6,319,543	\$ 6,753,844	\$ 6,899,349
Public safety	27,778,478	27,700,034	26,783,559	26,415,077	26,050,921	26,153,318	24,472,880	23,911,824	24,774,100	23,200,660
Public works	11,128,150	11,199,847	9,667,731	9,239,652	7,442,511	7,611,230	7,879,907	7,330,975	7,590,188	7,862,753
Parks and recreation	7,989,232	8,901,111	7,388,710	7,553,819	5,495,961	5,733,383	5,298,687	5,591,502	4,986,858	5,412,954
Neighborhood and community services	5,763,596	5,526,287	5,079,148	5,011,788	4,991,338	4,979,298	5,756,566	5,194,215	6,937,549	27,800,163
Agency services	2,383,078	2,434,543	2,344,663	1,642,637	2,037,928	423,326	625,098	461,995	751,278	1,066,412
Capital outlay	14,486,238	5,989,737	4,100,590	7,316,707	6,092,831	3,883,548	2,491,802	5,879,013	5,675,679	12,407,497
Debt service										
Principal	9,369,543	9,834,543	8,332,286	12,229,806	12,979,281	10,131,855	7,391,770	6,798,046	5,489,095	5,009,606
Interest	<u>2,736,324</u>	<u>3,028,788</u>	<u>3,992,515</u>	<u>4,470,886</u>	<u>4,801,181</u>	<u>5,315,979</u>	<u>5,632,984</u>	<u>6,145,566</u>	<u>6,655,188</u>	<u>7,277,785</u>
Total expenditures	<u>88,404,609</u>	<u>80,549,889</u>	<u>73,808,596</u>	<u>79,695,080</u>	<u>75,214,228</u>	<u>70,161,628</u>	<u>65,966,294</u>	<u>67,632,679</u>	<u>69,613,779</u>	<u>96,937,179</u>
Excess (deficiency) of revenues over (under) expenditures	2,178,841	8,547,363	9,571,300	1,106,471	(442,816)	4,453,138	3,173,357	(588,289)	(2,737,515)	(30,618,306)

See accompanying independent auditor's report.

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
OTHER FINANCING SOURCES (USES)										
Transfers in	19,007,257	19,092,756	21,421,164	16,008,355	17,052,527	12,547,232	13,721,906	10,727,493	14,823,177	19,275,432
Transfers out	(21,915,834)	(21,652,377)	(23,630,744)	(17,522,146)	(19,747,350)	(15,632,723)	(16,452,014)	(13,105,332)	(17,011,260)	(22,144,018)
Issuance of debt	-	-	-	-	-	-	-	-	-	31,420,000
Premium on general obligation bonds	-	-	-	359,645	-	-	-	-	-	667,110
Discount on general obligation bonds	-	-	-	(95,408)	-	-	-	-	-	(8,009)
Capital lease proceeds	3,531,021	-	-	-	-	-	-	1,309,391	-	-
Proceeds from bond refunding	-	-	39,845,000	9,345,485	-	4,099,807	7,409,463	29,627,561	-	12,119,800
Payment to refunded bonds redeemed	-	-	-	-	-	170,747	-	-	-	(2,147,888)
Payment to refunded debt escrow agent	-	-	(42,259,385)	(9,605,241)	-	(4,281,161)	(7,718,497)	(29,627,561)	-	(9,971,912)
Premium from bond refunding	-	-	2,085,795	-	-	19,731	319,639	-	-	-
Proceeds from sale of capital assets	<u>118,872</u>	<u>225,645</u>	<u>440,429</u>	<u>104,601</u>	<u>267,853</u>	<u>-</u>	<u>184,893</u>	<u>15,604</u>	<u>66,383</u>	<u>344,027</u>
Total other financing sources (uses)	<u>741,316</u>	<u>(2,333,975)</u>	<u>(2,097,741)</u>	<u>(1,404,709)</u>	<u>(2,426,970)</u>	<u>(3,076,367)</u>	<u>(2,534,610)</u>	<u>(1,052,844)</u>	<u>(2,121,700)</u>	<u>29,554,542</u>
Net change in fund balances	<u>\$ 2,920,157</u>	<u>\$ 6,213,387</u>	<u>\$ 7,473,559</u>	<u>\$ (298,238)</u>	<u>\$ (2,869,786)</u>	<u>\$ 1,376,771</u>	<u>\$ 638,747</u>	<u>\$ (1,641,133)</u>	<u>\$ (4,859,215)</u>	<u>\$ (1,063,764)</u>
Debt service as a percentage of noncapital expenditures	17.01 %	18.76 %	17.59 %	23.93 %	26.14 %	24.37 %	24.37 %	22.78 %	21.03 %	15.55 %

Note: Golf and Aquatics enterprise funds were reclassified as governmental activities-effective July 1, 2014.

Schedule 5
City of Bowling Green, Kentucky
Wages Withholding Fees & Direct Occupational License Tax Rate, General Fund
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Total Gross Wages	Occupational Withholding Fees ^(a)	City of Bowling Green Direct Rate	Total Direct Tax Rate
2009	\$ 1,506,249,500	\$ 27,865,616	1.85 %	1.85 %
2010	1,517,902,824	28,081,202	1.85 %	1.85 %
2011	1,559,791,267	28,856,139	1.85 %	1.85 %
2012	1,672,226,810	30,936,196	1.85 %	1.85 %
2013	1,732,990,595	32,060,326	1.85 %	1.85 %
2014	1,829,239,189	33,840,925	1.85 %	1.85 %
2015	1,884,772,230	34,868,286	1.85 %	1.85 %
2016	2,033,197,759	37,614,159	1.85 %	1.85 %
2017	2,149,233,565	39,760,821	1.85 %	1.85 %
2018	2,216,711,705	41,009,167	1.85 %	1.85 %

Source: City of Bowling Green, Department of Finance

Notes:

(a) Occupational license tax rates include the net profit fees and wage withholding fees.

Schedule 6
City of Bowling Green, Kentucky
Occupational License Receipts, General Fund
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Occupational Withholdings Fees	Occupational Net Profit Fees	Other Occupational Fees ^(a)	Total	Percentage Growth
2009	\$ 27,865,616	\$ 6,052,000	\$ 332,031	\$ 34,249,647	(0.6)%
2010	28,081,202	5,464,301	304,338	33,849,841	(1.2)%
2011	28,856,139	6,329,845	256,642	35,442,626	4.7 %
2012	30,936,196	6,220,162	265,902	37,422,260	5.6 %
2013	32,060,326	7,031,910	286,827	39,379,063	5.2 %
2014	33,840,925	6,989,859	244,705	41,075,489	4.3 %
2015	34,868,286	9,280,035	261,163	44,409,484	8.1 %
2016	37,614,159	8,112,119	320,002	46,046,280	3.7 %
2017	39,760,821	10,866,714	371,052	50,998,587	10.8 %
2018	41,009,167	8,915,833	322,947	50,247,947	(1.5)%

Notes:

- (a) Other occupational fees include minimum business registration fees which are \$50 that applies only to new businesses. Existing businesses pay a minimum occupational net profit fee of \$30 registration fee; itinerant businesses that pay a fee based on the amount of time business will be conducted in the City and the number of employees working; and penalties (5% per month not to exceed 25% with a minimum of \$25) and interest (1% per month) relate to all occupational receipts.

Schedule 7
City of Bowling Green, Kentucky
Real Property Tax Estimated Values, Assessments, Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Estimated Actual Value ^(a)	Total Real and Personal Property Assessment ^(b)	Franchise	PILOT	Total Assessment Including Franchise & Pilot	Total Current Levy ^(c)	Current Taxes Collected	Percent of Levy Collected	Delinquent Tax Collected	Total Delinquent Taxes Receivable
2009	\$4,972,421,020	\$4,394,868,241	\$ 65,627,694	\$ 92,746,427	\$4,553,242,362	\$ 9,539,918	\$ 8,989,136	94.23 %	\$ 89,785	\$ 439,776
2010	4,970,737,685	4,489,771,784	130,612,165	96,571,573	4,716,955,522	9,727,086	9,406,084	96.70 %	152,234	451,563
2011	5,038,648,946	4,551,808,439	138,966,922	90,257,388	4,781,032,749	9,858,019	9,376,998	95.12 %	95,730	459,652
2012	4,944,600,194	4,565,229,850	114,829,884	97,865,757	4,777,925,491	9,560,597	9,433,523	98.67 %	182,375	418,272
2013	5,192,942,433	4,725,859,276	128,861,650	97,906,563	4,952,627,489	9,896,421	9,894,881	99.98 %	139,199	442,058
2014	5,308,858,978	4,941,833,867	108,613,121	85,038,850	5,135,485,838	10,420,333	10,376,147	99.58 %	151,450	492,409
2015	5,260,320,031	5,105,744,064	120,948,806	71,700,175	5,298,393,045	10,580,908	10,703,816	101.16 %	232,348	369,773
2016	5,520,063,044	5,327,488,265	138,865,602	75,763,490	5,542,117,357	11,182,527	11,098,513	99.25 %	458,973	371,907
2017	6,035,826,966	5,636,975,792	109,197,680	77,836,602	5,824,010,074	11,332,723	11,413,472	100.71 %	115,798	459,847
2018	6,376,495,461	5,894,237,333	177,998,932	78,156,277	6,150,392,542	11,796,625	12,228,506	103.66 %	211,049	363,786

Sources: City of Bowling Green, Department of Finance
Warren County Property Value Administrator

Notes:

- (a) Residential, farm, & commercial property divided by sales ratio added to personal, franchise & pilot assessment.
- (b) Annual PVA assessment is valued as of January 1st.
- (c) Original levy, Warren County Property Value Administrators Office. Property taxes attach as an enforceable lien on property as of January 1st each year.

See accompanying independent auditor's report.

Schedule 8
City of Bowling Green, Kentucky
Property Tax Rates, Direct and Overlapping Governmental Units
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

REAL ESTATE

Fiscal Year	City Proper					City Annex				
	City	County	City School	State	Total	City	County	County School	State	Total
2009	0.2060	0.2110	0.6910	0.1220	1.2300	0.2060	0.2110	0.3710	0.1220	0.9100
2010	0.2060	0.2110	0.7070	0.1220	1.2460	0.2060	0.2110	0.3710	0.1220	0.9100
2011	0.2060	0.2105	0.7070	0.1220	1.2455	0.2060	0.2105	0.3830	0.1220	0.9215
2012	0.2060	0.2170	0.7070	0.1220	1.2520	0.2060	0.2170	0.3950	0.1220	0.9400
2013	0.2060	0.2170	0.7310	0.1220	1.2760	0.2060	0.2170	0.4060	0.1220	0.9510
2014	0.2060	0.2170	0.7310	0.1220	1.2760	0.2060	0.2170	0.4200	0.1220	0.9650
2015	0.2060	0.2160	0.7560	0.1220	1.3000	0.2060	0.2160	0.4230	0.1220	0.9670
2016	0.2060	0.2160	0.7680	0.1220	1.3120	0.2060	0.2160	0.4350	0.1220	0.9790
2017	0.2060	0.2146	0.7810	0.1220	1.3236	0.2060	0.2146	0.4400	0.1220	0.9826
2018	0.2060	0.2146	0.8280	0.1220	1.3706	0.2060	0.2146	0.4490	0.1220	0.9916

PERSONAL PROPERTY

Fiscal Year	City Proper					City Annex				
	City	County	City School	State	Total	City	County	County School	State	Total
2009	0.2600	0.2843	0.6910	0.4500	1.6853	0.2600	0.2843	0.3800	0.4500	1.3743
2010	0.2600	0.2845	0.7070	0.4500	1.7015	0.2600	0.2858	0.3800	0.4500	1.3758
2011	0.2600	0.2858	0.7070	0.4500	1.7028	0.2600	0.2888	0.3830	0.4500	1.3818
2012	0.2600	0.2888	0.7310	0.4500	1.7298	0.2600	0.2689	0.3950	0.4500	1.3739
2013	0.2600	0.2689	0.7310	0.4500	1.7099	0.2600	0.2689	0.3950	0.4500	1.3739
2014	0.2600	0.2689	0.7560	0.4500	1.7349	0.2600	0.2689	0.4200	0.4500	1.3989
2015	0.2600	0.2716	0.7560	0.4500	1.7376	0.2600	0.2716	0.4230	0.4500	1.4046
2016	0.2600	0.2714	0.7680	0.4500	1.7494	0.2600	0.2714	0.4350	0.4500	1.4164
2017	0.2600	0.2587	0.7810	0.4500	1.7497	0.2600	0.2587	0.4400	0.4500	1.4087
2018	0.2600	0.2587	0.8280	0.4500	1.7967	0.2600	0.2587	0.4490	0.4500	1.4177

Source: City of Bowling Green, Department of Finance

Note:

City proper and City annex are terms used to designate in which school system the property is located. All City residents pay both the City and County taxes, but are required to pay tax to only the one appropriate school system.

Schedule 9
City of Bowling Green, Kentucky
Principal Occupational Withholdings Fees Payers
Current Year and Nine Years Ago

Taxpayer	
2018	2009
Bowling Green Metalforming LLC	Bowling Green Metalforming LLC
City of Bowling Green Board of Education	City of Bowling Green Board of Education
Columbia HCA Healthcare Corporation	Country Oven Bakery
Commonwealth Health Corporation	General Motors Corporation
General Motors Corporation	Kentucky State Treasurer
Graves-Gilbert Clinic PSC	Sun Products Corporation
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 10
City of Bowling Green, Kentucky
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	2018			2009		
		Rank	Assessed Value	Percent of Total Assessment ^(a)	Rank	Assessed Value	Percent of Total Assessment ^(b)
Sun Products Corporation	Factory	1	\$ 60,005,000	1.02 %	6	\$ 23,462,000	0.53 %
Greenwood Mall LLC/General Growth Prop	Retail Mall	2	53,100,000	0.90 %	3	38,585,000	0.88 %
Greenview Hospital, Inc	Healthcare Facility	3	24,705,000	0.42 %	4	33,590,282	0.76 %
Scottys Development Co LLC	Holding Company (Olde Stone)	4	23,672,600	0.40 %	-	-	-
Chandler Park Apartments	Apartment Complex	5	22,290,000	0.38 %	7	19,910,000	0.45 %
Gilbert Barbee Moore Mclvoy PSC	Healthcare Facility	6	21,034,950	0.36 %	-	-	-
AGM Fairways at Hartland	Apartment Complex	7	20,600,000	0.35 %	-	-	-
Pep-WKU LLC	Apartment Complex	8	19,788,750	0.34 %	-	-	-
Kobe Aluminum Automotive Products LLC	Factory	9	18,750,000	0.32 %	-	-	-
ARCP MT BG KY LLC	Commercial Rental Property (Shopping Complex)	10	18,649,000	0.32 %	-	-	-
Union Unerwear Co. Inc	Clothing Manufacturer	-	-	-	1	56,251,766	1.28 %
Wal Mart	Retail	-	-	-	2	48,888,134	1.11 %
Insight Midwest LP	Cable Service	-	-	-	5	24,205,297	0.55 %
Atmos Energy Corporation	Utilities	-	-	-	8	19,651,998	0.45 %
DHP Holdings	Holdings Company (DESA Heating LLC)	-	-	-	9	19,550,090	0.44 %
BGK1 LLP	Apartment Complex	-	-	-	10	19,000,000	0.43 %

Source: City of Bowling Green, Department of Finance

Notes:

(a) Percent of total assessed value for real property of \$5,894,237,333 (January 1, 2017)

(b) Percent of total assessed value for real property of \$4,394,868,241 (January 1, 2008)

See accompanying independent auditor's report

Schedule 11
City of Bowling Green, Kentucky
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income ^(b)	Debt per Capita ^(b)
	General Obligation Bonds	Special Assessment Bonds ^(a)	Notes Payable and Capital Leases	General Obligation Bonds	Notes Payable and Capital Leases			
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
2016	96,522,378	-	1,755,421	2,202,371	-	100,480,170	2.43 %	1,580
2017	87,575,068	-	794,217	1,498,248	-	89,867,533	2.03 %	1,377
2018	78,269,251	-	4,018,748	754,122	-	83,042,121	1.81 %	1,238

Notes: 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 21 for personal income and population data. The ratios are calculated using personal income and population for the prior calendar year.

Schedule 12
City of Bowling Green, Kentucky
Indebtedness and Debt Ratios
Last Ten Fiscal Years

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
TAX SUPPORTED										
General bonds and notes ^(a)	\$ 62,422,999	\$ 59,409,285	\$ 66,095,299	\$ 64,997,001	\$ 70,380,628	\$ 67,918,740	\$ 69,978,938	\$ 74,366,356	\$ 74,205,814	\$ 76,067,555
REVENUE SUPPORTED										
Revenue supported debt & leases ^(b)	<u>29,258,748</u>	<u>30,458,248</u>	<u>34,384,871</u>	<u>40,473,994</u>	<u>49,395,508</u>	<u>52,205,128</u>	<u>57,621,063</u>	<u>59,763,652</u>	<u>64,429,187</u>	<u>67,402,446</u>
TOTAL DEBT	\$ 91,681,747	\$ 89,867,533	\$ 100,480,170	\$ 105,470,995	\$ 119,776,136	\$ 120,123,868	\$ 127,600,001	\$ 134,130,008	\$ 138,635,001	\$ 143,470,001
Less: revenue supported debt	<u>(29,258,748)</u>	<u>(30,458,248)</u>	<u>(34,384,871)</u>	<u>(40,473,994)</u>	<u>(46,395,508)</u>	<u>(52,205,128)</u>	<u>(57,621,063)</u>	<u>(59,763,652)</u>	<u>(64,429,187)</u>	<u>(67,402,446)</u>
NET DIRECT DEBT	\$ 62,422,999	\$ 59,409,285	\$ 66,095,299	\$ 64,997,001	\$ 73,380,628	\$ 67,918,740	\$ 69,978,938	\$ 74,366,356	\$ 74,205,814	\$ 76,067,555
Overlapping debt ^(c)	\$ 237,915,697	\$ 232,154,034	\$ 246,190,489	\$ 237,949,657	\$ 233,949,409	\$ 245,533,153	\$ 238,339,565	\$ 193,880,494	\$ 172,966,306	\$ 152,602,820
NET DIRECT & OVERLAPPING DEBT	\$ 300,338,696	\$ 291,563,319	\$ 312,285,788	\$ 302,946,658	\$ 307,330,037	\$ 313,451,893	\$ 308,318,503	\$ 268,246,850	\$ 247,172,120	\$ 228,670,375
PROPERTY TAX BASE										
Estimated actual value	\$ 5,894,237,333	\$ 5,636,975,792	\$ 5,327,488,265	\$ 5,105,744,064	\$ 4,941,833,867	\$ 4,725,859,276	\$ 4,565,229,650	\$ 4,551,808,439	\$ 4,489,771,784	\$ 4,394,868,241

Source: City of Bowling Green, Department of Finance

Notes:

- (a) Does not include compensated absences, contingent liabilities, landfill post closure, bond premiums, deferred charges and discounts. Does not include debt service paid by WKU (See footnote on preceding page) or ITA debt obligations. See the Notes to the Financial Statements located in the Comprehensive Annual Financial Report (CAFR).
- (b) In addition to enterprise supported obligations (see the prior and following tables), includes that portion of the ITA debt which is the responsibility of the City (50%). Also includes debt issued for WKU that is completely self-supporting.
- (c) Overlapping debt includes the City's portion of the debt of Bowling Green Independent Schools, Warren County, Warren County Schools, and Bowling Green Municipal Utilities.

See accompanying independent auditor's report.

Schedule 13
City of Bowling Green, Kentucky
General Debt - Governmental Funds
Future Debt Services Requirements as of June 30th

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total^(a)</u>
2019	\$ 8,345,000	\$ 2,433,938	\$ 10,778,938
2020	8,320,000	2,181,585	10,501,585
2021	7,060,000	1,916,081	8,976,081
2022	7,230,000	1,689,355	8,919,355
2023	7,235,000	1,471,941	8,706,941
2024	7,485,000	1,239,850	8,724,850
2025	4,605,000	1,029,625	5,634,625
2026	4,800,000	855,657	5,655,657
2027	2,115,000	679,340	2,794,340
2028	2,195,000	605,888	2,800,888
2029	1,800,000	529,338	2,329,338
2030	1,850,000	476,538	2,326,538
2031	1,910,000	418,363	2,328,363
2032	1,970,000	361,063	2,331,063
2033	2,040,000	290,513	2,330,513
2034	1,235,000	217,413	1,452,413
2035	1,270,000	180,363	1,450,363
2036	1,310,000	142,263	1,452,263
2037	1,360,000	89,863	1,449,863
2038	1,405,000	45,663	1,450,663

Source: City of Bowling Green, Department of Finance

Note:

(a) Does not include compensated absences, contingent liabilities, landfill post closure, bond premiums, deferred charges and discounts.
Includes the ITA and WKU debt.

Schedule 14
City of Bowling Green, Kentucky
Enterprise Debt for Convention Center Corporation
Future Debt Services Requirements as of June 30th

Fiscal Year	Principal	Interest	Total ^(a)
2019	\$ 735,000	\$ 4,594	\$ 739,594

Source: City of Bowling Green, Department of Finance

Note:

(a) Does not include compensated absences, contingent liabilities, landfill post closure, bond premiums, deferred charges and discounts.

Schedule 15
City of Bowling Green, Kentucky
Inter-Modal Transportation Authority Debt
Future Debt Services Requirements as of June 30th

Fiscal Year	Principal ^(a)			Interest			Total Debt Service
	2016A Bonds	2016B Bonds	Total Principal ^(b)	2016A Bonds	2016B Bonds	Total Interest	
2019	\$ 1,490,000	\$ 515,000	\$ 2,005,000	\$ 179,499	\$ 58,366	\$ 237,865	\$ 2,242,865
2020	1,515,000	320,000	1,835,000	148,635	47,278	195,913	2,030,913
2021	1,545,000	330,000	1,875,000	116,474	37,235	153,709	2,028,709
2022	1,580,000	335,000	1,915,000	84,001	26,960	110,961	2,025,961
2023	1,600,000	350,000	1,950,000	50,955	16,377	67,332	2,017,332
2024	1,645,000	355,000	2,000,000	17,236	5,485	22,721	2,022,721

Source: City of Bowling Green, Department of Finance

Notes:

- (a) This debt is a general obligation of the City, but payable from revenues received from ITA transactions. The City is jointly responsible with Warren County, KY for debt service on the bonds on a 50%-50% basis. The gross amount is displayed since the City is the issuer of the bonds.
- (b) Does not include compensated absences, contingent liabilities, landfill post closure, bond premiums, deferred charges and discounts.

Schedule 16
City of Bowling Green, Kentucky
Western Kentucky University Debt
Series 2010 Bonds
Future Debt Services Requirements as of June 30th

Fiscal Year	Principal ^(a)	Interest	Total Debt Service ^(b)
2019	\$ 2,185,000	\$ 709,805	\$ 2,894,805
2020	2,340,000	644,255	2,984,255
2021	2,500,000	568,205	3,068,205
2022	2,525,000	480,705	3,005,705
2023	2,415,000	392,330	2,807,330
2024	2,520,000	302,975	2,822,975
2025	2,625,000	208,475	2,833,475
2026	2,755,000	106,756	2,861,756

Source: City of Bowling Green, Department of Finance

Notes:

- (a) Payable from revenues received from Western Kentucky University (WKU). Since the City was the issuer of the bonds, the debt is a direct obligation of the City, but WKU is responsible and makes all debt service payments.
- (b) Does not include compensated absences, contingent liabilities, landfill post closure, bond premiums, deferred charges and discounts.

Schedule 17
City of Bowling Green, Kentucky
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
General obligation bonds	\$ 78,269,251	\$ 87,575,068	\$ 96,522,378	\$ 101,557,970	\$ 102,591,166	\$ 108,501,710	\$ 119,325,846	\$ 124,964,655	\$ 128,561,433	\$ 132,181,377
Capital leases	4,018,748	794,217	1,755,421	2,119,501	2,459,472	2,871,504	3,412,034	3,944,088	3,241,585	4,510,477
Special assessment bonds	-	-	-	-	-	-	112,506	118,419	125,229	131,906
Total	<u>82,287,999</u>	<u>88,369,285</u>	<u>98,277,799</u>	<u>103,677,471</u>	<u>105,050,638</u>	<u>111,373,214</u>	<u>122,850,386</u>	<u>129,027,162</u>	<u>131,928,247</u>	<u>136,823,760</u>
Net general bonded debt	<u>\$ 82,287,999</u>	<u>\$ 88,369,285</u>	<u>\$ 98,277,799</u>	<u>\$ 103,677,471</u>	<u>\$ 105,050,638</u>	<u>\$ 111,373,214</u>	<u>\$ 122,850,386</u>	<u>\$ 129,027,162</u>	<u>\$ 131,928,247</u>	<u>\$ 136,823,760</u>
Property values	\$ 5,894,237,333	\$ 5,636,975,792	\$ 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
Percentage of estimated actual taxable value of property	1.40 %	1.57 %	1.84 %	2.03 %	2.13 %	2.33 %	2.70 %	2.94 %	3.05 %	3.20 %
Per capita ^(a)	1,226	1,354	1,545	1,672	1,769	1,902	2,165	2,194	2,434	2,611

Notes:

Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

(a) Population data can be found in Schedule 21.

See accompanying independent auditor's report

Schedule 18
City of Bowling Green, Kentucky
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018

Governmental Unit	Debt Outstanding ^(a)	Estimated Percentage Applicable ^(b)	Estimated Share of Overlapping Debt
Bowling Green Independent Schools	\$ 26,721,553	100.00 %	\$ 26,721,553
Warren County	78,095,581	58.11 %	45,384,451
Warren County Schools	172,901,000	50.62 %	87,531,078
Bowling Green Municipal Utilities	78,278,615	100.00 %	<u>78,278,615</u>
Subtotal, overlapping debt			237,915,697
City direct debt			<u>82,287,999</u>
Total direct and overlapping debt			<u><u>\$ 320,203,696</u></u>

Sources:

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

Notes:

- (a) Gross governmental debt, less revenues.
- (b) 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)

City of Bowling Green, Kentucky
Schedule 19
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2018	
Assessed value	\$ 5,894,237,333
Debt limit, 10% of assessed value ^(a)	589,423,733
Debt applicable to limit:	
General obligation bonds	79,023,373
Notes and capital leases payable	<u>4,018,748</u>
Total net debt applicable to limit	83,042,121
Legal debt margin	<u>\$ 506,381,612</u>

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limit	\$ 589,423,733	\$ 563,697,579	\$ 532,748,827	\$ 510,574,406	\$ 494,183,387	\$ 472,585,928	\$ 456,522,985	\$ 455,180,844	\$ 448,977,178	\$ 439,486,824
Total net debt applicable to limit	<u>83,042,121</u>	<u>89,867,533</u>	<u>100,480,170</u>	<u>106,613,965</u>	<u>111,260,639</u>	<u>118,160,163</u>	<u>129,153,378</u>	<u>135,935,233</u>	<u>140,594,305</u>	<u>145,580,339</u>
Legal debt margin	<u>\$ 506,381,612</u>	<u>\$ 473,830,046</u>	<u>\$ 432,268,657</u>	<u>\$ 403,960,441</u>	<u>\$ 382,922,748</u>	<u>\$ 354,425,765</u>	<u>\$ 327,369,607</u>	<u>\$ 319,245,611</u>	<u>\$ 308,382,873</u>	<u>\$ 293,906,485</u>
Total net debt applicable to the limit as a percentage of debt limit	14.09 %	15.94 %	18.86 %	20.88 %	22.51 %	25.00 %	28.29 %	29.86 %	31.31 %	33.13 %

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 20
City of Bowling Green, Kentucky
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Stonehenge Sections I-V ^(a)				Cedar Grove Section IX ^(a)				Lovers Lane ^(b)			
	Special Assessment	Debt Service		Coverage	Special Assessment	Debt Service		Coverage	Special Assessment	Debt Service		Coverage
	Collections	Principal	Interest		Collections	Principal	Interest		Collections	Principal	Interest	
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
2016	121,669	50,000	68,639	1.03	29,032	15,000	13,813	1.01	16,151	9,157	6,993	1.00
2017	117,646	51,000	66,675	1.00	29,288	15,000	12,800	1.05	16,151	9,601	6,550	1.00
2018	119,332	53,000	64,113	1.02	25,796	15,000	11,788	0.96	16,151	10,066	6,085	1.00

Notes:

- (a) The Stonehenge Sections I-V and Cedar Grove Sections 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 21
City of Bowling Green, Kentucky
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population ^(a)	Personal Income ^(b)	Per Capita Personal Income ^(c)	Median Age ^(d)	School Enrollment ^(e)	Unemployment Rate ^(f)
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 %
2016	63,600	4,138,310,000	34,354	28	20,682	4.7 %
2017	65,250	4,418,499,000	35,966	27	20,814	4.1 %
2018	67,100	4,582,488,000	36,505	28	21,037	4.0 %

Sources:

- (a) Estimated population statistics obtained from the U.S. Census Bureau (<http://census.gov/quickfacts/table/PST045215/210892,00>).
- (b) Personal income data obtained from www.bea.gov (Bureau of Economic Analysis).
- (c) Income per capita obtained from www.bea.gov (Bureau of Economic Analysis).
- (d) U.S. Department of the Census American FactFinder (2012 Census est) (http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml).
- (e) Refer to both Board of Educations for public school information and 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), figures not seasonally adjusted, average for fiscal year.

Note:

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 22
City of Bowling Green, Kentucky
Principle Employers
Current Year and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Western Kentucky University	4,421	1	5.67 %	4,406	1	6.87 %
The Medical Center at BG	2,260	2	2.90 %	1,892	2	2.95 %
BG Metalforming LLC	1,482	3	1.90 %	634	9	0.99 %
Union Underwear Co. LLC	1,292	4	1.66 %	1,146	3	1.79 %
Warren County Board of Education	1,075	5	1.38 %	1,004	5	1.57 %
Houchens Food Group Inc.	1,062	6	1.36 %	730	6	1.14 %
Graves-Gilbert Clinic PSC	1,001	7	1.28 %	-	-	-
Sun Products Corporation	930	8	1.19 %	-	-	-
General Motors Corporation	887	9	1.14 %	-	-	-
Kentucky State Treasurer	751	10	0.96 %	-	-	-
Walmart Associates Inc	-	-	-	1,094	4	1.71 %
Bowling Green Board of Education	-	-	-	662	7	1.03 %
City of Bowling Green	-	-	-	642	8	1.00 %
Country Oven Bakery	-	-	-	531	10	0.83 %
Total	15,161		19.44 %	12,741		19.88 %

Sources:

City Bowling Green, Department of Finance
Bowling Green Area Chamber of Commerce
Bureau of Labor and Statistics (www.bls.gov)

Schedule 23
City of Bowling Green, Kentucky
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>FUNCTION/PROGRAM</u>										
General government	40	42	42	40	42	41	41	42	41	45
Administration	8	9	8	8	8	7	7	7	7	6
Citizen's Assistance	-	-	-	-	-	-	-	-	-	6
Finance	14	16	16	15	17	17	18	18	18	18
Human Resources	6	6	7	6	6	6	5	6	6	5
Legal	2	2	2	2	2	2	2	2	2	2
Information Technology	10	9	9	9	9	9	9	9	8	8
Public Safety	268	269	270	269	265	267	266	269	263	276
Police										
Officers	109	112	115	112	108	110	109	110	104	114
Civilians	32	31	30	35	37	37	35	38	38	40
Fire										
Firefighters and Officers	124	123	122	119	117	117	118	117	117	118
Civilians	3	3	3	3	3	3	4	4	4	4
Public Works	55	56	55	54	53	53	52	50	51	57
Parks and Recreation	54	53	52	56	54	57	58	57	61	60
Neighborhood & Community Services	25	26	26	26	24	23	23	21	21	22
Total	442	446	445	445	438	441	440	439	437	460

Source: City of Bowling Green Department of Finance

See accompanying independent auditor's report.

Schedule 24
City of Bowling Green, Kentucky
Operating Indicators by Function/Program
Last Ten Fiscal Years

FUNCTION/PROGRAM	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Citizen's information										
Anti-litter presentations/events	-	-	-	-	-	-	2	7	8	7
Neighborhood meetings conducted	40	69	69	55	61	63	71	71	72	91
Finance										
Tax bills sent	22,487	22,356	22,352	22,220	21,864	21,703	21,495	21,405	21,372	21,238
Business registrations received	915	848	829	883	1,025	923	801	835	819	776
Human Resources										
Job applicants	2,435	2,168	2,488	1,559	1,011	1,299	1,394	1,346	1,137	1,938
Position filled	329	299	234	222	248	234	216	216	178	204
Police										
911 service calls	64,822	78,052	81,072	78,465	75,800	61,859 ^(a)	67,842	65,440	54,754	60,013
Traffic stops	6,901	4,490	8,594	9,071	13,189	11,897	13,476	15,650	15,777	17,356
Fire										
Accident runs	7,298	7,251	6,786	6,195	5,634	5,523	5,049	4,836	4,517	4,586
Fire runs	221	262	236	282	212	278	300	285	258	294
Fires investigated	34	30	36	63	17	61 ^(b)	71	2,845	3,373	3,838
Public Works										
Street resurfacing (miles)	18	15	8	7	4	7	12	5	5	4
Potholes repaired	598	668	575	826	426	772	392	478	466	385
Parks and Recreation										
Fitness & athletic participants	995,538	885,472	902,073	883,654	970,174	859,614	927,403	765,462	878,035	871,724
Visits to Community Center	159,047	156,913	156,811	229,885	272,470	267,813	269,596	271,722	214,184	223,628
Neighborhood & Community Services										
Households receiving asst	762	698	695	743	719	725	726	723	765	791
Bldg/electrical & code inspections	12,731	13,236	13,360	10,796	12,264	12,170	9,912	8,804	15,631	12,302
Animal control calls	2,542	2,489 ^(c)	2,489	2,317	2,788	2,027	3,203	3,176	3,202	3,283

Source: Various City of Bowling Green departments.

Notes:

- (a) Beginning in 2012, Public Safety became the answering point for both landline and cell phone 911 calls in Warren County.
- (b) Effective 2012, the Fire Department began tracking fires investigations rather than fire inspections.
- (c) Effective 2017, Animal Control moved to the Neighborhood and Community Services Department from the Police Department.

See accompanying independent auditor's report.

Schedule 25
City of Bowling Green, Kentucky
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>FUNCTION/PROGRAM</u>	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	7	7	7	6
Training centers	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	266	264	262	257	264	258	266	265	257	247
Sidewalks (miles)	136 ^(c)	119	114	113	112	112	109	104	95	94
Alleys (miles)	15	15	15	15	15 ^(b)	19	17	17	17	17
Parks and Recreation										
Number of parks	22	22	22	21	20	20	25	25	25	25
Number of facilities	7	7	7	7	7	7 ^(a)	-	-	-	-
Acreage	970	970	970	974	972	972	972	970	970	970
Playgrounds	22	22	22	22	21	22	22	22	22	22
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccerfields	19	14	14	14	13	13	13	13	13	13
Community centers	3	3	3	3	3	3	3	3	3	3
Neighborhood & Community Services										
Building permits issued	2,155	2,296	2,193	2,003	1,824	1,868	1,609	1,515	1,571	1,523

Sources: Various City of Bowling Green department.

Notes:

- (a) Effective with FY2013, parks and facilities are categorized separately.
- (b) In FY14, the Public Works Department updated mapping, which decreased alley miles.
- (c) The increase in sidewalk miles is due to the recalculation of miles reported.

See accompanying independent auditor's report.

City of Bowling Green, Kentucky

Single Audit Reports Under
Uniform Guidance

Year Ended June 30, 2018



**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Kentucky as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Bowling Green, Kentucky's basic financial statements, and have issued our report thereon dated October 30, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bowling Green, Kentucky's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bowling Green, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bowling Green, Kentucky's internal control.

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

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

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards* (Continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bowling Green, Kentucky's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lexington, Kentucky
October 30, 2018

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance

Honorable Bruce Wilkerson, Mayor
and the Board of Commissioners

City of Bowling Green
Bowling Green, Kentucky

Report on Compliance for Each Major Federal Program

We have audited the City of Bowling Green, Kentucky's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the City of Bowling Green, Kentucky's major federal programs for the year ended June 30, 2018. The City of Bowling Green, Kentucky's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Bowling Green, Kentucky complied, in material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance (Continued)

Report on Internal Control over Compliance

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

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

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

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



Lexington, Kentucky

October 30, 2018

City of Bowling Green, Kentucky
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Pass-through to Sub- recipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
<i>Direct programs</i>				
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	N/A	\$ -	\$ 15,455
<i>Pass through Kentucky Division of Water</i>				
Performance Partnership Grants	66.605	PON2 129 1700001296	-	5,000
Total U.S. Environmental Protection Agency			-	20,455
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Direct programs</i>				
Federal Transit Formula Grants	20.507	N/A	982,087	982,087
<i>Pass through Kentucky Transportation Cabinet</i>				
Highway Planning and Construction	20.205	TCSP-2003	-	8,473
Total U.S. Department of Transportation			982,087	990,560
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Direct programs</i>				
Section 8 Administrative	14.871	N/A	-	381,344
Section 8 Housing Choice Vouchers	14.871	N/A	-	2,874,738
Total			-	3,256,082
Community Development Block Grants	14.218	N/A	23,421	879,071
Total U.S. Department of Housing and Urban Development			23,421	4,135,153
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Pass through Kentucky Division of Homeland Security</i>				
Homeland Security Grant Program	97.067	16-221	-	20,600
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Direct programs</i>				
Bulletproof Vest Partnership Program	16.607	N/A	-	4,223
<u>OFFICE OF NATIONAL DRUG CONTROL POLICY</u>				
<i>Pass through Appalachia HIDTA</i>				
High Intensity Drug Trafficking Areas Program	95.001	G12AP001A	-	16,359
Total Expenditures of Federal Awards			\$ 1,005,508	\$ 5,187,350

See accompanying independent auditor's report and notes
to the schedule of expenditures of federal awards

City of Bowling Green, Kentucky
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City of Bowling Green, Kentucky, under programs of the federal government for the year ended June 30, 2018 in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the City of Bowling Green, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Government.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note C - In-direct Cost Rate

The City of Bowling Green, Kentucky has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note D – Procurement Policy

For the year ended June 30, 2018, the City of Bowling Green, Kentucky has elected to delay adopting the procurement requirements specified in the Uniform Guidance.

City of Bowling Green, Kentucky
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I - Summary of Auditor's Results

1. The auditor's report expresses unmodified opinions on the financial statements of the City of Bowling Green, Kentucky.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Bowling Green, Kentucky, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for the City of Bowling Green, Kentucky expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with Uniform Guidance 516(a).
7. The programs tested as major programs included:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Administrative
14.871	Section 8 Housing Choice Vouchers

8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The City of Bowling Green, Kentucky did qualify as a low-risk auditee.

City of Bowling Green, Kentucky
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2018

Section II - Financial Statement of Findings

No matters were reported.

Section III - Major Federal Award Findings and Questioned Costs

No matters were reported.

City of Bowling Green, Kentucky
Schedule of Prior Year Audit Findings
Year Ended June 30, 2018

No matters were reported.