



# CITY OF BOWLING GREEN **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2017



Photo credit: Keith Bridgeman

Issued by the Department of Finance

**City of Bowling Green**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2017**



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

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November 13, 2017

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

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Bowling Green (City) for the fiscal year ended June 30, 2017. The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and the reporting standards of the Governmental Accounting Standards Board (GASB). The CAFR includes all funds of the City and the component units.

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

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

The independent accounting firm of Mountjoy Chilton Medley LLP, Certified Public Accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2017 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, 2017 are fairly presented in all material respects in conformity with GAAP. Their report is the first component in the Financial Section of this report.

Additionally, Mountjoy Chilton Medley LLP included an audit of federal grants in order to meet the requirements of federal grantor agencies as outlined by the 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. These reports are published separately. Requests for a copy of the Single Audit Report should be directed to the City's Chief Financial Officer or may be found on the City's website.

## **PROFILE OF THE CITY**

Bowling Green, the "Park City" of Kentucky, was established in 1798, and is located in the south-central part of the state. The City occupies a land area of 39.6 square miles, has an estimated population of 65,250, 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 495,000 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 (Board), in which all legislative and executive authority of the City is vested. As such, the Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring all City staff. The Board appoints a City Manager, who serves as the Chief Administrative Officer of the City and enforces City ordinances and policy as well as carrying out day-to-day operations. The City's workforce as of June 30, 2017, was comprised of 446 authorized full-time positions, with 60% of the employees dedicated to public safety.

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

In accordance with GASB Statement No. 61, "*The Financial Reporting Entity*", and based on the foregoing criteria, the City has presented the Bowling Green Police and Firefighters' Retirement Fund and the Convention Center Corporation as blended component units within the City's basic financial statements because the component unit's governing body is substantially the same as the governing body of the City, the component units are dependent upon the City financially and operationally. Bowling Green Municipal Utilities is included as a discretely presented component unit because the City is financially accountable and is able to impose its will on the organization or the component unit provides specific financial benefits or imposes specific financial burdens on the City. The Bowling Green - Warren County Airport, Bowling

Green Independent School District, Housing Authority of Bowling Green, and other various related organizations providing services within the City do not meet the financial accountability criteria discussed above and, therefore, are excluded from this report.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager submits a proposed budget to the City Commission in June. Under state statute, this budget must be balanced for each fund and total available funds must equal or exceed total anticipated expenditures. The Commission then conducts a series of public hearings on the proposed budget. Prior to July 1, the budget is legally enacted through passage of an ordinance. The Chief Financial Officer is authorized to transfer budgeted amounts between departments within any fund. However, the City Commission must approve any revisions that alter the total expenditures of any fund. During this fiscal year, there were 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 tax. Bowling Green is the home of Western Kentucky University (WKU), the city's largest employer with nearly 4,500 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 slightly above 20,000 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 was ranked #1 by *Newsweek* magazine for three straight years (2012-2014). 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 FY2017, the Bowling Green Area Chamber of Commerce announced capital investments totaling more than \$466.9 million and the creation of over 700 new jobs, the fifth largest announced jobs in the last decade for south central Kentucky. These figures represented the first and ninth largest capital project investments in the state as well as the 10<sup>th</sup> largest job creation project in the state.

The most recent rankings, published by *Forbes* for the City, had Bowling Green ranked 33<sup>rd</sup> for Job Growth Rate for "Best Small Places for Business and Careers" out of 200 cities and 51<sup>st</sup> for Low Cost of Doing Business, with an overall ranking of 39<sup>th</sup>. *Site Selection* magazine ranked Bowling Green second in the "Top 10 Metro Areas for New and Expanded Facilities in 2016", with its fourth consecutive year on the list and climbing from fourth since 2015. According to *24/7 Wall St*, Bowling Green was named Kentucky's fastest growing city recognizing a 6.4% growth in population between 2011 and 2016, 1.5% higher than the state average.

Bowling Green's average unemployment rate during the past fiscal year increased by +1.0%, but ended the year below the state and national average. Bowling Green began fiscal year 2017 with an unemployment rate of 4.5%, versus 5.1% for the state and 4.9% nationally. By the end of the fiscal twelve months, the City's unemployment rate was 5.5%, versus 5.7% for the state and 4.4% for the nation. Bowling Green's unemployment rate during fiscal year 2017 averaged 4.1%, versus 5.4% statewide and 4.7% across the United States.

Bowling Green continued to show signs of economic growth during fiscal year 2017 with overall revenue growth of 7.6%, outpacing the previous year of +4.7%. The payroll tax base posted a gain of approximately \$116.1 million, which increased employee withholding fee collections by \$2,147,000, or +5.7%, over fiscal year 2016, and contributed to total withholding receipts of \$39.8 million. Total employee withholding revenue increased by an average of 5.5% over the prior three years, a strong improvement compared to the short period of decline in 2008-09. The City's other important revenue source, net profit tax revenues, eclipsed the FY17 amended budget by \$2,750,000, or +33.7%, contributing to a total collection of \$10,867,000. New business registrations issued during the fiscal year totaled 848.

The economic recovery that began five years ago is expected to continue with stable growth between 4% 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 and plans to continue efforts to attract jobs to the area by offering incentives to new businesses locating in the area and to encourage the expansions of existing businesses to grow the existing 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, Human Resources Director, Assistant Chief Financial Officer and Chief Financial Officer, is primarily responsible for the long-term financial planning for the City. Long-term fiscal sustainability is a top focus of the budget team. The Chief Financial Officer prepares the revenue forecast for the budget each year and budgeted expenditures are matched to revenue projections. Great emphasis is placed on current year operating revenues equaling or exceeding current year operating expenditures. A conservative approach 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 way that provides maximum efficiency, effectiveness, and value to the citizens of Bowling Green. The City's major initiatives during the year are discussed below.

The 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 \$2.0 million in FY17 to resurface approximately 12.0 miles of roadway, in FY18 this budget was increased to \$2.35 million. The eleventh year of participation in the sidewalk improvement program was completed in 2017 and has resulted in over 14.3 miles of new sidewalk construction, the FY17 budget was \$500,000. Finally, the stormwater program is in its seventh year and over \$4.25 million in local tax revenues have been dedicated since then to undertake large scale drainage improvements across the City, the FY17 budget was \$500,000.

Other notable Public Works projects that were completed or in-progress during FY17 include the Wakefield Pond drainage basin project that drained an existing pond, re-graded the side slopes and installed two drywells with a total project cost of approximately \$196,000. Also, Phase I and II of the Smallhouse Road localized improvements project was underway in FY17; property acquisitions, design elements and construction elements were completed for a total expense of over \$2,000,000 during the year. During the fiscal year, City Hall Annex air conditioning system and IT server room HVAC were replaced for over \$192,000. Also in the City Hall Annex, the new Records Retention area received a dry sprinkler system for a cost of over \$110,000. The City Hall building HVAC was also replaced for \$172,900.

The Parks and Recreation department continued and completed several projects during fiscal year 2017. Construction of a new Cemetery Maintenance building was completed at a total cost of over \$473,500 in the Fairview Cemetery. Also, a new multi-use trail system dubbed "The Loops" at Lover's Lane Soccer Complex was constructed during the year. The Loops consists of an inner paved trail and an outside gravel surface trail that connects to the existing greenway trails on Lover's Lane and Cemetery Road. The trails also included lighting and are expected to increase use of the park in the off-season, the total cost of The Loops was \$451,185. Play structures were replaced at Kereiakes and Pedigo Parks almost tripling the square footage of the playgrounds at a cost of over \$170,000. Other projects included the construction of a new shelter at Covington Woods Parks for \$57,450 and the addition of a press box at Lover's Lane Soccer Complex for \$51,835.

Several pieces of larger equipment were purchased during FY2017 for the Public Works Operations Division, including: Scissor Lift and Flatbed for \$65,650, two Ford F650 Super Dump Trucks with snow plows for a total of \$148,000, and two International 4400 Knuckleboom Trucks for a total cost of \$250,000.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bowling for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. 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, 2016. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

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

### **Acknowledgements**

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeff Meisel". The signature is written in a cursive, flowing style.

Jeff Meisel, CPA  
Chief Financial Officer



Government Finance Officers Association

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

Presented to

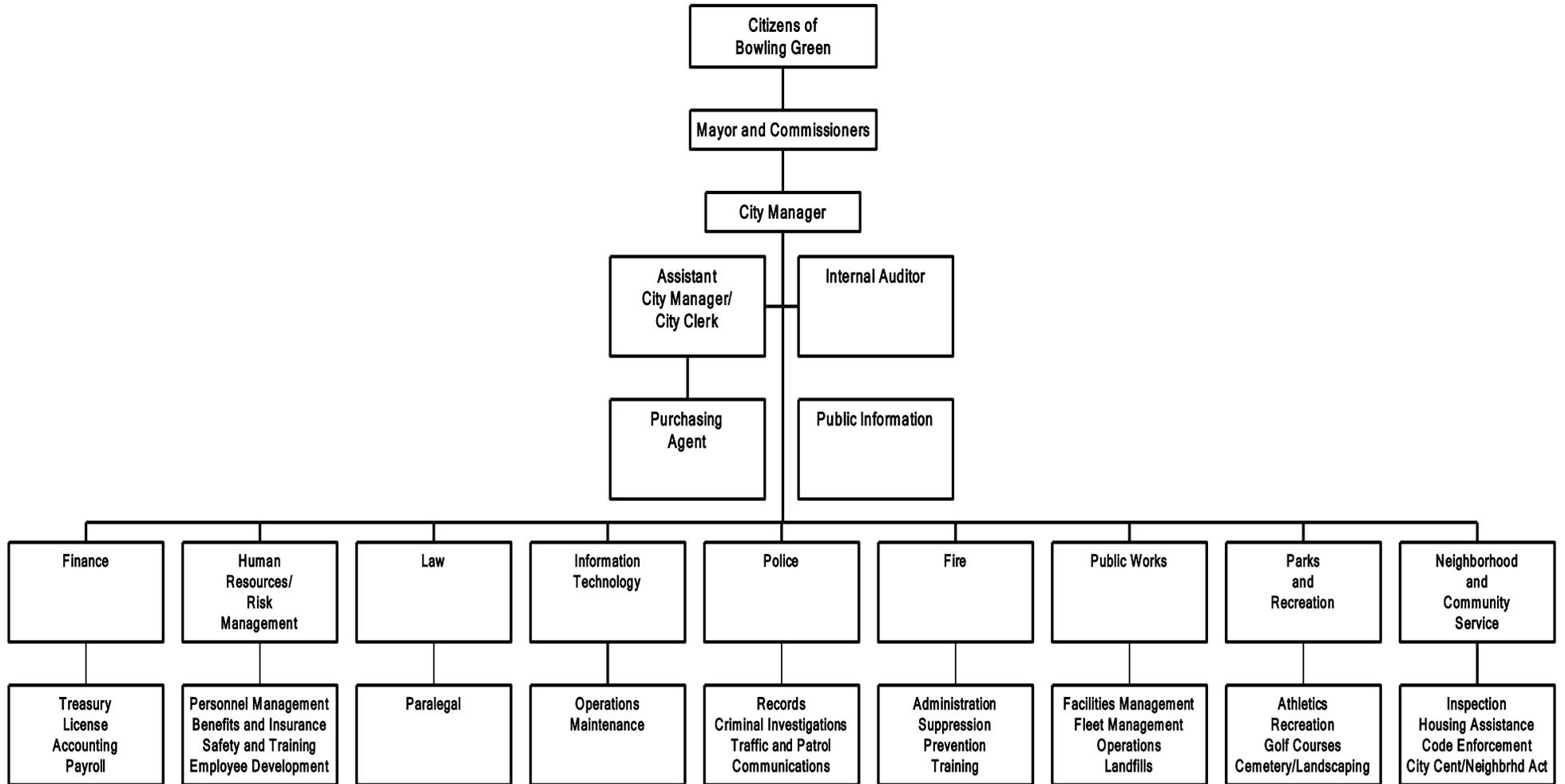
**City of Bowling Green  
Kentucky**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# CITY OF BOWLING GREEN



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

Mayor and Commissioners

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

Mayor  
Mayor Pro Tem  
Commissioner  
Commissioner  
Commissioner

KEVIN D. DEFEBBO – CITY MANAGER

Administration:

Katie Schaller

Assistant City Manager/  
City Clerk  
Purchasing Agent  
Internal Auditor

Marilyn Parrigin  
Deborah Jenkins

Finance:

Jeff Meisel, CPA  
Erin Ballou, CMA, CPFO  
Sean Weeks, CPFO

Chief Financial Officer  
Assistant Chief Financial Officer  
Assistant Chief Financial Officer

Human Resources:

Michael Grubbs

Director

Law:

H. Eugene Harmon

City Attorney

Information Technology:

Lynn Hartley

Chief Information Officer

Public Safety:

Doug Hawkins  
Jason Colson

Police Chief  
Fire Chief

Public Works:

Greg Meredith

Director

Parks and Recreation:

Brent Belcher

Director

Neighborhood and Community Services:

Brent Childers

Director

## **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 City of Bowling Green, Kentucky (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

## **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Policemen and Firefighters' Retirement Fund which reflects total assets of \$7,172,071 as of June 30, 2017, and total additions of \$816,421 for the year ended June 30, 2017. 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, 2017 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 22, budgetary comparison information on pages 70 through 72, pension schedules on pages 73 through 77 and the Modified Approach for City Streets Infrastructure Capital Assets on pages 78 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section on pages 1 through 9, combining and individual funds statements and schedules on pages 85 through 130, and the statistical section on pages 131 through 158 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Munger Chilton Mudley LLP". The signature is written in a cursive, flowing style.

Lexington, Kentucky  
November 13, 2017

## 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, 2017. 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 \$194.1 million (net position). This amount included \$29.3 million of resources that were restricted to specific projects by laws, regulations or contractual agreements. A deficit total of -\$17.2 million of resources was unrestricted due to GASB 68 Accounting and Financial Reporting for Pensions, which was implemented during fiscal year 2015.
- The City's total net position increased \$21.3 million this year. Net position of governmental activities increased \$20.4 million and net position of business-type activities increased by \$0.9 million.
- As of June 30, 2017, the City's governmental funds reported combined ending fund balances of \$63.9 million, an increase of \$6.2 million over the prior year. Of this amount, \$5.9 million in the General Fund was unassigned and available for spending. The committed fund balance total of \$16.3 million represents the minimum reserve balance set by the City's General Fund reserve balance policy, increased in FY17 from 20%, which calculates the reserve balance as 25% of the adopted revenue budget.
- The City's governmental activities total liabilities decreased by \$4.0 million due to debt service payments netted against an increase to net pension liability for participation in the County Employees Retirement System, resulting in an overall decrease. Business-type activity debt decreased by \$0.7 million, due to principal payments on outstanding debt.

### Overview of Financial Statements

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

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

### Government-Wide Financial Statements

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

The Statement of Net Position presents information on all the City's assets and liabilities as of June 30, 2017. 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, 2017. The City reported assets greater than liabilities by \$194.1 million, an increase of \$21.3 million over last year. The increase in net position was a result of increased cash from revenue and additions to capital assets related to governmental activities. Business type activities increased with revenues outpacing expenditures despite revenues decreasing \$0.2 million and expenditures increasing \$0.5 million. A \$3.5 million increase in deferred outflows of resources from pension contributions is the primary driver of the increase of net position over last year. Of the \$194.1 million in net position, \$182.1 million, or 93.8%, was the net investment in capital assets and unrestricted net position equaled a deficit balance of -\$17.2 million, or -8.9%. The net position of governmental activity funds totaled \$180.8 million, which was comprised of the net investment in capital assets total of \$177.0 million, or 97.9%, and a deficit balance of -\$25.4 million, or -14.1%, as unrestricted. The unrestricted net position of governmental funds included fund balances of the General Fund and various special revenue funds.

#### Statement of Net Position

June 30, 2017

(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 121.0	\$ 115.4	\$ 8.2	\$ 7.8	\$ 129.2	\$ 123.2
Capital assets	198.8	190.9	6.6	6.7	205.4	197.6
Total assets	<u>319.8</u>	<u>306.3</u>	<u>14.8</u>	<u>14.6</u>	<u>334.6</u>	<u>320.9</u>
Deferred outflows	20.1	16.6	-	-	20.1	16.6
Long-term liabilities	145.5	150.3	0.8	1.5	146.3	151.8
Other liabilities	12.9	12.1	0.7	0.7	13.6	12.8
Total liabilities	<u>158.4</u>	<u>162.4</u>	<u>1.5</u>	<u>2.2</u>	<u>159.9</u>	<u>164.6</u>
Deferred inflows	0.7	0.1	-	-	0.7	0.1
Net position:						
Net Investment in capital assets	177.0	165.0	5.1	4.5	182.1	169.5
Restricted for:						
Debt Service	5.1	4.8	-	-	5.1	4.8
Capital Projects	21.4	19.7	-	-	21.4	19.7
Community Development	1.6	1.6	-	-	1.6	1.6
Perpetual Care	1.1	1.0	-	-	1.1	1.0
Unrestricted	<u>(25.4)</u>	<u>(31.7)</u>	<u>8.2</u>	<u>7.8</u>	<u>(17.2)</u>	<u>(23.9)</u>
Total net position	<u>\$ 180.8</u>	<u>\$160.4</u>	<u>\$13.3</u>	<u>\$12.4</u>	<u>\$194.1</u>	<u>\$ 172.8</u>

\*Numbers may not total due to rounding

The net position of the City's business-type activities totaled \$13.3 million. Of the net position total, \$5.1 million (38%) was net investment in capital assets and \$8.2 million (62%) was unrestricted.

## Analysis of City Operations

The following table summarizes City operations for the fiscal year ended June 30, 2017. Governmental activities increased the City of Bowling Green's net position by \$20.4 million, accounting for 95.6% of the total increase. The increase in net position was due to a \$5.1 million increase in occupational wage and net profit revenue as well as a small reduction in long term debt interest. Business-type activities increased the City's net position by \$0.9 million, which was 4% of the total increase. The increase in Business-type net position is due to growth in assets through an increase in property taxes and net profit collections in the Hartland development area.

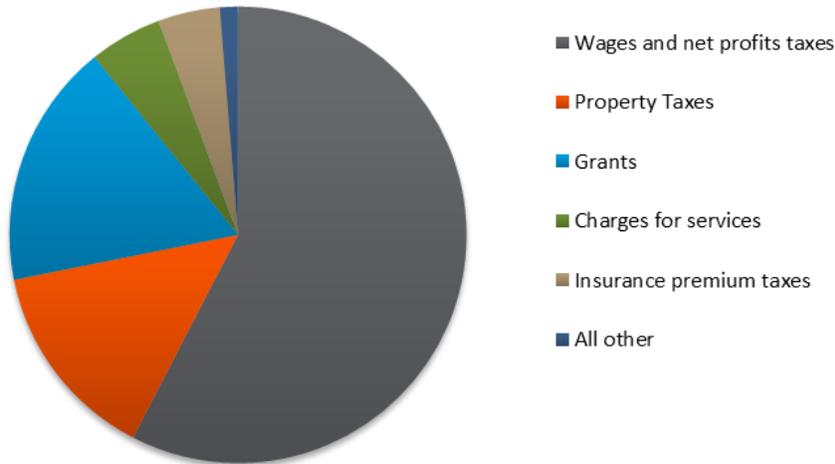
### Statement of Activities June 30, 2017 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 4.8	\$ 5.4	\$ 0.2	\$ 0.2	\$ 5.0	\$ 5.6
Operating grants and contributions	11.3	10.1	-	-	11.3	10.1
Capital grants and contributions	4.9	1.8	-	-	4.9	1.8
General revenue:						
Property taxes	13.3	13.0	0.1	0.1	13.4	13.1
Insurance premium taxes	4.1	3.8	-	-	4.1	3.8
Transient room taxes	-	-	0.6	0.6	0.6	0.6
Wages and net profits taxes	53.8	48.7	-	-	53.8	48.7
Other general revenues	1.2	2.1	-	0.2	1.2	2.3
Total revenues	<u>93.4</u>	<u>84.9</u>	<u>0.9</u>	<u>1.1</u>	<u>94.3</u>	<u>86.0</u>
<b>Program expenses</b>						
General government	19.0	19.0	-	-	19.0	19.0
Public safety	24.6	23.7	-	-	24.6	23.7
Public works	10.6	9.5	-	-	10.6	9.5
Parks and recreation	7.6	7.8	-	-	7.6	7.8
Neighborhood & community services	5.4	5.0	-	-	5.4	5.0
Community services	2.0	2.0	-	-	2.0	2.0
Interest on long-term debt	2.8	4.0	-	-	2.8	4.0
Convention Center	-	-	1.0	0.5	1.0	0.5
Total expenses	<u>72.0</u>	<u>71.0</u>	<u>1.0</u>	<u>0.5</u>	<u>73.0</u>	<u>71.5</u>
Increase/decrease in net position before transfers	21.4	13.9	(0.1)	0.6	21.3	14.5
Transfers	(1.0)	(1.0)	1.0	1.0	-	-
Change in net positions	<u>20.4</u>	<u>12.9</u>	<u>0.9</u>	<u>1.6</u>	<u>21.3</u>	<u>14.5</u>
Net position, beginning of year	<u>160.4</u>	<u>147.6</u>	<u>12.4</u>	<u>10.8</u>	<u>172.8</u>	<u>158.4</u>
Net position end of year	<u>\$180.8</u>	<u>\$160.4</u>	<u>\$ 13.3</u>	<u>\$ 12.4</u>	<u>\$194.1</u>	<u>\$172.8</u>

\*Numbers may not total due to rounding

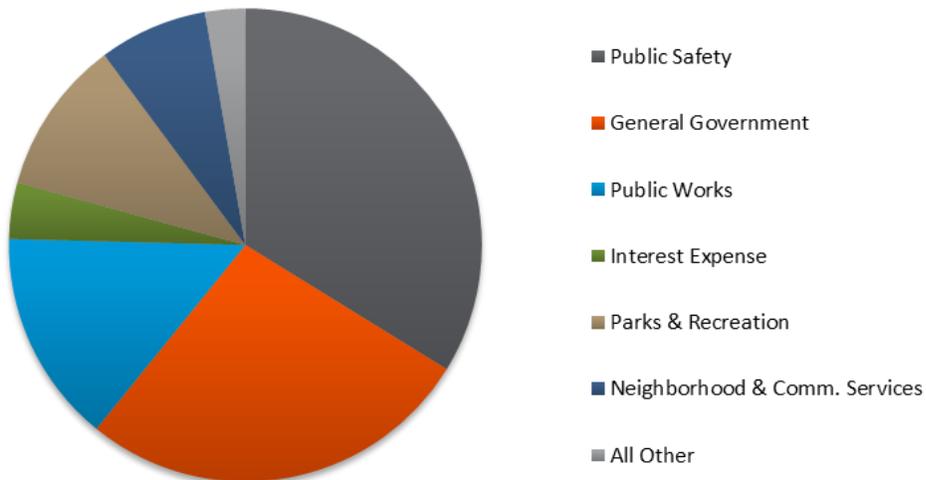
Total revenues for the City's governmental activities totaled \$93.4 million at June 30, 2017, compared to \$84.9 million in the prior year. The increase is a combination of the collection of \$5.1 million in additional occupational taxes than in the previous year and a \$3.1 million increase from the acceptance of street and sidewalk infrastructure from private developers, which is reflected as Capital grants and contributions. The City's largest source of revenue, wage and net profits taxes, totaled \$53.8 million, or 57.6%, of governmental revenue during FY2017. The second largest category of revenues, operating and capital grants and contributions, accounted for \$16.2 million, or 17.3%, of total revenue. Other revenue sources included property taxes (\$13.3 million), charges for services (\$4.8 million) and insurance premium taxes (\$4.1 million).

## Governmental Funds Revenue Sources



Current year expenses of the City's governmental activities totaled \$72.0 million, compared to \$71.0 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, Public Safety, ended the fiscal year with expenses totaling \$24.6 million, or 34.1%, of total expenses during FY2017. The second largest category of expenses was General Government, with a total of \$19.0 million, or 26.4%, of total expenses. Other expense categories include Public Works (\$10.6 million), Parks and Recreation (\$7.6 million), Neighborhood and Community Services (\$5.4 million) and interest expense (\$2.8 million).

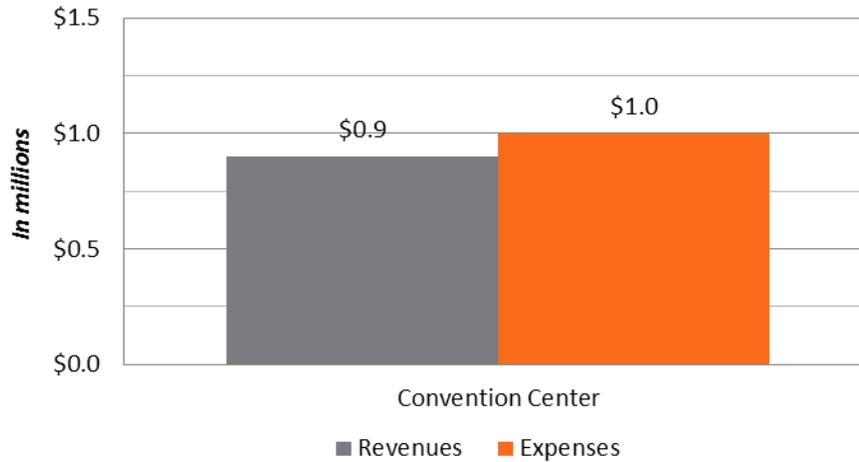
## Governmental Funds Expenditure Categories



## Business-type Activities

Revenues for business-type activities totaled \$0.9 million during fiscal year 2017, compared to \$1.1 million last year. The \$0.2 million decrease in revenue during fiscal year 2017 was a result of a fair market value adjustment of the investments for the Sloan Convention Center. Of the \$0.9 million of revenues, \$0.2 million, or 22.2%, 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 \$1.0 million during FY2017, which is an increase of \$0.5 million over last year due to the restoration of the Sloan Convention Center lobby.

### City Enterprise Fund - Convention Center Corporation



### Funds of the City of Bowling Green

The City's governmental funds for the year ended June 30, 2017, reflected a combined ending total fund balance of \$63.9 million, an increase of \$6.2 million over the prior year. The increase in fund balance was a result of increased revenues, primarily wage and net profit tax collections in the General Fund, some of which was then transferred to capital project funds to prefund future capital projects. Of the \$63.9 million total fund balance, \$5.9 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, 2017, was \$25.4 million, which represents an increase of \$4.1 million over the prior year. The increase in fund balance was mainly a result of increased cash due to stronger than expected net profit and wage tax revenue collections. Of the \$25.4 million total fund balance; unassigned fund balance was \$5.9 million and reflected 8.4% of General Fund revenues, representing residual net resources that have not been restricted, committed or assigned to specific purposes. Committed fund balance was \$16.3 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 \$3.0 million, or 4.3%, of General Fund revenues; non-spendable fund balance was approximately \$200,000 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, 2017.

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, 2017, compared to \$1.5 million in the prior fiscal year. Of the \$1.6 million

total fund balance, all was assigned fund balance. The increase in fund balance was due to rental income received from the ITA to be used for future debt service payments.

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 \$13.3 million as of June 30, 2017, compared to \$12.4 million last year. The gain in the Convention Center fund net position was due to increased cash from strong Hartland tax district receipts collections. Of the total net position, \$5.1 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 City Commission 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 \$122,500 or +0.2%. The changes are briefly summarized below.

Original revenue estimates were changed by the following:

Grants	\$ 89,000
Contributions & Donations	28,500
Other	5,000

The comparison of actual revenue to the final amended revenue budget yielded significant budgetary variances for net profits (+\$2.8 million), employee withholdings (+\$2.5 million), and insurance premium taxes (+\$0.2 million). During the fiscal year, net profits increased significantly, realizing actual collections of +34.7% compared to FY16 due to new businesses or expansions and increased profits. Employee withholdings also performed very well in fiscal year 2017 and finished at +5.7% over FY16 actual collections. Insurance premium tax collections for the year exceeded budget expectations by \$215,000, as a result of increases in insurance premiums and a growing population and economic base.

The total expenditure budget was increased by \$1,677,000 or +3.2%, during the fiscal year. The increase was primarily due to the carry-forward of budget from FY16 for construction projects in the Parks and Recreation department including \$453,500 for construction of a cemetery maintenance building. Other major changes are due to the following:

General Government	\$ 31,000
Fire	(44,500)
Police	(22,000)
Neighborhood & Community Services	417,250
Community Services	51,750
Public Works	922,000
Parks and Recreation	321,500

The comparison of actual expenditures to the final amended expenditure budget resulted in significant budgetary variances in the following activities: Public Works (\$1,470,500), Parks and Recreation (\$898,000), and Neighborhood and Community Services (\$656,750). The positive variances are a result of unspent budgeted projects and disciplined under-spending.

### **Capital Assets**

The City's investment in capital assets totaled \$205.4 million as of June 30, 2017, which was an increase of \$7.8 million from the prior year. This investment includes land, buildings, infrastructure, improvements, vehicles, equipment, and intangible assets. For governmental activities, investments totaled \$198.8 million. Comparably, FY16 had a capital asset investment total of \$190.9 million.

This year's major capital additions included the following:

Public works vehicle and heavy equipment replacements	\$ 829,344
Cemetery maintenance building construction	473,683
The Loops at Lover's Lane multi-use trail construction	451,185
Public safety vehicle replacements	436,815
City Hall HVAC replacement	172,990
City Hall Annex IT server room HVAC replacement	110,785
Records Retention dry sprinkler system	110,661
Kereiakes Park playground replacement	99,849
City Hall Annex air conditioner replacement	81,765
Pedigo Park playground replacement	73,680
Traffic signal construction at Cavemill & the Crossings	66,040
Covington Woods Park shelter construction	57,442

The following table summarizes the changes in net capital assets:

*(Net of Depreciation, stated in millions)*

	Governmental Activities		Business-type		Total Primary	
	2017	2016	2017	2016	2017	2016
Land	\$ 17.9	\$ 17.9	\$ 2.3	\$ 2.3	\$ 20.2	\$ 20.2
Infrastructure	120.3	116.5	-	-	120.3	116.5
Buildings	30.0	30.1	4.2	4.3	34.2	34.4
Improvements other than buildings	19.8	17.4	-	-	19.8	17.4
Vehicles, equipment, and furniture	5.7	4.3	0.1	0.1	5.8	4.4
Construction in progress	4.0	3.5	-	-	4.0	3.5
Intangibles	1.0	1.1	-	-	1.0	1.1
Property held under capital lease	0.1	0.1	-	-	0.1	0.1
Total*	<u>\$ 198.8</u>	<u>\$ 190.9</u>	<u>\$ 6.6</u>	<u>\$ 6.7</u>	<u>\$ 205.4</u>	<u>\$ 197.6</u>

\*Numbers may not total due to rounding

The City has elected to apply the Modified Approach to accounting for street and sidewalk infrastructure systems as set forth in GASB 34. With this approach, the City uses an overall condition index (OCI) to assess the surface condition of individual pavement segments. The City's policy is to consider streets and sidewalks in need when the OCI rating falls below minimum functional classification values. The City's most recent assessment in 2017 found that 87% of streets and 87% of sidewalks met or exceeded this goal. The estimated amount needed to maintain City streets and sidewalks at the specified levels for FY2018 was \$2,350,000 and \$100,000 respectively, which was included in the 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 \$89.8 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, 2017**  
*(in millions)*

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
General obligation & revenue bonds	\$ 84.5	\$ 93.4	\$ 1.5	\$ 2.1	\$ 86.0	\$ 95.5
Notes & lease purchase agreements	0.8	1.8	-	-	0.8	1.8
Compensated absences	1.8	1.8	-	-	1.8	1.8
Landfill post-closure costs	2.6	2.3	-	-	2.6	2.3
Component Unit Debt	0.1	0.1	-	-	0.1	0.1
Bond premiums, discounts, refunding loss	3.0	3.1	-	0.1	3.0	3.2
<b>Total</b>	<b>\$ 92.8</b>	<b>\$ 102.5</b>	<b>\$ 1.5</b>	<b>\$ 2.2</b>	<b>\$ 94.3</b>	<b>\$ 104.7</b>

*\*Numbers may not total due to rounding*

The City maintains bond ratings of “Aa2” from Moody's and “AA” from Standard & Poors. Despite the provisions for the issuance of GO debt already discussed, legal limits remain on the total amount of GO indebtedness that may be incurred. The Kentucky Constitution provides that the total principal amount of City net indebtedness, which excludes self-supporting obligations, revenue bonds, special assessment debt, and non-tax supported debt (net debt applicable to limit), cannot exceed 10% of the value of taxable property in the City (\$563,697,500). Therefore, the current debt margin of the City is \$473.8 million (See Statistical Schedule 19).

### Next Year's Budget

During the budget planning for FY2018, 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 FY2017 performance, particularly in the occupational license fee revenues. The FY2018 adopted General Fund budget is balanced without the utilization of fund balance.

The FY2018 adopted expenditure budget for all funds increased by 8.0% over the FY2017 original budget and includes a 2.0% cost of living (COLA) adjustment for all employees and an average step adjustment of an additional 1.25% for most employees. The Capital Improvement Project budget totaled \$26.9 million, including debt service, which is a 26.9% increase compared to the \$21.2 million FY2016 CIP budget. In the FY2017 budget, the minimum committed fund balance was raised from 20% to 25% of the adopted general fund revenue budget, this equates to \$16.3 million for FY2018. 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 FY2018 capital budget. Improving traffic flow is a top priority and is addressed in the budget with a \$700,000 allocation to begin funding Phase II of the Smallhouse Road corridor improvement project. The City also plans to continue the investment in the new BG Reinvestment/Local Strategy Area by leveraging 60% 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 FY2018 include street overlay funding (\$2.0 million), new sidewalk construction (\$500,000), stormwater mitigation (\$500,000), downtown improvements (\$625,000), and parks and recreation capital projects (\$5.0 million).

New initiatives in the FY2018 budget include funding for future roads, creation of a Citizenship Scholarship program to assist low-to-moderate income residents offset filing fees to become citizens, diversification of city workforce, enhancement of services including more efficient processes for snow removal, installation of additional surveillance cameras at City facilities and parks, replacement of the 911 telephone system, and replacement of three aerial and rescue fire trucks. Other initiatives include upgrades to the indoor wireless system in City buildings as well as upgraded software programs for Voice Over IP, Police and Fire forensics and evidence, Cemetery operations, and Parks work orders. The FY2018 budget also includes funding for a pilot project with BGMU to extract street lighting energy efficiencies in one or more corridors using LED lighting technology to save on consumption and maintenance costs.

### **Requests for Information**

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

**City of Bowling Green, Kentucky**  
**Statement of Net Position**  
**June 30, 2017**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 50,473,808	\$ -	\$ 50,473,808	\$ -
Non-pooled cash and cash equivalents	3,176,316	3,170,229	6,346,545	24,377,443
Investments	17,360,697	4,966,786	22,327,483	100,000
Receivables (net):				
Accounts	186,822	6,957	193,779	9,428,474
Other	216,280	60,000	276,280	3,927,020
Accrued interest	1,122	976	2,098	-
Due from other governmental units	552,844	-	552,844	-
Due from Western Kentucky University	21,910,000	-	21,910,000	-
Prepaid items	133,549	-	133,549	635,734
Prepaid rent	26,732,029	-	26,732,029	-
Inventories	282,435	-	282,435	1,274,534
Other assets	-	-	-	485,180
Restricted assets:				
Restricted cash - TVA	-	-	-	445,730
Investments	-	-	-	6,207,289
Capital assets, net of accumulated depreciation:				
Non-depreciable	132,169,772	2,334,659	134,504,431	5,093,814
Depreciable	66,597,513	4,266,288	70,863,801	192,868,303
<b>Total assets</b>	<b>319,793,187</b>	<b>14,805,895</b>	<b>334,599,082</b>	<b>244,843,521</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension contributions	14,600,590	-	14,600,590	5,229,434
Deferred amounts from refunding debt	5,520,806	1,175	5,521,981	205,538
<b>Total deferred outflows of resources</b>	<b>20,121,396</b>	<b>1,175</b>	<b>20,122,571</b>	<b>5,434,972</b>
<b>LIABILITIES</b>				
Vouchers and accounts payable	998,569	-	998,569	9,628,622
Accrued payroll	658,603	254	658,857	-
Accrued interest payable	334,398	1,979	336,377	1,052,126
Insurance claims payable	567,298	-	567,298	-
Other current liabilities	276	-	276	1,314,719
Unearned revenue	6,530	-	6,530	5,855,034
Deposits	641,394	-	641,394	-
Noncurrent liabilities:				
Due within one year				
Compensated absences	1,093,235	-	1,093,235	629,473
Bonds payable	8,150,000	725,000	8,875,000	4,812,482
Notes and capital lease obligations	305,728	-	305,728	600,000
Landfill closure and post closure costs	82,723	-	82,723	-
Component unit debt	26,929	-	26,929	-
Due in more than one year				
Bonds payable	79,425,068	773,248	80,198,316	71,122,100
Notes and capital lease obligations	488,489	-	488,489	2,850,000
Compensated absences	698,954	-	698,954	483,043
Landfill closure and post closure costs	2,474,902	-	2,474,902	-
Advances from customers and TVA	-	-	-	51,486
Component unit debt	33,071	-	33,071	-
Net pension liability	62,408,393	-	62,408,393	24,060,255
<b>Total liabilities</b>	<b>158,394,560</b>	<b>1,500,481</b>	<b>159,895,041</b>	<b>122,459,340</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension investment experience	712,366	-	712,366	284,097
<b>NET POSITION</b>				
Net investment in capital assets	176,973,806	5,103,874	182,077,680	118,577,535
Restricted for:				
Debt service	5,094,470	-	5,094,470	6,307,289
Capital projects	21,444,787	-	21,444,787	-
Community development	1,655,349	-	1,655,349	-
Perpetual care (nonexpendable)	1,072,839	-	1,072,839	-
Unrestricted (deficit)	(25,433,594)	8,202,715	(17,230,879)	2,650,232
<b>Total net position</b>	<b>\$ 180,807,657</b>	<b>\$ 13,306,589</b>	<b>\$ 194,114,246</b>	<b>\$ 127,535,056</b>

**City of Bowling Green, Kentucky**  
**Statement of Activities**  
**Year Ended June 30, 2017**

Function/Programs	Expenses	Program Revenues			Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
<b>PRIMARY GOVERNMENT</b>								
Governmental activities:								
General government	\$ 18,977,114	\$ 2,529,394	\$ 5,154,679	\$ 3,442,391	\$ (7,850,650)	\$ -	\$ (7,850,650)	\$ -
Public safety	24,581,788	268,958	1,685,571	182,381	(22,444,878)	-	(22,444,878)	-
Public works	10,619,939	-	997,229	1,262,378	(8,360,332)	-	(8,360,332)	-
Parks and recreation	7,623,720	2,013,933	-	-	(5,609,787)	-	(5,609,787)	-
Neighborhood and comm. services	5,436,759	-	3,431,457	11,112	(1,994,190)	-	(1,994,190)	-
Community services	2,028,787	-	-	-	(2,028,787)	-	(2,028,787)	-
Interest expense	2,828,885	-	-	-	(2,828,885)	-	(2,828,885)	-
Total governmental activities	<u>72,096,992</u>	<u>4,812,285</u>	<u>11,268,936</u>	<u>4,898,262</u>	<u>(51,117,509)</u>	<u>-</u>	<u>(51,117,509)</u>	<u>-</u>
Business-type activities:								
Convention center	975,317	160,600	-	-	-	(814,717)	(814,717)	-
Total business-type activities	<u>975,317</u>	<u>160,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(814,717)</u>	<u>(814,717)</u>	<u>-</u>
Total primary government	<u>\$ 73,072,309</u>	<u>\$ 4,972,885</u>	<u>\$ 11,268,936</u>	<u>\$ 4,898,262</u>	<u>(51,117,509)</u>	<u>(814,717)</u>	<u>(51,932,226)</u>	<u>-</u>
<b>COMPONENT UNITS</b>								
Bowling Green Municipal Utilities	113,387,413	117,923,653	-	277,935	-	-	-	4,814,175
Total component units	<u>\$ 113,387,413</u>	<u>\$ 117,923,653</u>	<u>\$ -</u>	<u>\$ 277,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,814,175</u>
<b>General revenues:</b>								
					13,342,889	111,542	13,454,431	-
					4,096,944	-	4,096,944	-
					-	590,019	590,019	-
					53,840,825	-	53,840,825	-
					125,424	21,327	146,751	113,718
					165,492	-	165,492	-
					941,112	23,877	964,989	183,804
					<u>72,512,686</u>	<u>746,765</u>	<u>73,259,451</u>	<u>297,522</u>
					<u>(1,009,622)</u>	<u>1,009,622</u>	<u>-</u>	<u>-</u>
					<u>71,503,064</u>	<u>1,756,387</u>	<u>73,259,451</u>	<u>297,522</u>
					20,385,555	941,670	21,327,225	5,111,697
					<u>160,422,102</u>	<u>12,364,919</u>	<u>172,787,021</u>	<u>122,423,359</u>
					<u>\$ 180,807,657</u>	<u>\$ 13,306,589</u>	<u>\$ 194,114,246</u>	<u>\$ 127,535,056</u>

**City of Bowling Green, Kentucky  
Balance Sheet – Governmental Funds  
June 30, 2017**

	General	WKU Athletics	Debt Service	ITA Bond	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ 13,354,753	\$ -	\$ -	\$ 1,595,428	\$ 32,140,177	\$ 47,090,358
Non-pooled cash and cash equivalents	1,865,234	-	-	-	1,311,082	3,176,316
Investments	11,381,168	-	-	-	3,569,015	14,950,183
Receivables (net of allowances for uncollectibles):						
Accounts	139,034	-	-	-	13,899	152,933
Western Kentucky University	-	21,910,000	-	-	-	21,910,000
Interest	102	-	-	-	486	588
Due from other governmental units	118,551	-	-	-	434,293	552,844
Prepaid items	133,549	-	-	-	-	133,549
Inventories	66,835	-	-	-	-	66,835
<b>Total assets</b>	<b>\$ 27,059,226</b>	<b>\$ 21,910,000</b>	<b>\$ -</b>	<b>\$ 1,595,428</b>	<b>\$ 37,468,952</b>	<b>\$ 88,033,606</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Vouchers and accounts payable	\$ 402,804	\$ -	\$ -	\$ -	\$ 505,879	\$ 908,683
Accrued payroll	637,983	-	-	-	7,747	645,730
Intergovernmental payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	6,530	21,910,000	-	-	276	21,916,806
Security deposits	641,394	-	-	-	-	641,394
<b>Total liabilities</b>	<b>1,688,711</b>	<b>21,910,000</b>	<b>-</b>	<b>-</b>	<b>513,902</b>	<b>24,112,613</b>
<b>Fund Balances</b>						
<b>Non-spendable</b>						
Prepaid items	133,549	-	-	-	-	133,549
Inventories	66,835	-	-	-	-	66,835
<b>Restricted for:</b>						
Cemetery perpetual	-	-	-	-	988,451	988,451
Community services	-	-	-	-	1,146,944	1,146,944
Streets and sidewalks	-	-	-	-	1,061,041	1,061,041
Public safety grants	-	-	-	-	2,373,385	2,373,385
Lampkin park	-	-	-	-	50,771	50,771
<b>Committed to:</b>						
Economic stabilization	16,268,250	-	-	-	-	16,268,250
Economic development	-	-	-	-	1,566,777	1,566,777
Police and fire improvements	-	-	-	-	2,271,891	2,271,891
Landfill	-	-	-	-	1,159,169	1,159,169
Sidewalks	-	-	-	-	666,662	666,662
<b>Assigned to:</b>						
Capital projects	240,000	-	-	-	-	240,000
Debt service	-	-	-	1,595,428	3,499,042	5,094,470
General government services	435,657	-	-	-	2,231,609	2,667,266
Police and fire services	76,825	-	-	-	899,676	976,501
Public works services	1,359,336	-	-	-	11,846,842	13,206,178
Neighborhood and community service	532,794	-	-	-	1,675,281	2,208,075
Parks and recreation	200,224	-	-	-	5,433,121	5,633,345
Other purposes	141,660	-	-	-	84,388	226,048
<b>Unassigned</b>	<b>5,915,385</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,915,385</b>
<b>Total fund balances</b>	<b>25,370,515</b>	<b>-</b>	<b>-</b>	<b>1,595,428</b>	<b>36,955,050</b>	<b>63,920,993</b>
<b>Total liabilities and fund balances</b>	<b>\$ 27,059,226</b>	<b>\$ 21,910,000</b>	<b>\$ -</b>	<b>\$ 1,595,428</b>	<b>\$ 37,468,952</b>	<b>\$ 88,033,606</b>

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Position**  
**June 30, 2017**

Fund balances - total governmental funds \$ 63,920,993

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	255,698,208	
Less accumulated depreciation	<u>(57,382,260)</u>	198,315,948

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

5,799,009

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.

22,126,280

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.

26,732,029

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	(62,408,393)	
Net deferred inflows and outflows associated with pensions	13,888,224	
General obligation and revenue bonds	(84,545,000)	
Premiums, deferred charges and discounts on bond obligations	2,490,738	
Notes and lease purchase agreements	(794,217)	
Component unit debt	(60,000)	
Accrued interest payable	(334,398)	
Accrued compensated absences	(1,765,931)	
Landfill postclosure care	<u>(2,557,625)</u>	<u>(136,086,602)</u>

Total net position		<u><u>\$ 180,807,657</u></u>
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See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Revenues, Expenditures and Changes in Fund Balances – Government Funds**  
**Year Ended June 30, 2017**

	General	WKU Athletics	Debt Service	ITA Bond	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 12,656,929	\$ -	\$ -	\$ -	\$ 685,959	\$ 13,342,888
Insurance premium taxes	1,864,958	-	-	-	2,231,987	4,096,945
Wages and net profits taxes	50,688,931	-	-	-	2,842,238	53,531,169
Licenses and permits	1,751,842	-	-	-	-	1,751,842
Intergovernmental	130,799	2,743,605	-	-	7,522,298	10,396,702
Investment income	50,225	-	-	-	47,009	97,234
Charges for services	644,592	-	-	-	123,899	768,491
Parks and recreation	1,939,935	-	-	-	-	1,939,935
Rent income	-	-	-	1,342,225	-	1,342,225
Miscellaneous	267,865	-	-	1,039,235	522,721	1,829,821
<b>Total Revenues</b>	<b>69,996,076</b>	<b>2,743,605</b>	<b>-</b>	<b>2,381,460</b>	<b>13,976,111</b>	<b>89,097,252</b>
<b>EXPENDITURES</b>						
Current:						
General government	5,670,945	-	-	-	264,053	5,934,998
Public safety	24,974,277	-	-	-	2,725,757	27,700,034
Public works	6,902,838	-	-	-	4,297,008	11,199,846
Parks and recreation	7,794,187	-	-	-	1,106,923	8,901,110
Neighborhood and community services	1,982,023	-	-	-	3,544,266	5,526,289
Community services	1,974,543	-	-	460,000	-	2,434,543
Capital Outlay	-	-	-	-	5,989,737	5,989,737
Debt Service:						
Principal	-	1,915,000	4,644,543	2,615,000	660,000	9,834,543
Interest and fiscal charges	-	828,605	1,032,102	376,120	791,962	3,028,789
<b>Total Expenditures</b>	<b>49,298,813</b>	<b>2,743,605</b>	<b>5,676,645</b>	<b>3,451,120</b>	<b>19,379,706</b>	<b>80,549,889</b>
Excess (deficiency) of revenues over (under) expenditures	20,697,263	-	(5,676,645)	(1,069,660)	(5,403,595)	8,547,363
Other financing sources (uses):						
Transfers in	567,288	-	5,676,645	1,125,650	11,723,174	19,092,757
Transfers out	(17,404,892)	-	-	-	(4,247,485)	(21,652,377)
Issuance of refunding debt	-	-	-	-	-	-
Premium on refunding debt	-	-	-	-	-	-
Payment to refunding debt escrow agent	-	-	-	-	-	-
Proceeds from the sale of capital assets	225,645	-	-	-	-	225,645
<b>Total other financing sources (uses)</b>	<b>(16,611,959)</b>	<b>-</b>	<b>5,676,645</b>	<b>1,125,650</b>	<b>7,475,689</b>	<b>(2,333,975)</b>
Net change in fund balances	4,085,304	-	-	55,990	2,072,094	6,213,388
Fund balances, beginning	21,285,211	-	-	1,539,438	34,882,956	57,707,605
<b>Fund balances, ending</b>	<b>\$ 25,370,515</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,595,428</b>	<b>\$ 36,955,050</b>	<b>\$ 63,920,993</b>

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of the Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2017**

Net change in fund balances - total governmental funds \$ 6,213,388

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Governmental funds also report only the proceeds from sales of fixed assets while the net gain or loss is reported in the statement of activities. In addition, infrastructure assets donated to the city are not recorded on the governmental funds but are donated capital on the statement of activities:

Capital asset additions	11,976,846	
Depreciation expense	(4,187,214)	
Net sales and disposals of capital assets	(60,153)	7,729,479

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

Payments on these receivables are recorded as revenue in the governmental funds and reduction of the receivable in the statement of net position. (1,935,435)

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. 9,376,925

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. 2,089,309

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. 41,661

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	(18,238)	
Landfill postclosure care	(241,351)	

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. (2,049,805)

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. (820,378)

Change in net position of governmental activities \$ 20,385,555

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Net Position – Proprietary Funds**  
**June 30, 2017**

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Funds
	Convention Center	
<b>ASSETS</b>		
Current Assets		
Pooled cash and cash equivalents	\$ -	\$ 3,383,450
Non-pooled cash and cash equivalents	3,170,229	-
Investments	4,966,786	2,410,514
Accounts receivable	6,957	33,889
Interest receivable	976	534
Lease receivable from component unit	26,929	-
Inventories	-	215,600
Total current assets	8,171,877	6,043,987
Noncurrent portion of lease receivable from component unit	33,071	-
Capital assets		
Land	2,290,764	-
Construction in progress	43,895	-
Buildings	10,694,595	449,511
Machinery and equipment	962,183	374,929
	13,991,437	824,440
Less accumulated depreciation	(7,390,490)	(373,103)
Capital assets, net	6,600,947	451,337
Total noncurrent assets	6,634,018	451,337
Total assets	\$ 14,805,895	\$ 6,495,324
<b>DEFERRED OUTFLOWS</b>		
Deferred amounts from refunding debt	\$ 1,175	\$ -
<b>LIABILITIES</b>		
Current liabilities		
Vouchers and accounts payable	-	89,886
Accrued payroll	254	12,873
Accrued interest payable	1,979	-
Insurance claims payable	-	567,298
Current portion of compensated absences	-	16,017
Current portion of bond obligations	725,000	-
	727,233	686,074
Noncurrent liabilities		
Noncurrent portion of compensated absences	-	10,241
Noncurrent portion of bond obligations	773,248	-
Total noncurrent liabilities	773,248	10,241
Total liabilities	1,500,481	696,315
<b>DEFERRED INFLOWS</b>		
Deferred amounts from refunding debt	-	-
<b>NET POSITION</b>		
Net investment in capital assets	5,103,874	451,337
Unrestricted	8,202,715	5,347,672
Total net position	\$ 13,306,589	\$ 5,799,009

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds**  
**Year Ended June 30, 2017**

	Business-type Activities - Enterprise Fund	Governmental Activities
	Convention Center	Internal Service Funds
<b>OPERATING REVENUES</b>		
Transient room taxes	\$ 590,019	\$ -
Property taxes	111,542	-
Charges for services	160,600	1,959,353
Insurance premiums	-	5,692,141
Judgments and settlements	-	138,145
Contributions and donations	23,877	6,200
Miscellaneous	-	788
	<u>886,038</u>	<u>7,796,627</u>
<b>OPERATING EXPENSES</b>		
Personnel services	14,057	661,373
Contractual services	57,084	567,742
Supplies	98,793	1,084,114
Utilities	-	34,505
Repairs and maintenance	452,781	265,374
Insurance premiums and claims	37,688	7,543,880
Depreciation	304,021	26,819
Miscellaneous	24	11,387
	<u>964,448</u>	<u>10,195,194</u>
Operating income (loss)	(78,410)	(2,398,567)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	21,327	28,189
Interest expense	(29,405)	-
Amortization	18,536	-
	<u>10,458</u>	<u>28,189</u>
Income (loss) before transfers	(67,952)	(2,370,378)
Transfers in	1,309,622	1,950,000
Transfers out	(300,000)	(400,000)
	<u>941,670</u>	<u>(820,378)</u>
Change in net position	941,670	(820,378)
Net position, beginning	<u>12,364,919</u>	<u>6,619,387</u>
Net position, ending	<u>\$ 13,306,589</u>	<u>\$ 5,799,009</u>

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Cash Flows – Proprietary Funds**  
**Year Ended June 30, 2017**

	Business-type Activities - Enterprise Fund Convention Center	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 188,076	\$ 7,778,087
Other cash receipts	701,561	-
Cash payments to employees	(14,057)	(656,791)
Cash payments to suppliers	(646,370)	(1,956,478)
Claims paid	-	(7,397,349)
	<u>229,210</u>	<u>(2,232,531)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	1,309,622	1,950,000
Transfers out	(300,000)	(400,000)
	<u>1,009,622</u>	<u>1,550,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(180,024)	(147,003)
Principal paid on bond obligations	(685,000)	-
Interest paid on debt obligations	(30,538)	-
	<u>(895,562)</u>	<u>(147,003)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	21,327	28,857
Purchase of investments	(452,559)	-
Proceeds from sale of investments	-	355,046
Cash received from lease property	26,929	-
	<u>(404,303)</u>	<u>383,903</u>
Net cash (used in) provided by investing activities	<u>(404,303)</u>	<u>383,903</u>
Net increase (decrease) in cash and cash equivalents	(61,033)	(445,631)
Cash and cash equivalents, beginning of year	<u>3,231,262</u>	<u>3,829,081</u>
Cash and cash equivalents, end of year	<u>\$ 3,170,229</u>	<u>\$ 3,383,450</u>
Reconciliation of operating income (loss) to net cash used in operating activities		
Operating income (loss)	\$ (78,410)	\$ (2,398,567)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	304,021	26,819
Change in assets and liabilities		
Accounts receivable	3,542	(18,540)
Inventories	-	6,188
Prepaid items	-	-
Accounts payable	-	456
Compensated absences	-	2,661
Accrued payroll	57	1,921
Insurance claims payable	-	146,531
	<u>\$ 229,210</u>	<u>\$ (2,232,531)</u>

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Fiduciary Net Position**  
**June 30, 2017**

	Pension Trust - Police & Firemen's Retirement	<u>Agency Funds</u>
<b>ASSETS</b>		
Pooled cash and cash equivalents	\$ -	\$ 358,370
Non-pooled cash and cash equivalents	93,959	1,927,870
Receivable from other government	-	1,280,762
Accrued interest receivable	27,451	-
Investments		
Corporate securities	2,184,554	-
Mutual funds	3,945,281	-
United States government securities	820,117	-
Kentucky local municipal bonds	100,709	-
Total investments at fair value	<u>7,050,661</u>	<u>-</u>
 Total assets	 <u>\$ 7,172,071</u>	 <u>\$ 3,567,002</u>
<b>LIABILITIES</b>		
Due to other governmental units	\$ -	\$ 1,639,132
Other liabilities	-	1,927,870
 Total liabilities	 <u>\$ -</u>	 <u>\$ 3,567,002</u>
<b>NET POSITION</b>		
Held in trust for pension benefits	<u>\$ 7,172,071</u>	

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2017**

	Pension Trust - Police & Firemen's Retirement
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 182,500
Investment income	<u>633,921</u>
Total additions	<u>816,421</u>
<b>DEDUCTIONS</b>	
Benefit payments	<u>854,877</u>
Total deductions	<u>854,877</u>
Change in net position	(38,456)
Net position, beginning of year	<u>7,210,527</u>
Net position, end of year	<u><u>\$ 7,172,071</u></u>

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Net Position**  
**Component Unit**  
**June 30, 2017**

	Bowling Green Municipal Utilities
<b>ASSETS</b>	
Non-pooled cash and cash equivalents	\$ 24,377,443
Investments	100,000
Receivables (net):	
Accounts	9,428,474
Other	3,927,020
Inventories	1,274,534
Prepaid items	635,734
Restricted assets:	
Restricted cash - TVA	445,730
Investments	6,207,289
Other assets	485,180
Capital assets, net of accumulated depreciation:	
Non-depreciable	5,093,814
Depreciable	192,868,303
Total assets	<u>244,843,521</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension contributions	5,229,434
Deferred loss on bond defeasance	205,538
Total deferred outflows of resources	<u>5,434,972</u>
<b>LIABILITIES</b>	
Vouchers and accounts payable	9,628,622
Compensated absences payable	629,473
Accrued interest payable	1,052,126
Other current liabilities	1,314,719
Customer deposits	5,855,034
Net pension liability, noncurrent	24,060,255
Customer advances, noncurrent	51,486
Compensated absences payable, noncurrent	483,043
Noncurrent liabilities	
Due within one year	5,412,482
Due in more than one year	73,972,100
Total liabilities	<u>122,459,340</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension investment experience	<u>284,097</u>
<b>NET POSITION</b>	
Net investment in capital assets	118,577,535
Restricted for capital activities and debt service	6,307,289
Unrestricted	2,650,232
Total net position	<u>\$ 127,535,056</u>

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Activities**  
**Component Unit**  
**June 30, 2017**

Function/Programs	Expenses	Program Revenues			Net (expense)
		Charges for Services	Operating Contributions	Capital Contributions	Revenue and Changes in Net Position
					Bowling Green Municipal Utilities
Bowling Green Municipal Utilities	\$113,387,413	\$ 117,923,653	\$ -	\$ 277,935	\$ 4,814,175
<b>General revenues:</b>					
	Investment income				113,718
	Miscellaneous				183,804
	Total general revenues				<u>297,522</u>
	Change in net position				5,111,697
	Net position, beginning of year				<u>122,423,359</u>
	Net position, end of year				<u><u>\$ 127,535,056</u></u>

See accompanying notes.

# CITY OF BOWLING GREEN, KENTUCKY

## NOTES TO FINANCIAL STATEMENTS

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

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

**Proprietary Fund Type**

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

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

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

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

**Proprietary Fund Type**

**Bowling Green Municipal Utilities (BGMU).** Board member appointments are made by the City Commission. Separately issued financial statements may be obtained by contacting BGMU at 270-782-1200. The Electric Division is a distributor of electrical power under the authority of the Federal Energy Regulatory Commission and the Tennessee Valley Authority and provides service to customers primarily in the City. The Electric Division has erected various street lighting systems for the City for which monthly rental amounts are paid to the utility by the City based on a percentage of total unamortized investment.

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

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

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

**C. Joint Venture** - The Inter-Modal Transportation Authority, Inc. (ITA) is a non-profit corporation organized for the purpose of acquiring and financing public projects and public facilities as an agent for the City and the County of Warren, Kentucky, jointly. In the year ended June 30, 2008, the City approved the issuance of General Obligation bonds (Series 2007 B & C) in the amount of \$27,415,000 to refinance the ITA's mortgage-backed bonds that were outstanding. The City entered into a ground lease with the Authority, providing for the City's acquisition of a leasehold estate in the project. The City, Warren County, and the Authority entered into a Contract, Lease & Option agreement in which the Authority and County shall lease back the project from the City in consideration of rental payments to be utilized by the City in support of the payment of principal and interest on the general obligation bonds. The City and Warren County have each pledged to evenly share any shortfalls towards payment of debt service on the outstanding bonds. In 2013, there was a significant land sale to the State for right-of-way use on the I-65 connector road planned in the near future. It generated approximately \$2.3 million 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 was partially refunded by General Obligation Refunding Bonds, Series 2016A&B in the total amount of \$15,300,000. During FY2017, the City and County made scheduled debt service contributions in the amount of \$3,451,120. Included in this amount is \$460,000 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.

**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

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

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.

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

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

**E. Basis of Presentation**

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

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

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.

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

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

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

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

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

**Agency Funds**

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

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

**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 General Fund and the Bowling Green Independent School System for property taxes billed and collected by the City on its behalf.

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

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

**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 Development Board (SCDWB) 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 SCDWB.

**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, 2017, 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.

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

**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 acquisition value and recorded as donations at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

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.

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

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

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

Long-term liabilities include the following:

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

**Unearned Revenues** - The City defers revenue recognition in connection with resources that have been received but not yet earned. At the end of fiscal year 2017, licenses and permits paid in advance of \$6,530 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

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

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.

**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, 2017 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, 2017 are summarized and categorized in the table on the next page:

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

Primary Government (except Fiduciary Funds)		
Investment Type	Fair Value	Weighted Average Maturity
Certificate of Deposit	\$ 8,192,724	0.331
Cash Equivalents	325,647	n/a
Tax Free Mutual Funds	1,600,339	n/a
Taxable Mutual Funds	701,902	n/a
U.S. Equity	175,136	n/a
Foreign Equity	61,423	n/a
U.S. Agencies CMO	146,876	0.046
U.S. Agencies Bonds	2,541,251	0.229
Municipal Bonds	8,582,185	0.245
	<u>\$ 22,327,483</u>	

**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, 2017:

- Certificates of deposit, cash equivalents, U.S. Agencies CMO, and U.S. Agencies Bonds that total \$11,206,498 and are valued using quoted market prices (Level 1 inputs)
- Municipal bonds, taxable and tax free mutual funds, and U.S. and foreign equity of \$11,120,985 valued 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, 2017 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. Agencies obligations	\$ 17,967	\$ 17,967
U.S. Treasury obligations	576,162	576,162
Money market account	3,919,793	3,919,793
	<u>\$ 4,513,922</u>	<u>\$ 4,513,922</u>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2017**

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

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	\$ 8,003,192
Investments	<u>4,513,922</u>
	<u>\$ 12,517,114</u>

Included in the following captions:

Cash and cash equivalents	\$ 7,391,926
Noncurrent cash and investments	<u>5,125,188</u>
	<u>\$ 12,517,114</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>
U.S. Agencies obligations	\$ 103,951	\$ 103,951
Money market account	978,150	978,150
	<u>\$ 1,082,101</u>	<u>\$ 1,082,101</u>

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	\$ 16,521,376
Investments	<u>1,082,101</u>
	<u>\$ 17,603,477</u>

Included in the following captions:

Cash and cash equivalents	\$ 16,421,376
Noncurrent cash and investments	<u>1,182,101</u>
	<u>\$ 17,603,477</u>

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

**Credit Risk** - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2017, the Utility's investments in U.S. agencies obligations not directly guaranteed by the U.S. government were rated by Standard & Poor's and by Moody's Investors Services as AAA.

**Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Utility will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of June 30, 2017 the Municipal Utilities were not exposed to custodial credit risk.

**Concentration of Credit Risk** - The Utility places no limit on the amount that may be invested in any one issuer. At June 30, 2017, the Water-Sewer Division's investment in U.S. Treasury Note obligations constituted approximately 13% of its total investments. At June 30, 2017, the Electric Division's investment in Federal Home Loan Mortgage Corporation obligations constituted 10% of its total investments.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2017**

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

**Recurring Fair Value Measurements** - The following table represents both Water/Sewer and Electric Division assets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the measurements fall at June 30, 2017.

Investments by Fair Value Level	June 30, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S agencies obligations	\$ 121,918	\$ -	\$ 121,918	\$ -
U.S. Treasury obligations	576,162	-	576,162	-
<b>Total Investments by Fair Value Level</b>	<b>\$ 698,080</b>	<b>\$ -</b>	<b>\$ 698,080</b>	<b>\$ -</b>

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, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate securities	\$ 2,184,554	\$ 537,808	\$ 1,646,746	\$ -
Mutual funds	3,945,281	3,945,281	-	-
Kentucky local municipal bonds	820,117	-	820,117	-
United States government securities	100,709	100,709	-	-
<b>Total Investments by Fair Value Level</b>	<b>\$ 7,050,661</b>	<b>\$ 4,583,798</b>	<b>\$ 2,466,863</b>	<b>\$ -</b>

Approximately 31% of the net assets held in trust for pension benefits are invested in corporate securities and 56% are invested in mutual funds. 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 does not have a formal investment policy.

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.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2017**

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

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1-5	6-10	More than 10
Corporate Securities	\$ 2,184,554	\$ 16,487	\$ 276,298	\$ 1,479,565	\$ 412,204
Mutual Funds	3,945,281	3,945,281	-	-	-
U.S. Government	100,709	-	100,709	-	-
Kentucky Municipal Bonds	820,117	25,299	258,001	268,354	268,463
Total	<u>\$ 7,050,661</u>	<u>\$ 3,987,067</u>	<u>\$ 635,008</u>	<u>\$ 1,747,919</u>	<u>\$ 680,667</u>

**Rate of Return** - For the year ended June 30, 2017, 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 9.15%. 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, 2017, the Fund's carrying amounts for cash investments were uninsured, but held in the Fund by the corresponding bank's trust department.

**B. Restricted Assets**

**Governmental Activities**

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

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2017**

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

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
<b>Primary Government</b>				
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 17,920,582	\$ -	\$ -	\$ 17,920,582
Infrastructure	106,385,133	3,888,936	(2,166)	110,271,903
Construction in progress	3,456,076	4,226,040	(3,704,829)	3,977,287
Total capital assets, not being depreciated	<u>127,761,791</u>	<u>8,114,976</u>	<u>(3,706,995)</u>	<u>132,169,772</u>
Capital assets, being depreciated:				
Stormwater Infrastructure	12,516,246	152,586	-	12,668,832
Buildings	46,877,697	1,108,985	(20,293)	47,966,389
Improvements other than buildings	33,162,220	3,790,831	(100,989)	36,852,062
Intangibles	1,480,854	81,286	(30,858)	1,531,282
Vehicles, equipment and furniture	23,771,850	2,582,180	(1,326,352)	25,027,678
Property held under capital lease	306,633	-	-	306,633
Total capital assets, being depreciated	<u>118,115,500</u>	<u>7,715,868</u>	<u>(1,478,492)</u>	<u>124,352,876</u>
Less accumulated depreciation:				
Stormwater Infrastructure	(2,396,173)	-	(257,441)	(2,653,614)
Buildings	(16,815,037)	19,559	(1,197,511)	(17,992,989)
Improvements	(15,714,243)	73,329	(1,359,191)	(17,000,105)
Intangibles	(416,407)	5,593	(132,169)	(542,983)
Vehicles, equipment and furniture	(19,432,476)	1,319,857	(1,260,290)	(19,372,909)
Property held under capital lease	(185,332)	-	(7,431)	(192,763)
Total accumulated depreciation	<u>(54,959,668)</u>	<u>1,418,338</u>	<u>(4,214,033)</u>	<u>(57,755,363)</u>
Total capital assets, being depreciated, net	<u>63,155,832</u>	<u>9,134,206</u>	<u>(5,692,525)</u>	<u>66,597,513</u>
Governmental activities, capital assets, net	<u>\$ 190,917,623</u>	<u>\$ 17,249,182</u>	<u>\$ (9,399,520)</u>	<u>\$ 198,767,285</u>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2017**

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

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
<b>Business-type assets:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,290,764	\$ -	\$ -	\$ 2,290,764
Construction in progress	43,226	68,819	(68,150)	43,895
Total capital assets, not being depreciated	<u>2,333,990</u>	<u>68,819</u>	<u>(68,150)</u>	<u>2,334,659</u>
Capital assets, being depreciated:				
Buildings	10,562,775	131,820	-	10,694,595
Vehicles, equipment and furniture	914,648	47,535	-	962,183
Total capital assets, being depreciated	<u>11,477,423</u>	<u>179,355</u>	<u>-</u>	<u>11,656,778</u>
Less accumulated depreciation:				
Buildings	(6,271,070)	-	(256,256)	(6,527,326)
Vehicles, equipment and furniture	(815,400)	-	(47,764)	(863,164)
Total accumulated depreciation	<u>(7,086,470)</u>	<u>-</u>	<u>(304,020)</u>	<u>(7,390,490)</u>
Total capital assets, being depreciated, net	<u>4,390,953</u>	<u>179,355</u>	<u>(304,020)</u>	<u>4,266,288</u>
Business-type activities, capital assets, net	<u>\$ 6,724,943</u>	<u>\$ 248,174</u>	<u>\$ (372,170)</u>	<u>\$ 6,600,947</u>

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

Governmental activities	
General government	\$ 468,962
Public safety	1,396,847
Public works	782,463
Parks and recreation	1,300,544
Housing and community development	265,217
Total depreciation expense - governmental activities	<u>\$ 4,214,033</u>
Business-type activities	
Convention Center	\$ 304,020
Total depreciation expense - business-type activities	<u>\$ 304,020</u>

**City of Bowling Green, Kentucky  
Notes to Financial Statements  
June 30, 2017**

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

Component unit capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
<b>Bowling Green Municipal Utilities</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 4,713,774	\$ 5,410,035	\$ (5,029,995)	\$ 5,093,814
Capital assets, being depreciated:				
Transmission plant	2,360,358	209,573	(65,557)	2,504,374
Distribution plant	83,131,271	5,392,810	(696,985)	87,827,096
Structures and improvements, nodes	310,558	1,661	-	312,219
General plant	13,879,767	187,310	(47,009)	14,020,068
Water plant	93,517,670	1,354,187	-	94,871,857
Sewer plant	112,917,444	2,165,129	-	115,082,573
Equipment	7,024,063	481,968	(119,299)	7,386,732
Overhead conductors and devices	5,597,971	131,009	-	5,728,980
Trucks and autos	2,313,587	294,182	(134,356)	2,473,413
Office equipment	1,356,586	159,940	-	1,516,526
Office additions	65,716	-	-	65,716
Total capital assets, being depreciated	<u>322,474,991</u>	<u>10,377,769</u>	<u>(1,063,206)</u>	<u>331,789,554</u>
Less accumulated depreciation	<u>(130,197,271)</u>	<u>(9,986,963)</u>	<u>1,262,983</u>	<u>(138,921,251)</u>
Total capital assets, being depreciated, net	<u>192,277,720</u>	<u>390,806</u>	<u>199,777</u>	<u>192,868,303</u>
Bowling Green Municipal Utilities, capital assets, net	<u>\$ 196,991,494</u>	<u>\$ 5,800,841</u>	<u>\$ (4,830,218)</u>	<u>\$ 197,962,117</u>

**D. Interfund Transfers**

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

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

Transfers In	Transfers Out				Total
	General	Non-Major Governmental	Internal Service	Convention Center	
Within the primary government:					
General	\$ 30,000	\$ 537,288	\$ -	\$ -	\$ 567,288
ITA Bond	1,125,650	-	-	-	1,125,650
Debt Service	3,276,069	2,400,576	-	-	5,676,645
Convention Center	-	1,309,622	-	-	1,309,622
Internal Service	1,700,000	-	250,000	-	1,950,000
Non-major governmental	11,273,174	-	150,000	300,000	11,723,174
Totals	<u>\$ 17,404,893</u>	<u>\$ 4,247,486</u>	<u>\$ 400,000</u>	<u>\$ 300,000</u>	<u>\$ 22,352,379</u>



**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2017**

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

**Changes in Long-term Liabilities**

Long-term liability activity for the primary government for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Amounts Due In One Year
<b>Governmental Activities:</b>					
General obligation and revenue bonds	\$ 93,365,000	\$ -	\$ (8,820,000)	\$ 84,545,000	\$ 8,150,000
Notes and lease purchase agreements	1,755,421	-	(961,204)	794,217	305,728
Adjustments for deferred amounts:					
Discount on bonds payable	(177,508)	-	79,918	(97,590)	-
Premium on bonds payable	3,334,886	-	(207,228)	3,127,658	-
<b>Total bonds, notes, leases payable</b>	<b>98,277,799</b>	<b>-</b>	<b>(9,908,514)</b>	<b>88,369,285</b>	<b>8,455,728</b>
Component Unit Debt	86,929	-	(26,929)	60,000	26,929
Compensated absences	1,771,263	1,119,954	(1,099,028)	1,792,189	1,093,235
Landfill postclosure care	2,316,274	-	241,351	2,557,625	82,723
<b>Total governmental activities</b>	<b>102,452,265</b>	<b>1,119,954</b>	<b>(10,793,120)</b>	<b>92,779,099</b>	<b>9,658,615</b>
<b>Business Type Activities</b>					
General obligation and revenue bonds	2,145,000	-	(685,000)	1,460,000	725,000
Less: unamortized bond discount and premiums from refunding	57,371	-	(19,123)	38,248	-
<b>Total business-type activities</b>	<b>2,202,371</b>	<b>-</b>	<b>(704,123)</b>	<b>1,498,248</b>	<b>725,000</b>
<b>Total governmental and business-type activities</b>	<b>\$ 104,654,636</b>	<b>\$ 1,119,954</b>	<b>\$ (11,497,243)</b>	<b>\$ 94,277,347</b>	<b>\$ 10,383,615</b>

**Component Unit**

Long-term liability activity for the component unit for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Amounts Due In One Year
<b>Component Unit</b>					
Bowling Green Municipal Utilities					
Water-Sewer Division					
Notes payable	\$ 68,939,634	\$ 843,197	\$ (4,261,511)	\$ 65,521,320	\$ 4,337,482
Electric Division					
Revenue bonds	10,875,000	-	(485,000)	10,390,000	475,000
General Services Division					
Notes payable	4,050,000	-	(600,000)	3,450,000	600,000
Capital lease obligation	41,226	-	(41,226)	-	-
Less: unamortized bond discount	16,970	-	6,292	23,262	-
	<b>\$ 83,922,830</b>	<b>\$ 843,197</b>	<b>\$ (5,381,445)</b>	<b>\$ 79,384,582</b>	<b>\$ 5,412,482</b>

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, \$26,258 of internal service fund compensated absences is included in the above amounts. Landfill postclosure liabilities are liquidated by the Landfill Closure special revenue fund and governmental compensated absences are liquidated by the general fund.

**City of Bowling Green, Kentucky**  
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**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

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

Fiscal Year	Governmental Activities				Business-Type Activities			
	General Obligation and Revenue Bonds		Notes and Lease Purchase Agreements		General Obligation and Revenue Bonds		Notes and Lease Purchase Agreements	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2018	\$ 2,735,594	\$ 8,150,000	\$ 23,144	\$ 305,728	\$ 16,438	\$ 725,000	\$ -	\$ -
2019	2,489,953	8,135,000	14,374	198,426	4,594	735,000	-	-
2020	2,234,193	8,750,000	7,716	143,133	-	-	-	-
2021	1,957,811	7,500,000	3,909	146,930	-	-	-	-
2022	1,719,492	7,685,000	-	-	-	-	-	-
2023-2027	5,304,404	25,980,000	-	-	-	-	-	-
2028-2032	2,391,190	9,725,000	-	-	-	-	-	-
2033-2037	920,415	7,215,000	-	-	-	-	-	-
2038-2042	45,663	1,405,000	-	-	-	-	-	-
	<u>\$ 19,798,715</u>	<u>\$ 84,545,000</u>	<u>\$ 49,143</u>	<u>\$ 794,217</u>	<u>\$ 21,032</u>	<u>\$ 1,460,000</u>	<u>\$ -</u>	<u>\$ -</u>

**Component Unit**

Principal requirements for component unit debt is as follows:

Fiscal Year	Bowling Green Municipal Utilities Water-Sewer Division		Bowling Green Municipal Utilities Electric Division	Total
	Utilities Water-Sewer Division	Electric Division	Electric Division	
2018	\$ 4,337,482	\$ 475,000	\$ 475,000	\$ 4,812,482
2019	4,390,106	485,000	485,000	4,875,106
2020	4,459,322	495,000	495,000	4,954,322
2021	4,519,348	505,000	505,000	5,024,348
2022	4,595,201	515,000	515,000	5,110,201
2023 - 2027	21,720,349	2,795,000	2,795,000	24,515,349
2028 - 2032	18,781,745	3,290,000	3,290,000	22,071,745
2033 - 2036	2,717,767	1,830,000	1,830,000	4,547,767
	<u>\$ 65,521,320</u>	<u>\$ 10,390,000</u>	<u>\$ 10,390,000</u>	<u>\$ 75,911,320</u>

**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. \$24,835,000 general obligation bonds, Series 2008A, was originally issued for the purpose of constructing a baseball park and related infrastructure for the Bowling Green Hot Rods, a single A baseball team. This obligation was partially refunded in the amount of \$20,800,000 in 2016 by Series 2016C.

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

3. \$6,585,000 general obligation bonds, Series 2008B, was originally issued for the purpose of constructing the Greenwood Fire Station and renovations of the Headquarters and Airport fire stations. This obligation was partially refunded in the amount of \$3,745,000 2016 by Series 2016C.
4. \$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.
5. \$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.
6. \$6,320,000 general obligation bonds, Series 2012A, issued for the purpose of refinancing Series 2004A, general obligation bonds.
7. \$1,400,000 general obligation bonds, Series 2012B, issued for the purpose of refinancing Series 2004B, general obligation bonds.
8. \$4,200,000 general obligation bonds, Series 2013A, issued for the purpose of refinancing Series 2002A and 2004A general obligation bonds.
9. \$3,595,000 general obligation bonds, Series 2013C, issued for the purpose of refinancing Series 2003 general obligation bonds.
10. \$9,245,000 general obligation bonds, Series 2015A, issued for the purpose of refinancing a portion of Series 2007A general obligation bonds.
11. \$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 in 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.
12. \$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 (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

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
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**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

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
2018	\$ 2,045,000	\$ 771,155	\$ 2,816,155
2019	2,185,000	709,805	2,894,805
2020	2,340,000	644,255	2,984,255
2021	2,500,000	568,205	3,068,205
2022	2,525,000	480,705	3,005,705
2023-2026	10,315,000	1,010,536	11,325,536
	<u>\$ 21,910,000</u>	<u>\$ 4,184,661</u>	<u>\$ 26,094,661</u>

As of June 30, 2017 the City has recorded a receivable from WKU and deferred revenue of \$21,910,000 in the WKU Athletics Special Revenue Fund applicable to future revenues to be received from WKU related to the above agreement.

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

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

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

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

**TIF District**

In August 2007, the City approved the establishment of a downtown development area Tax Incremental Financing (TIF) district, which was later amended and expanded in October 2008. With the establishment of the district, the City pledged 80% of new incremental growth in property tax, withholding tax, and net profit fee revenues produced within the boundaries of the district to the Warren County Downtown Economic Development Authority (the Authority), a Chapter 58 agency designated to administer and oversee the project. These incremental revenues are dedicated for debt service payments on various projects within the TIF District. The State also pledged 80% of

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

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 FY09, 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, 2017, \$66,625,000 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, 2017, the cash, investments and due from other governments available totaled \$1,159,300.

In fiscal year 2005, the Environmental and Public Protection Cabinet (EPPC) announced a program under which the Commonwealth might assume responsibility for many aspects of landfill closure currently funded by local jurisdictions. However, under the provisions of the enabling legislation (HB 174 Kentucky Pride Fund, KRS 224.43-505) it appears that jurisdictions may well retain the bulk of costs to maintain landfill sites (e.g. sampling, pumping, transportation and disposal of leachate, erosion control, mowing, etc). 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, 2017 is \$2,557,625. 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.

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

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.

*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.

**City of Bowling Green, Kentucky**  
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**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 insurance coverage. The Trust Participation Agreement provides that the Trust will be self-sustaining through member premiums. The Trust reinsures at a higher limit through a carrier. The WCF provides coverage of up to \$10,000 for each worker's compensation occurrence.

Beginning fiscal year 2012, the City established the Property & Casualty (P&C) Fund to account for and finance its participation in the Kentucky League of Cities Insurance Services (KLCIS) General Insurance Trust. The P&C fund provides payment for premiums for all insurance coverage types except workers' compensation. The fund was also established to make payment on any claim that falls within a City selected per occurrence deductible. KLCIS provides coverage for losses exceeding the chosen deductible level and reinsures through commercial companies at various higher limits. In FY14, the City selected a \$50,000 deductible for General Liability, a \$1,000 deductible for Buildings and Contents Coverage, and a \$0 deductible for Law Enforcement Liability, 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 EHCF 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 EHCF 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 2017 and 2016 follows:

	Health Care	Workers Compensation	Property and Casualty
Liability at June 30, 2015	\$ 145,606	\$ 20,821	\$ 45,000
Claims and changes in estimates FY 2016	4,908,307	100,801	110,153
Claims paid FY 2016	<u>(4,706,934)</u>	<u>(79,524)</u>	<u>(123,463)</u>
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	<u>(5,433,558)</u>	<u>(105,939)</u>	<u>(115,023)</u>
Liability at June 30, 2017	<u>\$ 528,199</u>	<u>\$ 18,261</u>	<u>\$ 20,838</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, 2017 of \$4,576,035. 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 \$503,364 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.

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

**C. Construction Commitments** - The City has active construction projects as of June 30, 2017. At year end, the City had the following commitments on construction contracts:

Project	Remaining Commitment
Parks construction projects	\$ 1,691,255
Smallhouse Road construction project	925,892
Convention Center renovations	747,990
Street resurfacing project	486,457
Storm drainage improvement projects	355,391
Sidewalk improvement projects	278,839
Reservoir Hill improvement projects	189,200
Golf Course construction project	156,568
Street intersection improvements	118,632
Greenway construction projects	66,480

**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, 2017 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

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

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

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

**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, 2017, there were three series of industrial revenue bonds and six series of special assessment bonds outstanding with an aggregate principal balance of \$67,990,000 and \$1,160,000, 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, 2017 as follows:

Year Ending June 30,	
2018	\$ 6,328
2019	6,328
2020	6,328
2021	6,328
2022	6,328
	<u>\$ 31,640</u>

In addition, the Golf program in the General Fund leases the Crosswinds municipal golf course pro shop facility from The Convention Center Corporation, a component unit. The buildings, furnishings and equipment elements of this lease are classified as capital leases and included in the long-term debt footnote. The land element of this lease is classified as an operating lease. Rental payments are based on 7.62% of the total annual debt service of Mortgage Revenue Bonds, Series 1993. Rental payments attributed to the golf pro shop facility is based upon the facility's original cost (\$660,000) as a percentage of total project costs financed by Bonds (\$8,660,000). The following is a schedule of minimum future rentals of the land element of the pro shop lease as of June 30, 2017:

Year Ending June 30,	
2018	\$ 31,067
2019	31,036
Total	<u>\$ 62,103</u>

**NOTE 6. UNIFORM GUIDANCE**

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*, 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. A separate supplemental report will be issued on active grant programs of the City of Bowling Green in accordance with applicable provisions of the Uniform Guidance.

**NOTE 7. DEFINED BENEFIT PENSION PLANS**

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

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

*Plan membership.* As of June 30, 2017, the plan consisted of the following:

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

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

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

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

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

There are currently five participants receiving retirement annuities, thirteen participants receiving disability annuities, and eighteen 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, 2017.

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

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 2016-2017, the City made a contribution of \$182,500. 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.

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 5 years.

**Net Pension Liability**

The City's net pension liability (asset) was measured as of July 1, 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 July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market Value
Inflation	None
COLAs	Average of the cost of living adjustments made over the prior five 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:

Asset Class	Long Term Expected Real Rate of Return
Inflation (CPI)	N/A
US Equity	3.90%
Non-US Equity	4.28%
Fixed Income	0.22%
Cash	-0.77%

*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

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2017**

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

liability (asset) if calculated using a discount rate that is 1-percentage-point lower (5.0 percent) or 1-percentage-point higher (7.0 percent) than the current rate:

	Current Discount Rate		
	1% Decrease (5.0%)	(6.0%)	1% Increase (7.0%)
<i>City of Bowling Green's net pension liability</i>	\$ 341,528	\$ (143,723)	\$ (573,585)

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

*Pension expense.* For the year ended June 30, 2017, the City recognized pension income of \$331,264.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 100,998	\$ (177,783)
Change of assumptions	-	-
Experience losses (gains)	-	-
 Total	 <u>\$ 100,998</u>	 <u>\$ (177,783)</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:	
2018	\$ (412)
2019	(412)
2020	(31,516)
2021	(44,445)
2022	-
	<u>\$ (76,785)</u>

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

**B. The County Employee 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 publically 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

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

9/1/2008, Tier 2 are those that began participation 9/1/2008 through 12/31/2013 and Tier 3 are those members that began participation on or after 1/1/14.

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

*Benefits provided – Hazardous.* Tier 1 Hazardous members are eligible to retire with an unreduced benefit at age 55 with five years of service credit or after 20 years of service credit regardless of age. Benefits are determined by a formula using the member's highest three consecutive year average compensation, which must have at least 24 months. Reduced benefits for early retirement are available at age 50 with 15 years of service credit. Tier 2 Hazardous members are eligible to retire at any age with 25 years of service or at age 60 with 5 years of service credit. Benefits are determined by a formula using the member's highest three consecutive year average compensation, which must be 36 months. Reduced benefits for early retirement are available at age 50 with 15 years of service. Tier 3 Hazardous members are also eligible to retire at any age with 25 years 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 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, 2017, total employer contributions for the City were \$6,303,087 based on a rate of 18.68% for Non-Hazardous and 31.06% for Hazardous members through covered payroll. The contribution rate of 18.68% for Non-Hazardous is comprised of amounts for pension and insurance benefits, 13.95% or \$1,439,465 was dedicated to pensions and 4.73% or \$488,076 was allocated to insurance. The total contribution rate of 31.06% for Hazardous consists of 21.71% or \$3,058,374 toward pension benefits and 9.35% or \$1,317,172 for insurance benefits. The total City contribution in 2017 for pension benefits was \$4,497,839.

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 Financial Statements**  
**June 30, 2017**

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

**Net Pension Liability**

The City's net pension liability (asset) was measured as of June 30, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary increases	4.0 percent, average, including inflation
Investment rate of return	7.50 percent per annum, net of pension plan investment expense, including inflation.

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, 2015 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 KRS Board of Directors lowered the three actuarial assumptions in May 2017. The inflation rate was lowered from 3.25% to 2.3%, the active member payroll growth was lowered from 4% to 0%, and the investment rate of return was lowered from 7.5% to 6.25%. These assumption changes will become effective for the actuarial valuation as of the June 30, 2017 measurement date.

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 below). These were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The 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.

<u>Asset Class</u>	<u>Long Term Expected</u>	
	<u>Real Rate of Return</u>	<u>Target Allocation</u>
Combined Equity	5.40%	44.0%
Combined Fixed Income	1.50%	19.0%
Real Return (Diversified)		
Inflation Strategies)	3.50%	10.0%
Real Estate	4.50%	5.0%
Absolute Return (Diversified)		
Hedge Funds)	4.25%	10.0%
Private Equity	8.50%	10.0%
Cash Equivalent	-0.25%	2.0%
		<u>100.0%</u>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2017**

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

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

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents the net pension liability (asset) of the City calculated using the discount rate of 7.50 percent, as well as the net pension liability (asset) if calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	Current Discount Rate		
	1% Decrease (6.50%)	(7.50%)	1% Increase (8.50%)
<i>City of Bowling Green's net pension liability</i>			
Hazardous	\$ 54,021,985	\$ 43,001,090	\$ 33,910,868
Nonhazardous	24,363,956	19,551,026	15,425,702
Total	<u>\$ 78,385,941</u>	<u>\$ 62,552,116</u>	<u>\$ 49,336,570</u>

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

*Pension expense.* For the year ended June 30, 2017, the City recognized pension expense of \$7,401,454.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following table:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 5,465,525	\$ -
Net difference between expected and actual experience	705,545	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	327,392	(534,583)
Change of assumptions	3,503,293	-
Contributions subsequent to the measurement date of June 30, 2016	<u>4,497,839</u>	<u>-</u>
Total	<u>\$ 14,499,594</u>	<u>\$ (534,583)</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 reflected on the following page:

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2017**

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

Year Ended June 30th:		
2018	\$	2,448,453
2019		2,448,453
2020		3,555,203
2021		1,015,063
2022		-
	\$	<u>9,467,172</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 reflected in the valuation performed as of June 30, 2015:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table 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 assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

**NOTE 8. 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 \$18,000 per year for regular contributions and \$6,000 for catch-up contributions. The limits for the Roth plan are up to \$5,500 per year for regular contributions and \$1,000 for catch-up contributions. During the fiscal year ended June 30, 2017, employee contributions for both plans totaled \$267,598.

On December 5, 1995, the City Commission also adopted Municipal Order 95-269 authorizing participation in the Kentucky Public Employees 401(k) Deferred Compensation Plan. During the year ended June 30, 2009, the City also began offering a Roth 401(k) option. The Plans are administered by the Kentucky Public Employees Deferred Compensation Authority and are offered to all eligible City employees as a voluntary retirement supplement.

Participating employees can defer a maximum of \$18,000 for regular contributions and \$6,000 for catch-up contributions for the 401(k) and \$5,500 for regular contributions and \$1,000 dollars for the Roth. Benefits are available upon termination of employment, retirement, death or for hardship withdrawal. Employee contributions for both plans totaled \$238,494 for the fiscal year ended June 30, 2017.

**NOTE 9. TAX ABATEMENTS**

As of June 30, 2017, the City provides tax abatements 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-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 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.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2017**

**NOTE 9. TAX ABATEMENTS (Continued)**

A summary of all tax abatements is presented below:

	<b>Abatement Values</b>					Total
	JDIP withholdings	Annexed property taxes	TIF occupational taxes	Moratoriums	Payments-in- lieu-of-taxes (PILOT)	
2008	\$ 1,701,002	\$ -	\$ -	\$ 25,452	\$ 159,905	\$ 1,886,359
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	1,272,915	-	156,496	7,775	147,651	1,584,837
Total	<u>\$ 13,699,790</u>	<u>\$ -</u>	<u>\$ 229,375</u>	<u>\$ 75,248</u>	<u>\$ 1,109,065</u>	<u>\$ 15,113,478</u>

**NOTE 10. SUBSEQUENT EVENTS**

No subsequent events occurred after the close of the fiscal year end of June 30, 2017.

**NOTE 11. IMPLEMENTATION OF GASB 77**

In August 2015, the GASB issued Statement No. 77, Tax Abatement Disclosures. This statement's provisions are effective for fiscal years beginning after December 15, 2015. The statement requires disclosure of tax abatement information regarding a government's tax abatement agreements and agreements entered into by other governments that reduce the reporting government's tax revenues. New disclosure information to be disclosed about the agreements include brief description information, the gross dollar amount of taxes abated during the period and commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The City adopted this new standard in fiscal year 2017 and the City's financial position was not impacted. See Note 9 for more information.

**NOTE 12. RECENT PRONOUNCEMENTS**

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

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

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

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance w ith Final
	Original	Final		Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes				
Real estate	\$ 8,549,000	\$ 8,549,000	\$ 8,713,128	\$ 164,128
Personal property	1,800,000	1,800,000	1,722,318	(77,682)
Insurance premium	1,650,000	1,650,000	1,864,958	214,958
Motor vehicle and boat	940,000	940,000	989,362	49,362
Payment in lieu of taxes	160,000	160,000	160,343	343
Franchise	985,000	985,000	979,148	(5,852)
Other taxes	16,000	16,000	16,151	151
Penalties and Interest	80,000	80,000	76,479	(3,521)
Total taxes	14,180,000	14,180,000	14,521,887	341,887
Licenses and permits				
Occupational:				
Employees' w ithholding	37,295,000	37,295,000	39,760,821	2,465,821
Net profits	8,178,000	8,178,000	10,928,110	2,750,110
Other fees	250,000	250,000	309,655	59,655
Special licenses	250,000	250,000	404,622	154,622
Permits	981,000	981,000	1,037,565	56,565
Total licenses and permits	46,954,000	46,954,000	52,440,773	5,486,773
Intergovernmental				
Federal grants	36,500	96,981	47,830	(49,151)
State grants	-	28,615	29,614	999
Local grants	53,400	53,400	53,355	(45)
Total intergovernmental	89,900	178,996	130,799	(48,197)
Charges for services				
School tax collection fees	200,000	200,000	217,152	17,152
Other general government fees	8,500	8,500	8,448	(52)
Public safety fees	62,000	62,000	73,058	11,058
Cemetery lot sales	95,000	95,000	125,263	30,263
Cemetery fees	152,000	152,000	156,623	4,623
Other	52,500	52,500	64,048	11,548
Total charges for services	570,000	570,000	644,592	74,592
Parks and recreation	2,115,090	2,115,090	1,939,935	(175,155)
Miscellaneous				
Investment income	291,320	291,320	50,225	(241,095)
ABC and parking violations fees	6,000	6,000	7,795	1,795
Contributions and donations	40,400	68,744	70,509	1,765
Judgements and settlements	28,500	28,500	14,804	(13,696)
Other	120,140	125,140	174,757	49,617
Total miscellaneous	486,360	519,704	318,090	(201,614)
Total revenues	\$ 64,395,350	\$ 64,517,790	\$ 69,996,076	\$ 5,478,286

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
General Fund (Continued)  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget - Positive (Negative)
<b>EXPENDITURES</b>				
General government				
Legislative	\$ 150,842	\$ 146,807	\$ 146,283	\$ 524
Executive	1,097,059	1,133,400	965,930	167,470
Finance	1,458,246	1,382,668	1,375,013	7,655
Human resources	1,126,580	992,640	876,807	115,833
Law	351,538	541,538	331,755	209,783
Information technology	1,737,058	1,756,555	1,679,571	76,984
Administrative services	336,500	335,125	295,586	39,539
Total general government	<u>6,257,823</u>	<u>6,288,733</u>	<u>5,670,945</u>	<u>617,788</u>
Public safety				
Police	13,418,287	13,396,150	13,222,732	173,418
Fire	11,846,777	11,802,404	11,751,545	50,859
Total public safety	<u>25,265,064</u>	<u>25,198,554</u>	<u>24,974,277</u>	<u>224,277</u>
Public works				
Public works administration	1,443,496	1,585,706	1,389,367	196,339
Highway and streets	2,781,993	2,815,734	2,564,404	251,330
Building and plant	2,573,892	2,748,520	2,295,033	453,487
Environmental Compliance	399,316	890,754	321,454	569,300
Transportation	252,580	332,580	332,580	-
Total public works	<u>7,451,277</u>	<u>8,373,294</u>	<u>6,902,838</u>	<u>1,470,456</u>
Parks and recreation				
Parks	2,702,480	2,615,939	2,478,083	137,856
Recreation	1,200,923	1,219,484	1,053,476	166,008
Athletics	532,476	407,123	386,109	21,014
Community centers	941,913	911,351	879,202	32,149
Golf Courses	1,709,257	1,779,423	1,310,113	469,310
Other parks	1,283,350	1,758,775	1,687,204	71,571
Total parks and recreation	<u>8,370,399</u>	<u>8,692,095</u>	<u>7,794,187</u>	<u>897,908</u>
Neighborhood & Community Services	2,221,413	2,638,680	1,982,023	656,657
Community services				
Community services	779,362	911,022	769,362	141,660
Intergovernmental	1,527,300	1,447,394	1,205,181	242,213
Total community services	<u>2,306,662</u>	<u>2,358,416</u>	<u>1,974,543</u>	<u>383,873</u>
Total Expenditures	<u>51,872,638</u>	<u>53,549,772</u>	<u>49,298,813</u>	<u>4,250,959</u>
Excess of revenues over expenditures	<u>12,522,712</u>	<u>10,968,018</u>	<u>20,697,263</u>	<u>9,729,245</u>
Other financing sources (uses):				
Transfers in	577,650	607,650	567,288	(40,362)
Transfers out	(13,200,362)	(17,408,256)	(17,404,892)	3,364
Proceeds from sale of capital assets	100,000	100,000	225,645	125,645
Total other financing sources (uses)	<u>(12,522,712)</u>	<u>(16,700,606)</u>	<u>(16,611,959)</u>	<u>88,647</u>
Net change in fund balances	-	(5,732,588)	4,085,304	9,817,892
Fund balances, beginning	<u>21,285,211</u>	<u>21,285,211</u>	<u>21,285,211</u>	-
Fund balances, ending	<u>\$ 21,285,211</u>	<u>\$ 15,552,623</u>	<u>\$ 25,370,515</u>	<u>\$ 9,817,892</u>

**City of Bowling Green, Kentucky**  
**Notes to Required Supplementary Information on Budgetary Accounting and Control**  
**Year Ended June 30, 2017**

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

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

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

The Assistant City Manager is authorized to transfer budget amounts between departments within any fund. The 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, 2017 as follows:

General fund	\$	686,273
Convention Center		747,990
Nonmajor governmental		6,407,878
Internal Service		32,932
	\$	<u>7,875,073</u>

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

	2017	2016	2015	2014*	2013	2012	2011	2010	2009	2008
<b>Total pension liability</b>										
Interest on TPL	\$ 440,360	\$ 490,156	\$ 499,000	\$ 582,822	\$ 603,248	\$ 613,791	\$ 655,938	\$ 673,236	\$ 694,343	\$ 695,445
Changes of benefit terms	-	(82,559)	(42,390)	-	-	-	-	-	-	-
Differences between expected & actual experience in measurement of the TPL	(359,520)	170,136	241,872	(2,455,968)	(49,224)	162,348	(413,563)	(16,086)	(78,390)	274,621
Changes of assumptions about future economic or demographic factors or other inputs	-	(536,108)	46,957	-	-	-	-	-	-	-
Benefit payments	(854,877)	(891,272)	(894,710)	(894,455)	(951,864)	(944,811)	(945,459)	(967,741)	(988,432)	(987,559)
<b>Net change in total pension liability</b>	(774,037)	(849,647)	(149,271)	(2,767,601)	(397,840)	(168,672)	(703,084)	(310,591)	(372,479)	(17,493)
<b>Total pension liability - beginning</b>	\$ 7,802,385	\$ 8,652,032	\$ 8,801,303	\$ 10,608,154	\$ 11,005,996	\$ 11,174,668	\$ 11,877,752	\$ 12,188,343	\$ 12,560,822	\$ 12,578,314
<b>Total pension liability - ending (a)</b>	\$ 7,028,348	\$ 7,802,385	\$ 8,652,032	\$ 8,801,303	\$ 10,608,156	\$ 11,005,996	\$ 11,174,668	\$ 11,877,752	\$ 12,188,343	\$ 12,560,822
<b>Plan fiduciary net position</b>										
Contribution from City	\$ 182,500	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 450,000	\$ 410,000	\$ 384,000	\$ 328,000
Contribution from nonemployers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions from plan members	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan net investment income	633,921	359,902	284,523	918,180	630,239	375,513	788,139	621,436	(546,203)	(52,042)
Benefit payments	(854,877)	(891,272)	(894,711)	(894,455)	(951,864)	(944,811)	(945,459)	(967,741)	(988,432)	(987,559)
Plan administrative expense	-	-	-	-	(19,711)	(18,694)	(19,087)	(18,863)	(18,969)	(20,026)
Other changes	-	-	-	-	-	-	-	-	-	(5,174)
<b>Net change in plan fiduciary net position</b>	(38,456)	(131,370)	(210,188)	423,725	58,664	(187,992)	273,593	44,832	(1,169,604)	(736,801)
<b>Plan fiduciary net position - beginning</b>	\$ 7,210,527	\$ 7,341,897	\$ 7,552,085	\$ 7,128,360	\$ 7,069,696	\$ 7,257,688	\$ 6,984,095	\$ 6,939,263	\$ 8,108,867	\$ 8,845,668
<b>Plan fiduciary net position - ending (b)</b>	\$ 7,172,071	\$ 7,210,527	\$ 7,341,897	\$ 7,552,085	\$ 7,128,360	\$ 7,069,696	\$ 7,257,688	\$ 6,984,095	\$ 6,939,263	\$ 8,108,867
<b>City net pension liability ending (a)-(b)</b>	\$ (143,723)	\$ 591,858	\$ 1,310,135	\$ 1,249,218	\$ 3,479,796	\$ 3,936,300	\$ 3,916,980	\$ 4,893,657	\$ 5,249,080	\$ 4,451,955
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	102.04%	92.41%	84.86%	85.81%	67.20%	64.23%	64.95%	58.80%	56.93%	64.56%
Covered-employee payroll	-	-	-	-	-	-	-	-	-	-
NPL as % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

	2017	2016	2015
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)	<u>\$ (102,085)</u>	<u>\$ (88,979)</u>	<u>\$ (69,942)</u>
City's covered-employee payroll	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A

Notes to Schedule

Valuation date: July 1, 2017

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, 2017 actuarial valuation, the mortality rates for non-disabled lives were changed to the IRS Generational Mortality tables for Males and Females with Improvements Under Projection Scale AA. In prior years, these assumptions were based on the UP-1994 Mortality Rates Projected to 2002 Under Projection Scale AA.

Note: This schedule is intended to present a 10-year trend per GASB 67. Additional years will be reported as incurred.

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

	<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>	<u>2008</u>
Annual money-weighted rate of return	9.15%	5.02%	3.85%	12.70%	12.65%	9.64%	4.23%	8.02%	11.59%	-11.55%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Net Pension Liability for County Employee Retirement Systems	\$ 6,639,559,678	\$ 5,834,631,445	\$ 4,446,199,755
City's proportion of the net pension liability (asset)	0.9421%	0.9649%	0.9719%
City's proportionate share of the net pension liability (asset)	\$ 62,552,116	\$ 56,301,098	\$ 43,211,000
City's covered-employer payroll	\$ 24,380,227	\$ 22,529,147	\$ 22,141,166
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employer payroll	256.57%	249.90%	195.16%
Total Pension Plan's Fiduciary Net Position	\$ 8,151,568,466	\$ 8,519,001,523	\$ 8,615,148,614
Total Pension Plan's Pension Liability	\$ 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	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 Employee Retirement System measurement date is 12 months prior to the City's Financial Statements; the 2017 measurement date is 6/30/2016 and the 2016 measurement date is 6/30/2015, etc.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 4,497,839	\$ 3,837,246	\$ 3,905,623	\$ 4,021,011
Contributions in relation to the actuarially determined contribution	<u>4,497,839</u>	<u>3,837,246</u>	<u>3,905,623</u>	<u>4,021,011</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 24,380,227	\$ 22,635,432	\$ 22,529,147	\$ 22,141,166
Contributions as a percentage of covered-employee payroll	18.45%	16.95%	17.34%	18.16%

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

**City of Bowling Green, Kentucky**  
**Modified Approach for City Streets Infrastructure Capital Assets**  
**Year Ended June 30, 2017**

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

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

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

**Roads**

The City began using its computerized pavement management system in 1997. Surface distress and ride comfort assessments are conducted on all segments. Street assessments are conducted annually, and all segments are assessed within a three year cycle. The most recent assessment was conducted in the spring of 2017.

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>
Alley	25.0
Local	67.0
Collector	69.0
Arterial	72.0

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

**City of Bowling Green, Kentucky  
 Modified Approach for City Streets Infrastructure Capital Assets (Continued)  
 Year Ended June 30, 2017**

**Assessed Conditions**

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

<u>Year</u>	<u>Percentage</u>
2017*	87%
2016	97%
2015	97%
2014	98%
2013	98%
2012	97%
2011	95%
2010	94%
2009	90%
2008	90%

**\*Note:** In 2017 the City migrated pavement management system from the Cartegraph Navigator platform to Cartegraph Operations Management System (OMS). This move is important to note because the new OMS system uses a different calculation for OCI 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 as 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.

**Budgeted and Estimated Costs to Maintain**

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

Fiscal Year	Estimated Spending	Actual Spending
2017-2018	\$2,350,000	\$0
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
2008-2009	\$915,000	\$915,000

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

**Sidewalks**

The City utilizes a computerized sidewalk management system. Condition assessments are visually performed on all sidewalks segments, ratings are based on the presence of cracking, heaving, holes, settling and spalling. These assessments were conducted on the entire sidewalk network on a three year cycle. The most recent assessment was completed in the spring of 2016.

**City of Bowling Green, Kentucky**  
**Modified Approach for City Streets Infrastructure Capital Assets (Continued)**  
**Year Ended June 30, 2017**

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 86.5% of city maintained sidewalks had an OCI value greater than or equal to the minimum rating of 76.0 as of June 30, 2017.

**Budgeted and Estimated Costs to Maintain**

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

Fiscal Year	Estimated Spending	Actual Spending
2017-2018	\$100,000	\$0
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	\$100,000	\$41,000
2010-2011	\$100,000	\$133,000
2009-2010	\$100,000	\$0
2008-2009	\$100,000	\$100,000

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

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

#### **Community Development Fund**

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

#### **Fire Improvement Fund**

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

#### **Municipal Aid Funds**

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

#### **Job Development Incentive Fund**

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

#### **Parks Development Fund**

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

#### **Landfill Closure Fund**

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

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

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

#### **Trunking Operation Fund**

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

#### **Police Improvement Fund**

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

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

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

#### **Homeland Security Fund**

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

## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECTS FUNDS**

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

#### **Greenways 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 and is funded by the General Fund and a variety of grants. This fund has previously been known as the Riverfront Development Fund.

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

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

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

#### **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.

## **NONMAJOR GOVERNMENTAL FUNDS**

### **DEBT SERVICE FUNDS**

#### **TIF District**

This fund is used to account for debt service payments for the General Obligation Bonds 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, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund - TIF District	Nonmajor Permanent Fund - Cemetery Perpetual	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Pooled cash and cash equivalents	\$ 6,974,303	\$ 21,582,444	\$ 3,499,042	\$ 84,388	\$ 32,140,177
Non-pooled cash and cash equivalents	1,311,082	-	-	-	1,311,082
Investments	2,580,564	-	-	988,451	3,569,015
Receivables (net of allowances for uncollectibles):					
Accounts	13,899	-	-	-	13,899
Interest	486	-	-	-	486
Due from other governmental units	433,093	1,200	-	-	434,293
<b>Total assets</b>	<b>\$ 11,313,427</b>	<b>\$ 21,583,644</b>	<b>\$ 3,499,042</b>	<b>\$ 1,072,839</b>	<b>\$ 37,468,952</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Vouchers and accounts payable	\$ 367,022	\$ 138,857	\$ -	\$ -	\$ 505,879
Accrued payroll	7,747	-	-	-	7,747
Due from other funds	276	-	-	-	276
<b>Total liabilities</b>	<b>375,045</b>	<b>138,857</b>	<b>-</b>	<b>-</b>	<b>513,902</b>
<b>Fund Balances</b>					
Assigned	800,000	21,286,529	3,499,042	84,388	25,669,959
Committed	5,664,499	-	-	-	5,664,499
Restricted	4,473,883	158,258	-	988,451	5,620,592
<b>Total fund balances</b>	<b>10,938,382</b>	<b>21,444,787</b>	<b>3,499,042</b>	<b>1,072,839</b>	<b>36,955,050</b>
<b>Total liabilities and fund balances</b>	<b>\$ 11,313,427</b>	<b>\$ 21,583,644</b>	<b>\$ 3,499,042</b>	<b>\$ 1,072,839</b>	<b>\$ 37,468,952</b>

City of Bowling Green, Kentucky  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2017

	Community Development	Fire Improvement	Municipal Aid	Job Development Incentive	Parks Development	Landfill Closure
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ -	\$ 1,898,439	\$ 2,867,832	\$ 1,567,277	\$ -	\$ 201,248
Non-pooled cash and cash equivalents	1,138,590	172,492	-	-	-	-
Investments	510,303	33,690	1,078,535	-	-	958,036
Receivables (net of allowances for uncollectibles)						
Accounts	13,899	-	-	-	-	-
Interest	-	9	461	-	-	16
Due from other governmental units	80,971	-	349,092	-	-	-
<b>Total assets</b>	<b>\$ 1,743,763</b>	<b>\$ 2,104,630</b>	<b>\$ 4,295,920</b>	<b>\$ 1,567,277</b>	<b>\$ -</b>	<b>\$ 1,159,300</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Vouchers and accounts payable	\$ 83,051	\$ 19,298	\$ 260,945	\$ 500	\$ -	\$ 132
Accrued payroll	5,363	-	2,384	-	-	-
Due to other funds	-	-	276	-	-	-
<b>Total liabilities</b>	<b>88,414</b>	<b>19,298</b>	<b>263,605</b>	<b>500</b>	<b>-</b>	<b>132</b>
Fund Balances						
Assigned	-	-	800,000	-	-	-
Committed	666,662	2,071,538	123,731	1,566,777	-	1,159,168
Restricted	988,687	13,794	3,108,584	-	-	-
<b>Total fund balances</b>	<b>1,655,349</b>	<b>2,085,332</b>	<b>4,032,315</b>	<b>1,566,777</b>	<b>-</b>	<b>1,159,168</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,743,763</b>	<b>\$ 2,104,630</b>	<b>\$ 4,295,920</b>	<b>\$ 1,567,277</b>	<b>\$ -</b>	<b>\$ 1,159,300</b>

City of Bowling Green, Kentucky  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds (Continued)  
 June 30, 2017

	Local Law Enforcement Block Grant	Trunking Operation	Police Improvement	Lampkin Park Trust	Homeland Security	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ -	\$ 312,047	\$ 76,689	\$ 50,771	\$ -	\$ 6,974,303
Non-pooled cash and cash equivalents	-	-	-	-	-	1,311,082
Investments	-	-	-	-	-	2,580,564
Receivables (net of allowances for uncollectibles)						
Accounts	-	-	-	-	-	13,899
Interest	-	-	-	-	-	486
Due from other governmental units	3,030	-	-	-	-	433,093
<b>Total assets</b>	<b>\$ 3,030</b>	<b>\$ 312,047</b>	<b>\$ 76,689</b>	<b>\$ 50,771</b>	<b>\$ -</b>	<b>\$ 11,313,427</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Vouchers and accounts payable	\$ 3,030	\$ -	\$ 66	\$ -	\$ -	\$ 367,022
Accrued payroll	-	-	-	-	-	7,747
Deferred revenue	-	-	-	-	-	276
<b>Total liabilities</b>	<b>3,030</b>	<b>-</b>	<b>66</b>	<b>-</b>	<b>-</b>	<b>375,045</b>
Fund Balances						
Assigned	-	-	-	-	-	800,000
Committed	-	-	76,623	-	-	5,664,499
Restricted	-	312,047	-	50,771	-	4,473,883
<b>Total fund balances</b>	<b>-</b>	<b>312,047</b>	<b>76,623</b>	<b>50,771</b>	<b>-</b>	<b>10,938,382</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,030</b>	<b>\$ 312,047</b>	<b>\$ 76,689</b>	<b>\$ 50,771</b>	<b>\$ -</b>	<b>\$ 11,313,427</b>

City of Bowling Green, Kentucky  
 Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 June 30, 2017

	Greenways Development	Equipment Replacement	Road Construction	Heritage Trail Construction	Sidewalk Improvement	Stormwater Infrastructure Improvement
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ 213,635	\$ 1,660,168	\$ 4,188,208	\$ 196,701	\$ 693,562	\$ 1,553,177
Due from other governmental units	1,200	-	-	-	-	-
<b>Total assets</b>	<b>\$ 214,835</b>	<b>\$ 1,660,168</b>	<b>\$ 4,188,208</b>	<b>\$ 196,701</b>	<b>\$ 693,562</b>	<b>\$ 1,553,177</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Vouchers and accounts payable	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ 36,061
<b>Total liabilities</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,061</b>
Fund Balances						
Assigned	171,744	1,660,168	4,188,208	80,034	693,562	1,517,116
Restricted	41,591	-	-	116,667	-	-
<b>Total fund balances</b>	<b>213,335</b>	<b>1,660,168</b>	<b>4,188,208</b>	<b>196,701</b>	<b>693,562</b>	<b>1,517,116</b>
<b>Total liabilities and fund balances</b>	<b>\$ 214,835</b>	<b>\$ 1,660,168</b>	<b>\$ 4,188,208</b>	<b>\$ 196,701</b>	<b>\$ 693,562</b>	<b>\$ 1,553,177</b>

City of Bowling Green, Kentucky  
 Combining Balance Sheet  
 Nonmajor Capital Projects Funds (Continued)  
 June 30, 2017

	Municipal Facilities	Technology Capital Improvement	Smallhouse Road Construction	Parks Capital Improvements	800 Trunking Radio Systems Improvements	Dow ntow n Development	Total Nonmajor Capital Project Funds
<b>ASSETS</b>							
Pooled cash and cash equivalents	\$ 1,644,287	\$ 2,231,677	\$ 1,343,504	\$ 5,534,349	\$ 899,676	\$ 1,423,500	\$ 21,582,444
Due from other governmental units	-	-	-	-	-	-	1,200
Total assets	<u>\$ 1,644,287</u>	<u>\$ 2,231,677</u>	<u>\$ 1,343,504</u>	<u>\$ 5,534,349</u>	<u>\$ 899,676</u>	<u>\$ 1,423,500</u>	<u>\$ 21,583,644</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities							
Vouchers and accounts payable	\$ -	\$ 68	\$ -	\$ 101,228	\$ -	\$ -	\$ 138,857
Total liabilities	-	68	-	101,228	-	-	138,857
Fund Balances							
Assigned	1,644,287	2,231,609	1,343,504	5,433,121	899,676	1,423,500	21,286,529
Restricted	-	-	-	-	-	-	158,258
Total fund balances	<u>1,644,287</u>	<u>2,231,609</u>	<u>1,343,504</u>	<u>5,433,121</u>	<u>899,676</u>	<u>1,423,500</u>	<u>21,444,787</u>
Total liabilities and fund balances	<u>\$ 1,644,287</u>	<u>\$ 2,231,677</u>	<u>\$ 1,343,504</u>	<u>\$ 5,534,349</u>	<u>\$ 899,676</u>	<u>\$ 1,423,500</u>	<u>\$ 21,583,644</u>

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund - TIF District	Nonmajor Permanent Fund - Cemetery Perpetual	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 685,959	\$ -	\$ -	\$ -	\$ 685,959
Insurance premium taxes	2,231,987	-	-	-	2,231,987
Wages and net profits taxes	2,842,238	-	-	-	2,842,238
Judgements and settlements	13,394	-	-	-	13,394
Intergovernmental	7,511,186	11,112	-	-	7,522,298
Investment income	13,881	-	-	33,128	47,009
Charges for services	123,899	-	-	-	123,899
Contributions and donations	102,953	-	222,576	-	325,529
Miscellaneous	153,196	-	-	30,602	183,798
<b>Total Revenues</b>	<b>13,678,693</b>	<b>11,112</b>	<b>222,576</b>	<b>63,730</b>	<b>13,976,111</b>
<b>EXPENDITURES</b>					
Current:					
General government	220	263,833	-	-	264,053
Public safety	2,290,198	435,559	-	-	2,725,757
Public works	3,940,471	356,537	-	-	4,297,008
Parks and recreation	-	1,102,423	-	4,500	1,106,923
Neighborhood and community services	3,530,376	13,890	-	-	3,544,266
Capital Outlay	441,021	5,548,716	-	-	5,989,737
Debt service:					
Principal	-	-	660,000	-	660,000
Interest	-	-	791,962	-	791,962
<b>Total Expenditures</b>	<b>10,202,286</b>	<b>7,720,958</b>	<b>1,451,962</b>	<b>4,500</b>	<b>19,379,706</b>
Excess (deficiency) of revenues over (under) expenditures	3,476,407	(7,709,846)	(1,229,386)	59,230	(5,403,595)
Other financing sources (uses):					
Transfers in	827,974	9,442,700	1,452,500	-	11,723,174
Transfers out	(4,247,485)	-	-	-	(4,247,485)
<b>Total other financing sources (uses)</b>	<b>(3,419,511)</b>	<b>9,442,700</b>	<b>1,452,500</b>	<b>-</b>	<b>7,475,689</b>
Net change in fund balances	56,896	1,732,854	223,114	59,230	2,072,094
Fund balances, beginning	10,881,486	19,711,933	3,275,928	1,013,609	34,882,956
Fund balances, ending	\$ 10,938,382	\$ 21,444,787	\$ 3,499,042	\$ 1,072,839	\$36,955,050

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2017**

	Community Development	Fire Improvement	Municipal Aid	Job Development Incentive	Parks Development	Landfill Closure	Local Law Enforcement Block Grant	Trunking Operation
<b>REVENUES</b>								
Property taxes	\$ -	\$ -	\$ 170,847	\$ 77,436	\$ 437,676	\$ -	\$ -	\$ -
Insurance premium taxes	-	2,231,987	-	-	-	-	-	-
Wages and net profits taxes	-	-	-	1,433,004	1,409,234	-	-	-
Judgments and settlements	-	13,394	-	-	-	-	-	-
Intergovernmental	3,431,457	-	4,010,398	-	-	-	43,614	-
Investment income	6,030	14	740	-	-	7,097	-	-
Charges for services	-	-	38,932	-	-	-	-	-
Contributions and donations	-	918	-	-	-	-	-	94,375
Miscellaneous	81,196	-	72,000	-	-	-	-	-
<b>Total Revenues</b>	<b>3,518,683</b>	<b>2,246,313</b>	<b>4,292,917</b>	<b>1,510,440</b>	<b>1,846,910</b>	<b>7,097</b>	<b>43,614</b>	<b>94,375</b>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	220	-	-	-	-
Public safety	-	467,819	1,637,444	-	-	-	43,614	6,911
Public works	-	-	3,850,977	-	-	89,494	-	-
Neighborhood and community services	3,476,132	-	-	54,244	-	-	-	-
Capital outlay	20,882	314,568	9,673	-	-	-	-	-
<b>Total Expenditures</b>	<b>3,497,014</b>	<b>782,387</b>	<b>5,498,094</b>	<b>54,464</b>	<b>-</b>	<b>89,494</b>	<b>43,614</b>	<b>6,911</b>
Excess (deficiency) of revenues over (under) expenditures	21,669	1,463,926	(1,205,177)	1,455,976	1,846,910	(82,397)	-	87,464
Other financing sources (uses):								
Transfers in	-	-	827,974	-	-	-	-	-
Transfers out	-	(1,288,896)	-	(1,111,679)	(1,846,910)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(1,288,896)</b>	<b>827,974</b>	<b>(1,111,679)</b>	<b>(1,846,910)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>21,669</b>	<b>175,030</b>	<b>(377,203)</b>	<b>344,297</b>	<b>-</b>	<b>(82,397)</b>	<b>-</b>	<b>87,464</b>
Fund balances, beginning	1,633,680	1,910,302	4,409,518	1,222,480	-	1,241,565	-	224,583
<b>Fund balances, ending</b>	<b>\$ 1,655,349</b>	<b>\$ 2,085,332</b>	<b>\$ 4,032,315</b>	<b>\$ 1,566,777</b>	<b>\$ -</b>	<b>\$ 1,159,168</b>	<b>\$ -</b>	<b>\$ 312,047</b>

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds (Continued)**  
**Year Ended June 30, 2017**

	Police Improvement	Lampkin Park	Homeland Security	Total Special Revenue Funds
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 685,959
Insurance premium taxes	-	-	-	2,231,987
Wages and net profits taxes	-	-	-	2,842,238
Judgments and settlements	-	-	-	13,394
Intergovernmental	-	-	25,717	7,511,186
Investment income	-	-	-	13,881
Charges for services	84,967	-	-	123,899
Contributions and donations	-	7,660	-	102,953
Miscellaneous	-	-	-	153,196
<b>Total Revenues</b>	<b>84,967</b>	<b>7,660</b>	<b>25,717</b>	<b>13,678,693</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	220
Public safety	125,120	-	9,290	2,290,198
Public works	-	-	-	3,940,471
Neighborhood and community services	-	-	-	3,530,376
Capital outlay	79,471	-	16,427	441,021
<b>Total Expenditures</b>	<b>204,591</b>	<b>-</b>	<b>25,717</b>	<b>10,202,286</b>
Excess (deficiency) of revenues over (under) expenditures	(119,624)	7,660	-	3,476,407
Other financing sources (uses):				
Transfers in	-	-	-	827,974
Transfers out	-	-	-	(4,247,485)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,419,511)</b>
<b>Net change in fund balances</b>	<b>(119,624)</b>	<b>7,660</b>	<b>-</b>	<b>56,896</b>
Fund balances, beginning	196,247	43,111	-	10,881,486
<b>Fund balances, ending</b>	<b>\$ 76,623</b>	<b>\$ 50,771</b>	<b>\$ -</b>	<b>\$ 10,938,382</b>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Funds**  
**Year Ended June 30, 2017**

	Greenw ays Development	Equipment Replacement	Road Construction	Heritage Trail Construction	Sidew alk Improvement	Stormw ater Infrastructure Improvement
<b>REVENUES</b>						
Intergovernmental	\$ 11,112	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>11,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>						
Current:						
General Government	-	-	-	-	-	-
Public safety	-	78,560	-	-	-	-
Public w orks	-	-	-	-	49,045	42,954
Parks and recreation	-	4,909	-	-	-	-
Neighborhood and community services	13,890	-	-	-	-	-
Capital outlay	<u>-</u>	<u>2,020,298</u>	<u>-</u>	<u>-</u>	<u>552,729</u>	<u>204,432</u>
Total Expenditures	<u>13,890</u>	<u>2,103,767</u>	<u>-</u>	<u>-</u>	<u>601,774</u>	<u>247,386</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,778)</u>	<u>(2,103,767)</u>	<u>-</u>	<u>-</u>	<u>(601,774)</u>	<u>(247,386)</u>
Other financing sources (uses):						
Transfers in	<u>-</u>	<u>1,914,900</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Total other financing sources (uses)	<u>-</u>	<u>1,914,900</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Net change in fund balances	(2,778)	(188,867)	500,000	-	(101,774)	252,614
Fund balances, beginning	<u>216,113</u>	<u>1,849,035</u>	<u>3,688,208</u>	<u>196,701</u>	<u>795,336</u>	<u>1,264,502</u>
Fund balances, ending	<u>\$ 213,335</u>	<u>\$ 1,660,168</u>	<u>\$ 4,188,208</u>	<u>\$ 196,701</u>	<u>\$ 693,562</u>	<u>\$ 1,517,116</u>

City of Bowling Green, Kentucky  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Funds (Continued)  
 Year Ended June 30, 2017

	Municipal Facilities	Technology Capital Improvement	Smallhouse Road Construction	Parks Capital Improvements	800 Trucking Radio Systems Improvements	Downtown Development	Total Nonmajor Capital Project Funds
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,112
Total Revenues	-	-	-	-	-	-	11,112
<b>EXPENDITURES</b>							
Current:							
General Government	-	263,833	-	-	-	-	263,833
Public safety	-	-	-	-	356,999	-	435,559
Public works	-	-	264,538	-	-	-	356,537
Parks and recreation	-	-	-	1,097,514	-	-	1,102,423
Neighborhood and community services	-	-	-	-	-	-	13,890
Capital outlay	134,003	157,886	1,814,691	663,177	-	1,500	5,548,716
Total Expenditures	134,003	421,719	2,079,229	1,760,691	356,999	1,500	7,720,958
Excess (deficiency) of revenues over (under) expenditures	(134,003)	(421,719)	(2,079,229)	(1,760,691)	(356,999)	(1,500)	(7,709,846)
Other financing sources (uses):							
Transfers in	-	800,000	1,150,000	3,255,000	322,800	500,000	9,442,700
Total other financing sources (uses)	-	800,000	1,150,000	3,255,000	322,800	500,000	9,442,700
Net change in fund balances	(134,003)	378,281	(929,229)	1,494,309	(34,199)	498,500	1,732,854
Fund balances, beginning	1,778,290	1,853,328	2,272,733	3,938,812	933,875	925,000	19,711,933
Fund balances, ending	\$ 1,644,287	\$ 2,231,609	\$ 1,343,504	\$ 5,433,121	\$ 899,676	\$ 1,423,500	\$ 21,444,787

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Debt Service				
Principal	\$ 4,090,800	\$ 4,645,212	\$ 4,644,543	\$ 669
Interest and fiscal charges	1,057,700	1,038,288	1,032,102	6,186
Total expenditures	<u>5,148,500</u>	<u>5,683,500</u>	<u>5,676,645</u>	<u>6,855</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,148,500)</u>	<u>(5,683,500)</u>	<u>(5,676,645)</u>	<u>6,855</u>
Other financing sources (uses):				
Transfers in	<u>5,148,500</u>	<u>5,683,500</u>	<u>5,676,645</u>	<u>(6,855)</u>
Total other financing sources (uses)	<u>5,148,500</u>	<u>5,683,500</u>	<u>5,676,645</u>	<u>(6,855)</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 WKU Athletics Debt Service Fund  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 2,744,000	\$ 2,744,000	\$ 2,743,605	\$ (395)
Total revenues	2,744,000	2,744,000	2,743,605	(395)
<b>EXPENDITURES</b>				
Debt Service				
Principal	1,915,000	1,915,000	1,915,000	-
Interest	829,000	829,000	828,605	395
Total expenditures	2,744,000	2,744,000	2,743,605	395
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 ITA Bond Debt Service Fund  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Rent Income	\$ -	\$ 1,342,225	\$ 1,342,225	\$ -
Miscellaneous	1,125,650	1,125,650	1,039,235	(86,415)
Total revenues	1,125,650	2,467,875	2,381,460	(86,415)
<b>EXPENDITURES</b>				
Current:				
Community Services	460,000	460,000	460,000	-
Debt Service:				
Principal	1,415,000	2,757,225	2,615,000	142,225
Interest	376,300	376,300	376,120	180
Total expenditures	2,251,300	3,593,525	3,451,120	142,405
Excess (deficiency) of revenues over (under) expenditures	(1,125,650)	(1,125,650)	(1,069,660)	55,990
Other financing sources (uses):				
Transfers In	1,125,650	1,125,650	1,125,650	-
Total other financing sources (uses)	1,125,650	1,125,650	1,125,650	-
Net change in fund balances	-	-	55,990	55,990
Fund balances, beginning	1,539,438	1,539,438	1,539,438	-
Fund balances, ending	\$ 1,539,438	\$ 1,539,438	\$ 1,595,428	\$ 55,990

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**TIF District Bond Debt Service Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Contributions and donations	\$ 210,000	\$ 210,000	\$ 222,576	\$ 12,576
Total revenues	210,000	210,000	222,576	12,576
<b>EXPENDITURES</b>				
Debt Service:				
Principal	660,000	660,000	660,000	-
Interest and fiscal charges	792,500	792,500	791,962	538
Total expenditures	1,452,500	1,452,500	1,451,962	538
Excess (deficiency) of revenues over (under) expenditures	(1,242,500)	(1,242,500)	(1,229,386)	13,114
Other financing sources (uses):				
Transfers in	1,452,500	1,452,500	1,452,500	-
Total other financing sources (uses)	1,452,500	1,452,500	1,452,500	-
Net change in fund balances	210,000	210,000	223,114	13,114
Fund balances, beginning	3,275,928	3,275,928	3,275,928	-
Fund balances, ending	\$ 3,485,928	\$ 3,485,928	\$ 3,499,042	\$ 13,114

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Community Development Special Revenue Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance w with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 3,577,316	\$ 4,437,699	\$ 3,431,457	\$ (1,006,242)
Investment income	5,000	5,000	6,030	1,030
Miscellaneous	72,000	72,000	81,196	9,196
Total revenues	<u>3,654,316</u>	<u>4,514,699</u>	<u>3,518,683</u>	<u>(996,016)</u>
<b>EXPENDITURES</b>				
Current:				
Neighborhood and community services	3,356,800	3,961,340	3,476,132	485,208
Capital outlay	316,516	580,759	20,882	559,877
Total expenditures	<u>3,673,316</u>	<u>4,542,099</u>	<u>3,497,014</u>	<u>1,045,085</u>
Net change in fund balances	(19,000)	(27,400)	21,669	49,069
Fund balances, beginning	<u>1,633,680</u>	<u>1,633,680</u>	<u>1,633,680</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,614,680</u>	<u>\$ 1,606,280</u>	<u>\$ 1,655,349</u>	<u>\$ 49,069</u>

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 Fire Improvement Special Revenue Fund  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Insurance premium taxes	\$ 2,100,000	\$ 2,100,000	\$ 2,231,987	\$ 131,987
Judgments and settlements	13,500	13,500	13,394	(106)
Investment income	750	750	14	(736)
Contributions and donations	-	918	918	-
Total revenues	<u>2,114,250</u>	<u>2,115,168</u>	<u>2,246,313</u>	<u>131,145</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	438,248	563,672	467,819	95,853
Capital outlay	<u>406,000</u>	<u>406,000</u>	<u>314,568</u>	<u>91,432</u>
Total expenditures	<u>844,248</u>	<u>969,672</u>	<u>782,387</u>	<u>187,285</u>
Excess (deficiency) of revenues over (under) expenditures	1,270,002	1,145,496	1,463,926	318,430
Other financing sources (uses):				
Transfers out	<u>(1,289,100)</u>	<u>(1,289,100)</u>	<u>(1,288,896)</u>	<u>204</u>
Total other financing sources (uses)	<u>(1,289,100)</u>	<u>(1,289,100)</u>	<u>(1,288,896)</u>	<u>204</u>
Net change in fund balances	(19,098)	(143,604)	175,030	318,634
Fund balances, beginning	<u>1,910,302</u>	<u>1,910,302</u>	<u>1,910,302</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,891,204</u>	<u>\$ 1,766,698</u>	<u>\$ 2,085,332</u>	<u>\$ 318,634</u>

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 Municipal Aid Special Revenue Fund  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 4,328,628	\$ 5,365,832	\$ 4,010,398	\$ (1,355,434)
Property taxes	200,000	200,000	170,847	(29,153)
Investment income	37,500	37,500	740	(36,760)
Charges for services	8,000	8,000	38,932	30,932
Miscellaneous	72,000	72,000	72,000	-
Total revenues	<u>4,646,128</u>	<u>5,683,332</u>	<u>4,292,917</u>	<u>(1,390,415)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	1,868,401	1,869,236	1,637,444	231,792
Public works	3,443,000	5,793,742	3,850,977	1,942,765
Capital outlay	11,100	92,242	9,673	82,569
Total expenditures	<u>5,322,501</u>	<u>7,755,220</u>	<u>5,498,094</u>	<u>2,257,126</u>
Excess (deficiency) of revenues over (under) expenditures	(676,373)	(2,071,888)	(1,205,177)	866,711
Other financing sources (uses):				
Transfers in	830,812	830,812	827,974	(2,838)
Total other financing sources (uses)	<u>830,812</u>	<u>830,812</u>	<u>827,974</u>	<u>(2,838)</u>
Net change in fund balances	154,439	(1,241,076)	(377,203)	863,873
Fund balances, beginning	<u>4,409,518</u>	<u>4,409,518</u>	<u>4,409,518</u>	<u>-</u>
Fund balances, ending	<u>\$ 4,563,957</u>	<u>\$ 3,168,442</u>	<u>\$ 4,032,315</u>	<u>\$ 863,873</u>

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 Job Development Incentive Special Revenue Fund  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Wages and net profits taxes	\$ 1,365,000	\$ 1,365,000	\$ 1,433,004	\$ 68,004
Property taxes	78,000	78,000	77,436	(564)
Total revenues	1,443,000	1,443,000	1,510,440	67,440
<b>EXPENSES</b>				
Current:				
General Government	-	11,157	220	10,937
Neighborhood and community services	103,775	103,775	54,244	49,531
Total Expenditures	103,775	114,932	54,464	60,468
Excess of revenues over expenditures	1,339,225	1,328,068	1,455,976	127,908
Other financing sources (uses):				
Transfers out	(1,111,900)	(1,111,900)	(1,111,679)	221
Total other financing sources (uses)	(1,111,900)	(1,111,900)	(1,111,679)	221
Net change in fund balances	227,325	216,168	344,297	128,129
Fund balances, beginning	1,222,480	1,222,480	1,222,480	-
Fund balances, ending	\$ 1,449,805	\$ 1,438,648	\$ 1,566,777	\$ 128,129

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Parks Development Special Revenue Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 474,000	\$ 474,000	\$ 437,676	\$ (36,324)
Wages and net profits taxes	1,382,000	1,509,000	1,409,234	(99,766)
Total revenues	1,856,000	1,983,000	1,846,910	(136,090)
Other financing sources (uses):				
Transfers out	(1,856,000)	(1,983,000)	(1,846,910)	136,090
Total other financing sources (uses)	(1,856,000)	(1,983,000)	(1,846,910)	136,090
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Landfill Closure Special Revenue Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Interest income	\$ 20,500	\$ 20,500	\$ 7,097	\$ (13,403)
Total revenues	20,500	20,500	7,097	(13,403)
<b>EXPENDITURES</b>				
Current:				
Public works	169,150	345,825	89,494	256,331
Total expenditures	169,150	345,825	89,494	256,331
Net change in fund balances	(148,650)	(325,325)	(82,397)	242,928
Fund balances, beginning	1,241,565	1,241,565	1,241,565	-
Fund balances, ending	\$ 1,092,915	\$ 916,240	\$ 1,159,168	\$ 242,928

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Local Law Enforcement Block Grant Special Revenue Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 47,507	\$ 43,614	\$ (3,893)
<b>EXPENDITURES</b>				
Current:				
Public safety	-	47,507	43,614	3,893
Total expenditures	-	47,507	43,614	3,893
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Trunking Operation Special Revenue Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Contributions and donations	\$ 494,200	\$ 494,200	\$ 94,375	\$ (399,825)
Total revenues	494,200	494,200	94,375	(399,825)
<b>EXPENDITURES</b>				
Current:				
Public Safety	62,000	62,000	6,911	55,089
Total expenditures	62,000	62,000	6,911	55,089
Excess (deficiency) of revenues over (under) expenditures	432,200	432,200	87,464	(344,736)
Other financing sources (uses):				
Transfers in	347,400	347,400	-	(347,400)
Total other financing sources (uses)	347,400	347,400	-	(347,400)
Net change in fund balances	779,600	779,600	87,464	(692,136)
Fund balances, beginning	224,583	224,583	224,583	-
Fund balances, ending	\$ 1,004,183	\$ 1,004,183	\$ 312,047	\$ (692,136)

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Police Improvement Special Revenue Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 97,000	\$ 97,000	\$ 84,967	\$ (12,033)
Total revenues	97,000	97,000	84,967	(12,033)
<b>EXPENDITURES</b>				
Current:				
Public safety	205,000	145,825	125,120	20,705
Capital outlay	-	79,471	79,471	-
Total expenses	205,000	225,296	204,591	20,705
Net change in fund balances	(108,000)	(128,296)	(119,624)	8,672
Fund balances, beginning	196,247	196,247	196,247	-
Fund balances, ending	\$ 88,247	\$ 67,951	\$ 76,623	\$ 8,672

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Lampkin Park Special Revenue Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Contributions and donations	\$ 5,000	\$ 5,000	\$ 7,660	\$ 2,660
Total revenues	5,000	5,000	7,660	2,660
Net change in fund balances	5,000	5,000	7,660	2,660
Fund balances, beginning	43,111	43,111	43,111	-
Fund balances, ending	<u>\$ 48,111</u>	<u>\$ 48,111</u>	<u>\$ 50,771</u>	<u>\$ 2,660</u>

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Homeland Security Special Revenue Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 46,600	\$ 25,717	\$ (20,883)
Total revenues	-	46,600	25,717	(20,883)
<b>EXPENDITURES</b>				
Current:				
Public safety	-	30,173	9,290	20,883
Capital outlay		16,427	16,427	-
Total expenditures	-	46,600	25,717	20,883
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 Greenways Development Capital Projects Fund  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 177,474	\$ 11,112	\$ (166,362)
Total revenues	-	177,474	11,112	(166,362)
<b>EXPENDITURES</b>				
Current:				
Neighborhood and community services	-	31,220	13,890	17,330
Capital outlay	-	310,623	-	310,623
Total expenditures	-	341,843	13,890	327,953
Net change in fund balances	-	(164,369)	(2,778)	161,591
Fund balances, beginning	216,113	216,113	216,113	-
Fund balances, ending	\$ 216,113	\$ 51,744	\$ 213,335	\$ 161,591

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 Equipment Replacement Capital Projects Fund  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>EXPENDITURES</b>				
Current:				
Public Safety	\$ 144,000	\$ 78,560	\$ 78,560	\$ -
Parks and recreation	4,900	4,909	4,909	-
Contingency	-	173,937	-	-
Capital outlay	1,790,400	2,040,839	2,020,298	20,541
Total expenditures	1,939,300	2,298,245	2,103,767	20,541
Excess (deficiency) of revenues over (under) expenditures	(1,939,300)	(2,298,245)	(2,103,767)	194,478
Other financing sources (uses):				
Transfers in	1,364,900	1,914,900	1,914,900	-
Total other financing sources (uses)	1,364,900	1,914,900	1,914,900	-
Net change in fund balances	(574,400)	(383,345)	(188,867)	194,478
Fund balances, beginning	1,849,035	1,849,035	1,849,035	-
Fund balances, ending	\$ 1,274,635	\$ 1,465,690	\$ 1,660,168	\$ 194,478

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Road Construction Capital Projects Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Other financing sources (uses):				
Transfers in	\$ -	\$ 500,000	\$ 500,000	\$ -
Total other financing sources (uses)	-	500,000	500,000	-
Net change in fund balances	-	500,000	500,000	-
Fund balances, beginning	3,688,208	3,688,208	3,688,208	-
Fund balances, ending	<u>\$ 3,688,208</u>	<u>\$ 4,188,208</u>	<u>\$ 4,188,208</u>	<u>\$ -</u>

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Heritage Trail Construction Capital Projects Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Capital outlay	\$ -	\$ 50,000	\$ -	\$ 50,000
Total expenditures	-	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>

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Sidewalk Improvement Capital Projects Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Current:				
Public works	\$ -	\$ 64,406	\$ 49,045	\$ 15,361
Capital outlay	500,000	1,230,930	552,729	678,201
Total expenditures	500,000	1,295,336	601,774	693,562
Excess (deficiency) of revenues over (under) expenditures	(500,000)	(1,295,336)	(601,774)	693,562
Other financing sources (uses):				
Transfers in	500,000	500,000	500,000	-
Total other financing sources (uses)	500,000	500,000	500,000	-
Net change in fund balances	-	(795,336)	(101,774)	693,562
Fund balances, beginning	795,336	795,336	795,336	-
Fund balances, ending	<u>\$ 795,336</u>	<u>\$ -</u>	<u>\$ 693,562</u>	<u>\$ 693,562</u>

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Stormwater Infrastructure Improvement Capital Projects Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Current:				
Public Works	\$ -	\$ 67,454	\$ 42,954	\$ 24,500
Capital Outlay	500,000	1,697,048	204,432	1,492,616
Total expenditures	500,000	1,764,502	247,386	1,517,116
Excess (deficiency) of revenues over (under) expenditures	(500,000)	(1,764,502)	(247,386)	1,517,116
Other financing sources (uses):				
Transfers in	500,000	500,000	500,000	-
Total other financing sources (uses)	500,000	500,000	500,000	-
Net change in fund balances	-	(1,264,502)	252,614	1,517,116
Fund balances, beginning	1,264,502	1,264,502	1,264,502	-
Fund balances, ending	<u>\$ 1,264,502</u>	<u>\$ -</u>	<u>\$ 1,517,116</u>	<u>\$ 1,517,116</u>

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Municipal Facilities Capital Projects Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Capital outlay	\$ -	\$ 777,968	\$ 134,003	\$ 643,965
Total Expenditures	-	777,968	134,003	643,965
Net change in fund balances	-	(777,968)	(134,003)	643,965
Fund balances, beginning	1,778,290	1,778,290	1,778,290	-
Fund balances, ending	\$ 1,778,290	\$ 1,000,322	\$ 1,644,287	\$ 643,965

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Downtown Development Capital Projects Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Current:				
Neighborhood and community services	\$ -	\$ 300,000	\$ -	\$ 300,000
Capital outlay	625,000	625,000	1,500	623,500
Total expenditures	625,000	925,000	1,500	923,500
Excess (deficiency) of revenues over (under) expenditures	(625,000)	(925,000)	(1,500)	923,500
Other financing sources (uses):				
Transfers in	-	500,000	500,000	-
Total other financing sources (uses)	-	500,000	500,000	-
Net change in fund balances	(625,000)	(425,000)	498,500	923,500
Fund balances, beginning	925,000	925,000	925,000	-
Fund balances, ending	<u>\$ 300,000</u>	<u>\$ 500,000</u>	<u>\$ 1,423,500</u>	<u>\$ 923,500</u>

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 800 Trunking Radio Systems Capital Projects Fund  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Contributions and donations	\$ -	\$ 266,711	\$ -	\$ (266,711)
Total revenues	-	266,711	-	(266,711)
<b>EXPENDITURES</b>				
Current:				
Public Safety	-	357,000	356,999	1
Capital Outlay	-	671,432	-	671,432
Total expenditures	-	1,028,432	356,999	671,433
Excess (deficiency) of revenues over (under) expenditures	-	(761,721)	(356,999)	404,722
Other financing sources (uses):				
Transfers in	-	-	322,800	322,800
Total other financing sources (uses)	-	-	322,800	322,800
Net change in fund balances	-	(761,721)	(34,199)	727,522
Fund balances, beginning	933,875	933,875	933,875	-
Fund balances, ending	\$ 933,875	\$ 172,154	\$ 899,676	\$ 727,522

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Technology Capital Improvements Projects Fund**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>EXPENDITURES</b>				
Current:				
General government	\$ 382,000	\$ 830,724	\$ 263,833	\$ 566,891
Capital outlay	78,000	162,785	157,886	4,899
Total expenditures	460,000	993,509	421,719	571,790
Excess (deficiency) of revenues over (under) expenditures	(460,000)	(993,509)	(421,719)	571,790
Other financing sources (uses):				
Transfers in	200,000	800,000	800,000	-
Total other financing sources (uses)	200,000	800,000	800,000	-
Net change in fund balances	(260,000)	(193,509)	378,281	571,790
Fund balances, beginning	1,853,328	1,853,328	1,853,328	-
Fund balances, ending	\$ 1,593,328	\$ 1,659,819	\$ 2,231,609	\$ 571,790

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 Smallhouse Road Construction  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>EXPENDITURES</b>				
Current:				
Public Works	\$ 410,000	\$ 561,233	\$ 264,538	\$ 296,695
Capital outlay	740,000	2,861,500	1,814,691	1,046,809
Total expenditures	<u>1,150,000</u>	<u>3,422,733</u>	<u>2,079,229</u>	<u>1,343,504</u>
Excess (deficiency) of revenues over (under) expenditures	(1,150,000)	(3,422,733)	(2,079,229)	1,343,504
Other financing sources (uses):				
Transfers in	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,150,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,150,000</u>	<u>-</u>
Net change in fund balances	-	(2,272,733)	(929,229)	1,343,504
Fund balances, beginning	<u>2,272,733</u>	<u>2,272,733</u>	<u>2,272,733</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,272,733</u>	<u>\$ -</u>	<u>\$ 1,343,504</u>	<u>\$ 1,343,504</u>

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 Parks Capital Improvement Fund  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>EXPENDITURES</b>				
Current:				
Parks and recreation	\$ 275,000	\$ 1,794,018	\$ 1,097,514	\$ 696,504
Capital outlay	4,415,000	4,921,794	663,177	4,258,617
Total expenditures	4,690,000	6,715,812	1,760,691	4,955,121
Excess (deficiency) of revenues over (under) expenditures	(4,690,000)	(6,715,812)	(1,760,691)	4,955,121
Other financing sources (uses):				
Transfers in	2,605,000	3,255,000	3,255,000	-
Total other financing sources (uses)	2,605,000	3,255,000	3,255,000	-
Net change in fund balances	(2,085,000)	(3,460,812)	1,494,309	4,955,121
Fund balances, beginning	3,938,812	3,938,812	3,938,812	-
Fund balances, ending	\$ 1,853,812	\$ 478,000	\$ 5,433,121	\$ 4,955,121

## **NONMAJOR GOVERNMENTAL FUNDS**

### **INTERNAL SERVICE FUNDS**

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

#### **Fleet Maintenance Fund**

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

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

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

#### **Workers Compensation Fund**

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

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

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

**City of Bowling Green, Kentucky**  
**Combining Statement of Net Position – Internal Service Funds**  
**June 30, 2017**

	Fleet Maintenance	Employee Health Care	Workers Compensation	Property and Casualty	Total
<b>ASSETS</b>					
Current assets					
Pooled cash and cash equivalents	\$ 542,647	\$ 1,415,186	\$ 485,764	\$ 939,853	\$ 3,383,450
Investments	-	1,243,604	1,166,910	-	2,410,514
Accounts receivable	31,495	-	-	2,394	33,889
Interest receivable	-	534	-	-	534
Inventories	215,600	-	-	-	215,600
Total current assets	<u>789,742</u>	<u>2,659,324</u>	<u>1,652,674</u>	<u>942,247</u>	<u>6,043,987</u>
Noncurrent assets					
Capital assets					
Building	250,810	198,701	-	-	449,511
Machinery and equipment	261,478	-	100,011	13,440	374,929
	<u>512,288</u>	<u>198,701</u>	<u>100,011</u>	<u>13,440</u>	<u>824,440</u>
Less accumulated depreciation	(328,289)	(7,451)	(36,883)	(480)	(373,103)
Total capital assets, net of accumulated depreciation	<u>183,999</u>	<u>191,250</u>	<u>63,128</u>	<u>12,960</u>	<u>451,337</u>
Total noncurrent assets	<u>183,999</u>	<u>191,250</u>	<u>63,128</u>	<u>12,960</u>	<u>451,337</u>
Total assets	<u>\$ 973,741</u>	<u>\$ 2,850,574</u>	<u>\$ 1,715,802</u>	<u>\$ 955,207</u>	<u>\$ 6,495,324</u>
<b>LIABILITIES</b>					
Current liabilities					
Vouchers and accounts payable	\$ 44,937	\$ 21,578	\$ 15,809	\$ 7,562	\$ 89,886
Accrued payroll	12,302	-	505	66	12,873
Insurance claims payable	-	528,199	18,261	20,838	567,298
Current portion of compensated absences payable	16,017	-	-	-	16,017
Total current liabilities	<u>73,256</u>	<u>549,777</u>	<u>34,575</u>	<u>28,466</u>	<u>686,074</u>
Noncurrent liabilities					
Compensated absences payable, net of current portion	10,241	-	-	-	10,241
Total liabilities	<u>83,497</u>	<u>549,777</u>	<u>34,575</u>	<u>28,466</u>	<u>696,315</u>
<b>NET POSITION</b>					
Net investment in capital assets	183,999	191,250	63,128	12,960	451,337
Unrestricted	706,245	2,109,547	1,618,099	913,781	5,347,672
Total net position	<u>\$ 890,244</u>	<u>\$ 2,300,797</u>	<u>\$ 1,681,227</u>	<u>\$ 926,741</u>	<u>\$ 5,799,009</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, 2017**

	Fleet Maintenance	Employee Health Care	Workers Compensation	Property and Casualty	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,956,066	\$ -	\$ -	\$ 3,287	\$ 1,959,353
Insurance premiums	-	5,053,410	638,731	-	5,692,141
Judgments and settlements	1,366	-	-	136,779	138,145
Contributions and donations	-	200	6,000	-	6,200
Miscellaneous	788	-	-	-	788
<b>Total operating revenues</b>	<b>1,958,220</b>	<b>5,053,610</b>	<b>644,731</b>	<b>140,066</b>	<b>7,796,627</b>
<b>OPERATING EXPENSES</b>					
Personnel services	637,027	-	24,280	66	661,373
Contractual services	12,632	529,951	7,373	17,786	567,742
Supplies	905,434	57,740	42,494	78,446	1,084,114
Utilities	34,505	-	-	-	34,505
Repairs and maintenance	251,887	-	-	13,487	265,374
Insurance premiums and claims	-	6,217,845	348,798	977,237	7,543,880
Depreciation	15,051	4,968	6,320	480	26,819
Miscellaneous	7,804	-	1,936	1,647	11,387
<b>Total operating expenses</b>	<b>1,864,340</b>	<b>6,810,504</b>	<b>431,201</b>	<b>1,089,149</b>	<b>10,195,194</b>
<b>Operating income (loss)</b>	<b>93,880</b>	<b>(1,756,894)</b>	<b>213,530</b>	<b>(949,083)</b>	<b>(2,398,567)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	-	12,106	16,083	-	28,189
<b>Total nonoperating revenues</b>	<b>-</b>	<b>12,106</b>	<b>16,083</b>	<b>-</b>	<b>28,189</b>
<b>Income (loss) before transfers</b>	<b>93,880</b>	<b>(1,744,788)</b>	<b>229,613</b>	<b>(949,083)</b>	<b>(2,370,378)</b>
Transfer in	-	1,250,000	-	700,000	1,950,000
Transfers out	(150,000)	-	(250,000)	-	(400,000)
<b>Change in net position</b>	<b>(56,120)</b>	<b>(494,788)</b>	<b>(20,387)</b>	<b>(249,083)</b>	<b>(820,378)</b>
Net position, beginning	946,364	2,795,585	1,701,614	1,175,824	6,619,387
<b>Net position, ending</b>	<b>\$ 890,244</b>	<b>\$ 2,300,797</b>	<b>\$ 1,681,227</b>	<b>\$ 926,741</b>	<b>\$ 5,799,009</b>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Cash Flows – Internal Service Funds**  
**Year Ended June 30, 2017**

	Fleet Maintenance	Employee Health Care	Workers Compensation	Property and Casualty	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 1,942,074	\$ 5,053,610	\$ 644,731	\$ 137,672	\$ 7,778,087
Payments to employees	(632,619)	-	(24,172)	-	(656,791)
Payments to suppliers	(1,211,495)	(600,161)	(39,686)	(105,136)	(1,956,478)
Insurance premiums and claims paid	-	(6,036,625)	(372,635)	(988,089)	(7,397,349)
Net cash (used in) provided by operating activities	97,960	(1,583,176)	208,238	(955,553)	(2,232,531)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	-	1,250,000	-	700,000	1,950,000
Transfers out	(150,000)	-	(250,000)	-	(400,000)
Net cash provided by (used in) noncapital financing activities	(150,000)	1,250,000	(250,000)	700,000	1,550,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(72,338)	-	(61,225)	(13,440)	(147,003)
Net cash used in capital and related financing activities	(72,338)	-	(61,225)	(13,440)	(147,003)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	-	12,582	16,275	-	28,857
Sale of investments	-	361,077	(6,031)	-	355,046
Net cash provided by investing activities	-	373,659	10,244	-	383,903
Net increase (decrease) in cash and cash equivalents	(124,378)	40,483	(92,743)	(268,993)	(445,631)
Cash and cash equivalents, beginning of year	667,025	1,374,703	578,507	1,208,846	3,829,081
Cash and cash equivalents, end of year	<u>\$ 542,647</u>	<u>\$ 1,415,186</u>	<u>\$ 485,764</u>	<u>\$ 939,853</u>	<u>\$ 3,383,450</u>
Reconciliation of operating income to net cash used in operating activities					
Operating income (loss)	\$ 93,880	\$ (1,756,894)	\$ 213,530	\$ (949,083)	\$ (2,398,567)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	15,051	4,968	6,320	480	26,819
Change in assets and liabilities					
Accounts receivable	(16,146)	-	-	(2,394)	(18,540)
Inventories	6,188	-	-	-	6,188
Prepaid items	-	-	-	-	-
Accounts payable	(5,421)	(12,470)	12,117	6,230	456
Compensated absences	2,661	-	-	-	2,661
Accrued payroll	1,747	-	108	66	1,921
Insurance claims payable	-	181,220	(23,837)	(10,852)	146,531
Net cash provided by (used in) operating activities	<u>\$ 97,960</u>	<u>\$ (1,583,176)</u>	<u>\$ 208,238</u>	<u>\$ (955,553)</u>	<u>\$ (2,232,531)</u>

See accompanying independent auditor's report

## **NONMAJOR GOVERNMENTAL FUNDS**

### **AGENCY FUNDS**

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

#### **Claims Fund**

Imprest vendor paying agent for all government funds.

#### **Payroll Fund**

Imprest paying agent for City payroll.

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

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

#### **Tax Distribution Fund**

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

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

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

#### **Evidence Storage Fund**

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

#### **Bowling Green/Warren County Adjusted TIF Increment 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 Development Workforce Development Board (SCDWB) 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 SCDWB.

**City of Bowling Green, Kentucky**  
**Combining Statement of Changes in Assets and Liabilities – Agency Funds**  
**Year Ended June 30, 2017**

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>CLAIMS FUND</b>				
Assets				
Non-pooled cash and cash equivalents	\$ 1,820,245	\$ 124,457,702	\$ 124,367,518	\$ 1,910,429
Liabilities				
Other liabilities	\$ 1,820,245	\$ 124,457,702	\$ 124,367,518	\$ 1,910,429
<b>PAYROLL FUND</b>				
Assets				
Non-pooled cash and cash equivalents	\$ 980,837	\$ 37,502,191	\$ 38,465,587	\$ 17,441
Liabilities				
Other liabilities	\$ 980,837	\$ 37,502,191	\$ 38,465,587	\$ 17,441
<b>TOURIST &amp; CONVENTION FUND</b>				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 2,378,703	\$ 2,378,604	\$ 99
Liabilities				
Due to Tourist Commission	\$ -	\$ 1,788,733	\$ 1,788,659	\$ 74
Due to Convention Center Corp.	-	590,044	590,019	25
Total liabilities	\$ -	\$ 2,378,777	\$ 2,378,678	\$ 99
<b>TAX DISTRIBUTION FUND</b>				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 11,049,805	\$ 11,049,805	\$ -
Liabilities				
Due to other funds	\$ -	\$ 12,270	\$ 12,270	\$ -
Due to other taxing units - School Board	-	10,815,475	10,815,475	-
Other liabilities	-	215,004	215,004	-
Total liabilities	\$ -	\$ 11,042,749	\$ 11,042,749	\$ -
<b>TREASURER'S DISTRIBUTION FUND</b>				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 130,359	\$ 130,359	\$ -
Liabilities				
Due to other governmental units	\$ -	\$ 130,359	\$ 130,359	\$ -

See accompanying independent auditor's report

City of Bowling Green, Kentucky  
Combining Statement of Changes in Assets and Liabilities – Agency Funds (Continued)  
Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>BOWLING GREEN WARREN COUNTY ADJUSTED TIF FUND</b>				
Assets				
Pooled cash and cash equivalents	\$ 120,024	\$ 108,218	\$ 6,842	\$ 221,400
Liabilities				
Due to other governmental units	\$ 120,024	\$ 108,218	\$ 6,842	\$ 221,400
<b>EVIDENCE STORAGE FUND</b>				
Assets				
Pooled cash and cash equivalents	\$ 153,319	\$ 76,065	\$ 92,513	\$ 136,871
Liabilities				
Due to other governmental units	\$ 153,319	\$ 76,065	\$ 92,513	\$ 136,871
<b>WORKFORCE INNOVATION &amp; OPPORTUNITY ACT FUND</b>				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 740,198	\$ 740,198	\$ -
Receivable from other government	-	1,283,168	2,406	1,280,762
Total assets	\$ -	\$ 2,023,366	\$ 742,604	\$ 1,280,762
Liabilities				
Due to So. Central KY Workforce Dev. Board	\$ -	\$ 2,023,366	\$ 742,604	\$ 1,280,762
<b>TOTALS - ALL AGENCY FUNDS</b>				
Assets				
Pooled cash and cash equivalents	\$ 273,343	\$ 14,483,348	\$ 14,398,321	\$ 358,370
Non-pooled cash and cash equivalents	2,801,082	161,959,893	162,833,105	1,927,870
Receivable from other government	-	1,283,168	2,406	1,280,762
Total assets	\$ 3,074,425	\$ 177,726,409	\$ 177,233,832	\$ 3,567,002
Liabilities				
Due to other funds	\$ -	\$ 12,270	\$ 12,270	\$ -
Due to Tourist Commission	-	1,788,733	1,788,659	74
Due to Convention Center Corp.	-	590,044	590,019	25
Due to other taxing units - School Board	-	10,815,475	10,815,475	-
Due to other governmental units	273,343	314,642	229,714	358,271
Due to So. Central KY Workforce Dev. Board	-	2,023,366	742,604	1,280,762
Other liabilities	2,801,082	162,174,897	163,048,109	1,927,870
Total liabilities	\$ 3,074,425	\$ 177,719,427	\$ 177,226,850	\$ 3,567,002

See accompanying independent auditor's report

City of Bowling Green, Kentucky  
Combining Statement of Net Position – Component Units – Bowling Green Municipal Utilities  
June 30, 2017

	<b>Bowling Green Municipal Utilities</b>			
	<b>Electric Division</b>	<b>Water-Sewer Division</b>	<b>General Services Division</b>	<b>Total</b>
<b>ASSETS</b>				
Non-pooled cash and cash equivalents	\$ 16,421,376	\$ 7,391,926	\$ 564,141	\$ 24,377,443
Receivables (net):				
Accounts	7,775,492	1,616,438	36,544	9,428,474
Other	68,445	32,551	-	100,996
Inventories	962,301	207,511	104,722	1,274,534
Prepaid items	418,339	194,989	22,406	635,734
Long-term investments	100,000	-	-	100,000
Prepayment to TVA	445,730	-	-	445,730
Investments and restricted funds	1,082,101	5,125,188	-	6,207,289
Due from component units	9,281	3,816,743	-	3,826,024
Capital assets, net of accumulated depreciation:				
Non-depreciable	1,354,363	3,676,147	63,304	5,093,814
Depreciable	54,539,950	133,921,818	4,406,535	192,868,303
Other assets	71,160	220,309	193,711	485,180
<b>Total assets</b>	<b>\$ 83,248,538</b>	<b>\$ 156,203,620</b>	<b>\$ 5,391,363</b>	<b>\$ 244,843,521</b>
Deferred Outflow s of Resources - Pension contributions subsequent to the measurement date	2,339,398	2,556,995	333,041	5,229,434
Deferred Outflow s of Resources - Deferred Loss on Bond Defeasance	-	205,538	-	205,538
<b>Total assets and deferred outflow s of resources</b>	<b>\$ 85,587,936</b>	<b>\$ 158,966,153</b>	<b>\$ 5,724,404</b>	<b>\$ 250,278,493</b>
<b>LIABILITIES</b>				
Vouchers and accounts payable	7,831,087	1,664,810	132,725	9,628,622
Compensated absences payable	427,239	202,234	-	629,473
Accrued interest payable	966,440	85,686	-	1,052,126
Due to component unit	366,743	-	-	366,743
Customer deposits	5,854,934	100	-	5,855,034
Other current liabilities	578,793	304,373	64,810	947,976
Net pension liability, noncurrent	11,179,835	11,314,915	1,565,505	24,060,255
Compensated absences payable, noncurrent	292,482	190,561	-	483,043
Customer advances, noncurrent	51,486	-	-	51,486
Noncurrent liabilities:				
Due w ithin one year	475,000	4,337,482	600,000	5,412,482
Due in more than one year	10,103,862	61,018,238	2,850,000	73,972,100
<b>Total liabilities</b>	<b>\$ 38,127,901</b>	<b>\$ 79,118,399</b>	<b>\$ 5,213,040</b>	<b>\$ 122,459,340</b>
Deferred Inflow s of Resources	130,173	135,031	18,893	284,097
<b>Total assets and deferred outflow s of resources</b>	<b>\$ 130,173</b>	<b>\$ 135,031</b>	<b>\$ 18,893</b>	<b>\$ 284,097</b>
<b>NET POSITION</b>				
Net investment in capital assets	45,315,451	72,242,245	1,019,839	118,577,535
Restricted	1,182,101	5,125,188	-	6,307,289
Unrestricted	832,310	2,345,290	(527,368)	2,650,232
<b>Total net position</b>	<b>\$ 47,329,862</b>	<b>\$ 79,712,723</b>	<b>\$ 492,471</b>	<b>\$ 127,535,056</b>

See accompanying independent auditor's report

City of Bowling Green, Kentucky  
 Combining Statement of Activities – Component Units – Bowling Green Municipal Utilities  
 Year Ended June 30, 2017

Bowling Green Municipal Utilities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Contributions	Capital Contributions	Electric System	Water and Sewer System	General Services	Totals
Electric Division	\$ 88,056,281	\$ 88,633,321	\$ -	\$ -	\$ 577,040	\$ -	\$ -	\$ 577,040
Water-Sewer Division	22,341,346	25,525,040	-	277,935	-	3,461,629	-	3,461,629
General Services Division	2,989,786	3,765,292	-	-	-	-	775,506	775,506
Total component units	<u>\$ 113,387,413</u>	<u>\$ 117,923,653</u>	<u>\$ -</u>	<u>\$ 277,935</u>	<u>577,040</u>	<u>3,461,629</u>	<u>775,506</u>	<u>4,814,175</u>
<b>General revenues:</b>								
					48,135	65,583	-	113,718
					143,015	-	13,959	156,974
					-	33,102	(6,272)	26,830
					<u>191,150</u>	<u>98,685</u>	<u>7,687</u>	<u>297,522</u>
					768,190	3,560,314	783,193	5,111,697
					46,561,672	76,152,409	(290,722)	122,423,359
					<u>\$ 47,329,862</u>	<u>\$ 79,712,723</u>	<u>\$ 492,471</u>	<u>\$ 127,535,056</u>

See accompanying independent auditor's report

# STATISTICAL SECTION

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

## Financial Trends: Tables 1 - 4

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

## Revenue Capacity: Tables 5 - 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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Net investment in capital assets	\$ 176,973,806	\$ 164,964,407	\$ 156,304,559 <sup>a</sup>	\$ 155,028,352	\$ 137,092,802	\$ 135,364,894	\$ 124,378,964	\$ 115,406,434	\$ 110,124,978	\$ 95,299,980
Restricted	29,267,445	27,174,588	19,415,538	13,291,912	9,755,642	8,334,411	7,678,890	8,489,209	12,648,978	13,706,589
Unrestricted	(25,433,594)	(31,716,893)	(28,174,114) <sup>b</sup>	(29,848,657) <sup>b</sup>	22,355,235	14,779,013	11,861,503	10,322,628	3,791,321	30,702,914
Total governmental activities net position	<u>\$ 180,807,657</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>	<u>\$ 139,709,483</u>
Business-type activities										
Net investment in capital assets	\$ 5,103,874	\$ 4,524,334	\$ 4,061,947 <sup>a</sup>	\$ 1,797,454	\$ 6,831,728	\$ 6,697,127	\$ 6,601,646	\$ 6,073,639	\$ 5,673,876	\$ 4,914,526
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	8,202,715	7,840,586	6,715,057	8,057,826	6,966,658	5,855,494	5,109,640	4,408,480	3,763,476	2,954,021
Total business-type activities net position	<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>	<u>\$ 7,868,547</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 100,214,506
Restricted	29,267,445	27,174,588	19,415,538	13,291,912	9,755,642	8,334,411	7,678,890	8,489,209	12,648,978	13,706,589
Unrestricted	(17,230,879)	(23,876,307)	(21,459,057)	(21,790,831)	29,321,893	20,634,507	16,971,143	14,731,108	7,554,797	33,656,935
Total primary government net position	<u>\$ 194,114,246</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>	<u>\$ 147,578,030</u>

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

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

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
Governmental activities:										
General government	\$ 18,977,114	\$ 19,038,235	\$ 16,081,900	\$ 14,940,954	\$ 16,265,264	\$ 15,273,247	\$ 15,155,819	\$ 12,874,758	\$ 14,240,674	\$ 14,963,398
Public safety	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	20,888,002
Public works	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	6,445,139
Parks and recreation	7,623,720	7,751,367	7,434,798	4,899,266	5,280,474	5,011,216	5,478,404	4,895,725	4,715,430	4,643,176
Neighborhood and comm. services	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	4,533,189
Community services	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	4,087,698
Interest expense (restated)	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	4,380,214
Total governmental activities expenses	<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>	<u>59,940,816</u>
Business-type activities:										
Golf course	\$ -	\$ -	\$ -	\$ 1,750,045	\$ 2,066,604	\$ 2,759,341	\$ 2,366,430	\$ 2,323,270	\$ 2,342,624	\$ 2,379,799
Aquatics	-	-	-	884,164	885,993	919,636	871,429	849,210	848,501	1,231,201
Convention center	975,317	471,616	715,458	984,699	673,102	904,908	607,015	823,333	742,829	850,659
Total business-type activities expenses	<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>	<u>4,461,659</u>
Total primary government expenses	<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>	<u>\$ 64,402,475</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services:										
General government	\$ 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	\$ 2,234,584
Public safety	268,958	244,291	239,223	259,539	252,181	269,502	187,098	187,228	250,696	294,866
Parks and recreation	2,013,933	2,257,783	1,942,755	381,975	380,360	389,486	398,333	421,798	390,693	382,818
Operating grants and contributions	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	7,544,586
Capital grants and contributions	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	14,582,910
Total governmental activities program revenues	<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>	<u>25,039,764</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	\$ 1,416,483
Aquatics	-	-	-	449,284	477,508	649,347	578,532	518,834	511,395	475,673
Convention center	160,600	201,378	183,961	210,800	212,823	205,503	216,665	214,459	223,958	203,324
Total business-type activities	<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>	<u>2,095,480</u>
Total primary government program revenues	<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>	<u>\$ 27,135,244</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (34,901,052)
Business-type activities	<u>(814,717)</u>	<u>(270,238)</u>	<u>(531,497)</u>	<u>(1,711,202)</u>	<u>(1,566,641)</u>	<u>(2,290,518)</u>	<u>(1,773,856)</u>	<u>(1,946,302)</u>	<u>(1,768,655)</u>	<u>(2,366,179)</u>
Total primary government net expense	<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>	<u>\$ (37,267,231)</u>

See accompanying independent auditor's report

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 11,871,893
Insurance premium taxes <sup>a</sup>	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	3,154,521
Wages and net profits taxes	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	36,502,625
Gain (loss) on sale of capital assets	165,492	368,040	223,557	(98,712)	53,678	-	(1,839,170)	-	-	-
Investment income	125,424	462,415	362,436	597,329	644,577	815,700	886,084	1,031,911	2,435,228	2,351,828
Miscellaneous	941,112	1,262,660	724,169	562,905	251,083	262,868	270,561	144,527	696,997	327,802
Transfers	(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)	(2,515,031)
Total governmental activities	<u>71,503,064</u>	<u>66,605,084</u>	<u>63,691,519</u>	<u>58,004,078</u>	<u>55,095,090</u>	<u>52,556,712</u>	<u>48,368,904</u>	<u>48,628,528</u>	<u>50,205,454</u>	<u>51,693,638</u>
Business-type activities:										
Taxes										
Property taxes <sup>b</sup>	\$ 111,542	\$ 114,542	\$ 96,848	\$ 100,322	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transient room taxes	590,019	559,040	450,592	405,516	460,640	432,158	420,300	382,340	396,518	398,381
Investment income	21,327	177,491	91,990	85,883	6	152,995	84,510	70,646	72,356	60,951
Miscellaneous	23,877	20,000	-	35	-	-	20,373	-	-	-
Transfers	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	2,515,031
Total business-type activities	<u>1,756,387</u>	<u>1,858,153</u>	<u>1,453,221</u>	<u>2,636,579</u>	<u>2,812,406</u>	<u>3,131,853</u>	<u>3,003,023</u>	<u>2,991,069</u>	<u>3,337,460</u>	<u>2,974,363</u>
Total primary government	<u>\$ 73,259,451</u>	<u>\$ 68,463,237</u>	<u>\$ 65,144,740</u>	<u>\$ 60,640,657</u>	<u>\$ 57,907,496</u>	<u>\$ 55,688,565</u>	<u>\$ 51,371,927</u>	<u>\$ 51,619,597</u>	<u>\$ 53,542,914</u>	<u>\$ 54,668,001</u>
<b>Changes in Net Position</b>										
Governmental activities	\$ 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)	\$ 16,792,586
Business-type activities	941,670	1,587,915	921,724	925,377	1,245,765	841,335	1,229,167	1,044,767	1,568,805	608,184
Total primary government	<u>\$ 21,327,225</u>	<u>\$ 14,464,034</u>	<u>\$ 9,996,100</u>	<u>\$ 10,430,040</u>	<u>\$ 11,971,126</u>	<u>\$ 15,400,296</u>	<u>\$ 10,930,253</u>	<u>\$ 8,697,761</u>	<u>\$ (11,575,401)</u>	<u>\$ 17,400,770</u>

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

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

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

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Nonspendable	\$ 200,384	\$ 223,820	\$ 217,129	\$ 190,343	\$ 102,022	\$ 110,067	\$ 116,591	\$ -	\$ -	\$ -
Reserved	-	-	-	-	-	-	-	580,258	1,843,259	2,175,158
Restricted	-	9,838	2,289	-	-	-	28,381	-	-	-
Committed	16,268,250	12,052,100	11,772,500	10,716,400	10,476,400	10,142,001	7,153,358	-	-	-
Assigned	2,986,496	3,236,165	5,234,158	2,367,637	4,147,690	3,946,030	2,350,558	-	-	-
Unassigned	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	15,328,742
Total General Fund	<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>	<u>\$ 17,503,900</u>
All Other Governmental Funds										
Restricted	\$ 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	\$ 6,198,535
Committed	5,664,498	5,314,947	4,989,083	4,722,507	4,093,440	3,875,464	-	-	-	-
Assigned	27,265,387	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	24,465,839
Capital Projects funds	-	-	-	-	-	-	-	3,285,091	8,778,626	8,619,293
Debt Service funds	-	-	-	-	-	-	-	-	-	47,702
Permanent fund	-	-	-	-	-	-	-	36,806	93,736	67,610
Total all other governmental funds	<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>	<u>\$ 39,398,979</u>

Note: 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 Aquatics 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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues</b>										
Taxes	\$ 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	\$ 11,743,169 <sup>a</sup>
Insurance premium taxes	4,096,945	3,839,322	3,660,165	3,545,527	3,342,087	3,131,426	3,087,621	3,140,598	3,100,377	3,154,521 <sup>a</sup>
Wage and net profit taxes	53,531,169	48,503,596	46,774,184	43,188,734	41,392,272	39,490,949	37,218,764	35,502,869	36,111,281	36,681,744 <sup>b</sup>
Licenses and permits	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	945,383 <sup>b</sup>
Intergovernmental	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	10,453,862
Investment income	97,234	400,194	313,327	539,104	597,234	709,096	774,589	940,504	2,236,555	2,099,729 <sup>c</sup>
Charges for services	768,491	680,960	657,839	673,241	655,280	617,189	572,038	616,196	481,491	547,340
Parks and recreation	1,939,935	2,125,466	1,918,822	348,223	345,951	352,727	379,821	410,111	380,317	372,484
Rental Income	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	1,829,821	1,396,401	2,382,712	2,207,881	2,045,088	678,284	1,007,904	492,125	954,532	591,109
<b>Total revenues</b>	<b>89,097,252</b>	<b>83,379,896</b>	<b>80,801,551</b>	<b>74,771,412</b>	<b>74,614,766</b>	<b>69,139,651</b>	<b>67,044,390</b>	<b>66,876,264</b>	<b>66,318,873</b>	<b>66,589,341</b>
<b>Expenditures</b>										
General government	5,934,998	\$ 6,169,394	\$ 5,814,708	\$ 5,322,276	\$ 5,929,691	\$ 6,416,600	\$ 6,319,543	\$ 6,753,844	\$ 6,899,349	\$ 8,512,371
Public safety	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	23,276,993
Public works	11,199,846	9,667,731	9,239,652	7,442,511	7,611,230	7,879,907	7,330,975	7,590,188	7,862,753	6,885,983
Parks and recreation	8,901,110	7,388,710	7,553,819	5,495,961	5,733,383	5,298,687	5,591,502	4,986,858	5,412,954	5,758,676
Neighborhood & Community Services	5,526,289	5,079,148	5,011,788	4,991,338	4,979,298	5,756,566	5,194,215	6,937,549	27,800,163	6,062,010
Community services	2,434,543	2,294,663	1,642,637	2,037,928	423,326	625,098	461,995	751,278	1,066,412	3,116,912
Capital outlay	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	10,561,509
Debt service:										
Principal	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	4,201,347
Interest and fiscal charges	3,028,789	3,992,515	4,470,886	4,801,181	5,315,979	5,632,984	6,145,566	6,655,188	7,277,785	4,500,337
<b>Total Expenditures</b>	<b>80,549,889</b>	<b>73,808,596</b>	<b>79,695,080</b>	<b>75,214,228</b>	<b>70,161,625</b>	<b>65,966,294</b>	<b>67,632,679</b>	<b>69,613,779</b>	<b>96,937,179</b>	<b>72,876,138</b>
Excess (deficiency) of revenues over (under) expenditures	8,547,363	9,571,300	1,106,471	(442,816)	4,453,141	3,173,357	(588,289)	(2,737,515)	(30,618,306)	(6,286,797)

See accompanying independent auditor's report

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Other Financing Sources (Uses)</b>										
Transfers in	\$ 19,092,757	\$ 21,421,164	\$ 16,008,355	\$ 17,052,527	\$ 12,547,232	\$ 13,721,906	\$ 10,727,493	\$ 14,823,177	\$ 19,275,432	\$ 14,236,314
Transfers out	(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)	(16,816,345)
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	-	-	-	-	-	-	1,309,391	-	-	-
Issuance of refunding debt	-	39,845,000	9,345,485	-	4,099,807	7,409,463	29,627,561	-	12,119,800	30,443,095
Payment to refunded bonds redeemed	-	-	-	-	170,747	-	-	-	(2,147,888)	-
Payments to refunded debt escrow agent	-	(42,259,385)	(9,605,241)	-	(4,281,161)	(7,718,497)	(29,627,561)	-	(9,971,912)	(13,803,815)
Premium from bond refunding	-	2,085,795	-	-	19,731	319,639	-	-	-	-
Other financing costs	-	-	-	-	-	-	-	-	-	(319,653)
Sale of capital assets	225,645	440,429	104,601	267,853	-	184,893	15,604	66,383	344,027	95,100
<b>Total other financing sources (uses)</b>	<b>(2,333,975)</b>	<b>(2,097,741)</b>	<b>(1,404,709)</b>	<b>(2,426,970)</b>	<b>(3,076,367)</b>	<b>(2,534,610)</b>	<b>(1,052,844)</b>	<b>(2,121,700)</b>	<b>29,554,542</b>	<b>13,834,696</b>
<b>Net Change in fund balances</b>	<b>\$ 6,213,388</b>	<b>\$ 7,473,559</b>	<b>\$ (298,238)</b>	<b>\$ (2,869,786)</b>	<b>\$ 1,376,774</b>	<b>\$ 638,747</b>	<b>\$ (1,641,133)</b>	<b>\$ (4,859,215)</b>	<b>\$ (1,063,764)</b>	<b>\$ 7,547,899</b>
Debt service as a percentage of noncapital expenditures	18.76%	17.59%	23.93%	26.14%	24.37%	24.37%	22.78%	21.03%	15.55%	21.74%

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

See accompanying independent auditor's report

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

<b>Fiscal Year Ended June 30,</b>	<b>Total Gross Wages</b>	<b>Occupational Withholding Fees <sup>(b)</sup></b>	<b>City of Bowling Green Direct Rate <sup>(c)</sup></b>	<b>Total Direct Tax Rate</b>
2008	\$ 1,528,058,865	\$ 28,269,089	1.85%	1.85%
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%

Source: City of Bowling Green, Department of Finance

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

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

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

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

<b>Fiscal Year</b>	<b>Occupational Withholdings Fees <sup>(a)</sup></b>	<b>Occupational Net Profit Fees <sup>(a)</sup></b>	<b>Other Occupational Fees <sup>(b)</sup></b>	<b>Total</b>	<b>Percentage Growth</b>
2008	\$ 28,269,089	\$ 5,932,608	\$ 258,663	\$ 34,460,360	-2.0%
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	50,998,586	10.8%

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

(b) 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 to replace the old business 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**

<b>Fiscal Year</b>	<b>Estimated Actual Value <sup>(a)</sup></b>	<b>Total Real and Personal Property Assessment <sup>(b)</sup></b>	<b>Franchise</b>	<b>PILOT</b>	<b>Total Assessment Including Franchise &amp; Pilot</b>	<b>Total Current Levy <sup>(c)</sup></b>	<b>Current Taxes Collected</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collected</b>	<b>Total Delinquent Taxes Receivable</b>
2008	\$4,596,075,764	\$4,094,335,746	\$ 94,823,254	\$ 80,866,610	\$ 4,270,025,610	\$ 10,289,689	\$10,000,589	97.19%	\$ 213,505	\$ 323,650
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	6,351,025,765	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

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

Note: (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

Fiscal Year	REAL ESTATE									
	City Proper					City Annex				
	City	County	City School	State	Total	City	County	County School	State	Total
2008	0.2490	0.1645	0.6920	0.1240	1.2295	0.2490	0.1645	0.3710	0.1240	0.9085
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	0.7310	0.1220	1.2760	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	0.7560	0.1220	1.3010	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	0.8280	0.1220	1.3706	0.2060	0.2146	0.4490	0.1220	0.9916

Fiscal Year	PERSONAL PROPERTY									
	City Proper					City Annex				
	City	County	City School	State	Total	City	County	County School	State	Total
2008	0.2600	0.2315	0.6920	0.4500	1.6335	0.2600	0.2315	0.3800	0.4500	1.3215
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	0.2845	0.3800	0.4500	1.3745
2011	0.2600	0.2858	0.7070	0.4500	1.7028	0.2600	0.2858	0.3830	0.4500	1.3788
2012	0.2600	0.2888	0.7310	0.4500	1.7298	0.2600	0.2888	0.3950	0.4500	1.3938
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	0.8280	0.4500	1.7967	0.2600	0.2587	0.4490	0.4500	1.4177

Sources: 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**

<b>Taxpayer</b>	
<b>2017</b>	<b>2008</b>
Bowling Green Metalforming LLC	Bowling Green Metalforming LLC
City of Bowling Green Board of Education	City of Bowling Green Board of Education
Commonwealth Health Corporation	General Motors Corporation
General Motors Corporation	Houchens Food Group Inc
Graves-Gilbert Clinic PSC	Kentucky State Treasurer
Sun Products Corporation	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	2017			2008		
		Rank	Assessed Value	Percent of Total Assessment <sup>(a)</sup>	Rank	Assessed Value	Percent of Total Assessment <sup>(b)</sup>
Sun Products Corporation	Factory	1	\$ 60,005,000	1.06%	3	\$ 42,132,155	1.03%
Greenwood Mall LLC/General Growth Prop	Retail Mall	2	53,100,000	0.94%	4	38,585,000	0.94%
Greenview Hospital, Inc	Healthcare Facility	3	24,270,000	0.43%	7	20,142,000	0.49%
Titan Way/Titan Way II LLC	Commercial Rental Property (Hotel)	4	23,750,000	0.42%	---	---	---
Chandler Park Apartments	Apartment Complex	5	22,290,000	0.40%	8	19,910,000	0.49%
Scottys Development Co LLC	Holding Company (Old Stone)	6	21,010,000	0.37%	---	---	---
AGM Fairways at Hartland	Apartment Complex	7	20,600,000	0.37%	---	---	---
Pep-WKU LLC	Apartment Complex	8	19,788,750	0.35%	10	19,000,000	0.46%
ARCP MT BG KY LLC	Commercial Rental Property (Shopping Complex)	9	18,600,000	0.33%	---	---	---
NHK of America Spring and Stamping Division	Automobile Suspension Mfg	10	17,680,000	0.31%	---	---	---
Union Underwear Co Inc	Clothing Manufacturer	---	---	---	1	56,666,634	1.38%
Walmart	Retail Facility	---	---	---	2	46,651,603	1.14%
DHP Holdings	Holdings Company (DESA Heating LLC)	---	---	---	5	27,393,749	0.67%
Insight Midwest LP	Cable Service	---	---	---	6	23,528,287	0.57%
The Registry at Western	Apartment Complex	---	---	---	9	19,140,000	0.47%

Source: City of Bowling Green, Department of Finance

Note: (a) Percent of Total Assessed Value for real property of \$5,636,975,792 (January 1, 2016)  
(b) Percent of Total Assessed Value for real property of \$4,094,335,746 (January 1, 2007)

**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 <sup>b</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Lease Revenue Bonds	Special Assessment Bonds <sup>a</sup>	Notes Payable and Capital Leases	General Obligation Bonds	Notes Payable and Capital Leases			
2008	\$ 102,042,174	\$ 1,230,000	\$ 136,590	\$ 5,577,154	\$ 12,287,828	\$ 98,893	\$ 121,372,639	3.98%	2,248
2009	132,181,377	-	131,906	4,510,477	11,288,624	60,698	148,173,082	4.64%	2,694
2010	128,561,433	-	125,229	3,241,585	10,073,568	47,544	142,049,359	4.17%	2,492
2011	124,964,655	-	118,419	3,944,088	9,165,353	28,925	138,221,440	4.02%	2,383
2012	119,325,846	-	112,506	3,412,034	8,274,155	50,256	131,174,797	3.90%	2,223
2013	108,501,710	-	-	2,871,504	6,752,559	34,390	118,160,163	3.19%	1,950
2014	102,591,166	-	-	2,459,472	6,188,330	21,671	111,260,639	2.84%	1,809
2015	101,557,970	-	-	2,119,501	2,936,494	-	106,613,965	2.66%	1,706
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

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

(a) Warren County Water District bonds.

(b) See Schedule 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**

<b>Fiscal Year</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>TAX SUPPORTED</b>										
General Bonds and Notes <sup>(a)</sup>	\$ 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	\$ 44,448,154
<b>REVENUE SUPPORTED</b>										
Revenue Supported Debt & Leases <sup>(b)</sup>	30,458,248	34,384,871	40,473,994	49,395,508	52,205,128	57,621,063	59,763,652	64,429,187	67,402,446	69,881,848
<b>TOTAL DEBT</b>	\$ 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	\$ 114,330,002
Less: Revenue Supported Debt	(30,458,248)	(34,384,871)	(40,473,994)	(49,395,508)	(52,205,128)	(57,621,063)	(59,763,652)	(64,429,187)	(67,402,446)	(69,881,848)
Less: Debt Service Fund Balance <sup>(c)</sup>	-	-	-	-	-	-	-	-	-	(47,702)
<b>NET DEBT</b>	\$ 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	\$ 44,400,452
<b>OVERLAPPING DEBT <sup>(d)</sup></b>	\$ 232,154,034	\$ 232,154,034	\$ 237,949,657	\$ 233,949,409	\$ 245,533,153	\$ 238,339,565	\$ 193,880,494	\$ 172,966,306	\$ 152,602,820	\$ 147,461,136
<b>NET DIRECT &amp; OVERLAPPING DEBT</b>	\$ 291,563,319	\$ 298,249,333	\$ 302,946,658	\$ 304,330,037	\$ 313,451,893	\$ 308,318,503	\$ 268,246,850	\$ 247,172,120	\$ 228,670,375	\$ 191,861,588
<b>PROPERTY TAX BASE</b>										
Estimated Actual Value	\$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	\$4,094,335,746

Source: City of Bowling Green, Department of Finance

(a) Does not include compensated absences, contingent liabilities, landfill post closure costs, or deferred charges. 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) Based on information in the CAFR.

(d) 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**  
**Future Debt Services Requirements as of June 30th**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>TOTAL <sup>(a)</sup></b>
2018	\$ 8,455,728	\$ 2,758,738	\$ 11,214,466
2019	8,333,426	2,504,327	10,837,753
2020	8,893,133	2,241,909	11,135,042
2021	7,646,930	1,961,720	9,608,650
2022	7,685,000	1,719,492	9,404,492
2023	7,700,000	1,492,018	9,192,018
2024	6,760,000	1,247,764	8,007,764
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

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

Source: City of Bowling Green, Department of Finance

**Schedule 14**  
**City of Bowling Green, Kentucky**  
**Enterprise Debt**  
**Future Debt Services Requirements as of June 30th**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>TOTAL <sup>(a)</sup></b>
2018	\$ 725,000	\$ 16,438	\$ 741,438
2019	735,000	4,594	739,594

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

Source: City of Bowling Green, Department of Finance

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

<b>Fiscal Year</b>	<b>Principal <sup>(a)</sup></b>			<b>Interest</b>			<b>Total Debt Service</b>
	<b>Series 2016A Bonds</b>	<b>2016B Bonds</b>	<b>Total Principal <sup>(b)</sup></b>	<b>2016A Bonds</b>	<b>2016B Bonds</b>	<b>Total Interest</b>	
2018	\$ 1,625,000	\$ 40,000	\$ 1,665,000	\$ 230,164	\$ 100,116	\$ 330,280	\$ 1,995,280
2019	1,655,000	140,000	1,795,000	196,544	97,335	293,879	2,088,879
2020	1,685,000	580,000	2,265,000	162,309	86,211	248,520	2,513,520
2021	1,715,000	600,000	2,315,000	127,459	67,980	195,439	2,510,439
2022	1,755,000	615,000	2,370,000	91,891	49,208	141,099	2,511,099
2023	1,780,000	635,000	2,415,000	55,657	29,896	85,553	2,500,553
2024	625,000	650,000	1,275,000	18,706	10,043	28,749	1,303,749

(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.

Source: City of Bowling Green, Department of Finance

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

<b>Fiscal Year</b>	<b>Principal <sup>(a)</sup></b>	<b>Interest</b>	<b>Total Debt Service <sup>(b)</sup></b>
2018	\$ 2,045,000	\$ 771,155	\$ 2,816,155
2019	2,185,000	709,805	2,894,805
2020	2,340,000	644,255	2,984,255
2021	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

(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.

Source: City of Bowling Green, Department of Finance

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

	Fiscal Year									
	<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>	<u>2008</u>
General bonded debt outstanding										
General obligation bonds <sup>(a)</sup>	\$ 88,369,285	\$ 98,277,799	\$ 103,677,471	\$ 105,050,638	\$ 111,373,214	\$ 122,737,880	\$ 128,908,743	\$ 131,803,018	\$ 136,691,854	\$ 136,691,854
Lease revenue bonds	-	-	-	-	-	-	-	-	-	1,230,000
Special Assessment bonds	-	-	-	-	-	112,506	118,419	125,229	131,906	136,590
Total	<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>	<u>138,058,444</u>
Less: Amounts set aside to repay general debt	-	-	-	-	-	-	-	-	-	(47,702)
Net general bonded debt	<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>	<u>\$ 138,010,742</u>
Property Values	\$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	\$4,094,335,746
Percentage of estimated actual taxable value of property	1.57%	1.84%	2.03%	2.13%	2.36%	2.69%	2.83%	2.94%	3.11%	3.37%
Per capita <sup>(b)</sup>	1,354	1,545	1,672	1,769	1,902	2,165	2,194	2,434	2,611	2,142

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

(a) General obligation bond totals include capital lease amounts.

(b) 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, 2017**

<u>Governmental Unit</u>	<u>Debt Outstanding</u> <sup>(a)</sup>	<u>Estimated Percentage Applicable</u> <sup>(b)</sup>	<u>Estimated Share of Overlapping Debt</u>
Bowling Green Independent Schools	\$ 30,654,000	100.00%	\$ 30,654,000
Warren County	94,110,000	58.11%	54,691,068
Warren County Schools	133,230,000	50.62%	67,447,646
Bowling Green Municipal Utilities	79,361,320	100.00%	<u>79,361,320</u>
Subtotal, overlapping debt			232,154,034
<b>City direct debt</b>			<u>88,369,285</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 320,523,319</u></u>

Notes:

(a) Gross governmental debt, less reserves.

(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)

Sources:

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

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

<u>Legal Debt Margin Calculation for Fiscal Year 2017</u>	
Assessed value	\$ 5,636,975,792
Debt Limit, 10% of assessed value <sup>(a)</sup>	563,697,579
Debt applicable to limit:	
General Obligation bonds	89,073,316
Notes and Capital Leases payable	794,217
Less: Non tax-supported debt	-
Total net debt applicable to limit	<u>89,867,533</u>
Legal debt margin	<u><u>\$ 473,830,046</u></u>

	<u>Fiscal Year</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>	<u>2008</u>
Debt Limit	\$ 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	\$ 409,433,575
Total net debt applicable to limit	<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>	<u>117,768,696</u>
Legal Debt Margin	<u><u>\$ 473,830,046</u></u>	<u><u>\$ 432,268,657</u></u>	<u><u>\$ 403,960,441</u></u>	<u><u>\$ 382,922,748</u></u>	<u><u>\$ 354,425,765</u></u>	<u><u>\$ 327,369,607</u></u>	<u><u>\$ 319,245,611</u></u>	<u><u>\$ 314,586,539</u></u>	<u><u>\$ 303,396,839</u></u>	<u><u>\$ 321,718,128</u></u>
Total net debt applicable to limit as a percentage of debt limit	15.94%	18.86%	20.88%	22.51%	25.00%	28.29%	29.86%	31.31%	33.13%	28.76%

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

See accompanying independent auditor's report

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

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

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

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

**Schedule 21**  
**City of Bowling Green, Kentucky**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

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

Sources: (a) Estimated population statistics obtained from the U.S Census Bureau (<https://www.census.gov/quickfacts/fact/table/bowlinggreencitykentucky,US/PST045216>).

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

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

(d) U.S. Department of the Census American FactFinder (2012 Census Est) ([https://www.factfinder.census.gov/faces/nav/jsf/pages/community\\_facts.xhtml](https://www.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](http://www.greatschools.org) for private school information. Schools included are Bowling Green Board of Education, Warren County Board of Education, and private schools. Western Kentucky University is excluded.

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

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

**Schedule 22**  
**City of Bowling Green, Kentucky**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Western Kentucky University	4,494	1	5.81%	4,367	1	6.32%
The Medical Center at BG	2,227	2	2.88%	1,912	2	2.77%
BG Metalforming LLC	1,645	3	2.13%	1,015	4	1.47%
Union Underwear Co. LLC	1,366	4	1.77%	1,126	3	1.63%
Warren County Board of Education	1,028	5	1.33%	996	5	1.44%
Graves-Gilbert Clinic PSC	976	6	1.26%	----	----	----
Sun Products Corporation	930	7	1.20%	----	----	----
General Motors Corporation	887	8	1.15%	----	----	----
Kentucky State Treasurer	758	9	0.98%	----	----	----
Houchens Food Group Inc.	725	10	0.94%	600	7	0.87%
City of Bowling Green	----	----	----	647	6	0.94%
City of Bowling Green Board of Education	----	----	----	587	8	0.85%
AFNI	----	----	----	560	9	0.81%
HCA Payroll Agent Inc.	----	----	----	550	10	0.80%
<b>Total</b>	<b>15,036</b>		<b>19.45%</b>	<b>12,360</b>		<b>17.89%</b>

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

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

<u>Function/Program</u>	<u>Fiscal Year</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>	<u>2008</u>
<b>General government</b>	<b>42</b>	<b>42</b>	<b>40</b>	<b>42</b>	<b>41</b>	<b>41</b>	<b>42</b>	<b>41</b>	<b>45</b>	<b>45</b>
Administration	9	8	8	8	7	7	7	7	6	6
Citizen's Assistance	-	-	-	-	-	-	-	-	6	7
Finance	16	16	15	17	17	18	18	18	18	17
Human Resources	6	7	6	6	6	5	6	6	5	6
Legal	2	2	2	2	2	2	2	2	2	2
Information Technology	9	9	9	9	9	9	9	8	8	7
<b>Public Safety</b>	<b>269</b>	<b>270</b>	<b>269</b>	<b>265</b>	<b>267</b>	<b>266</b>	<b>269</b>	<b>263</b>	<b>276</b>	<b>265</b>
Police										
Officers	112	115	112	108	110	109	110	104	114	111
Civilians	31	30	35	37	37	35	38	38	40	38
Fire										
Firefighters and officers	123	122	119	117	117	118	117	117	118	112
Civilians	3	3	3	3	3	4	4	4	4	4
<b>Public Works</b>	<b>56</b>	<b>55</b>	<b>54</b>	<b>53</b>	<b>53</b>	<b>52</b>	<b>50</b>	<b>51</b>	<b>57</b>	<b>58</b>
<b>Parks and Recreation</b>	<b>53</b>	<b>52</b>	<b>56</b>	<b>54</b>	<b>57</b>	<b>58</b>	<b>57</b>	<b>61</b>	<b>60</b>	<b>60</b>
<b>Neighborhood &amp; Community Services</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>24</b>	<b>23</b>	<b>23</b>	<b>21</b>	<b>21</b>	<b>22</b>	<b>22</b>
<b>Total</b>	<b>446</b>	<b>445</b>	<b>445</b>	<b>438</b>	<b>441</b>	<b>440</b>	<b>439</b>	<b>437</b>	<b>460</b>	<b>450</b>

Source: City of Bowling Green Department of Finance

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

See accompanying independent auditor's report

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

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Citizen's Information</b>										
Anti-Litter presentations/events	-	-	-	-	-	2	7	8	7	28
Neighborhood Meetings conducted	69	69	55	61	63	71	71	72	91	97
<b>Finance</b>										
Tax bills sent	22,356	22,352	22,220	21,864	21,703	21,495	21,405	21,372	21,238	20,946
Business registrations received	848	829	883	1,025	923	801	835	819	776	967
<b>Human Resources</b>										
Job applicants	2,168	2,488	1,559	1,011	1,299	1,394	1,346	1,137	1,938	1,567
Position filled	299	234	222	248	234	216	216	178	204	224
<b>Police</b>										
911 Service calls	78,052	81,072	78,465	75,800	61,859 <sup>a</sup>	67,842	65,440	54,754	60,013	59,041
Traffic stops	4,490	8,594	9,071	13,189	11,897	13,476	15,650	15,777	17,356	13,021
<b>Fire</b>										
Accident runs	7,251	6,786	6,195	5,634	5,523	5,049	4,836	4,517	4,586	4,552
Fire runs	262	236	282	212	278	300	285	258	294	499
Fires investigated	30	36	63	17	61 <sup>b</sup>	71	2,845	3,373	3,838	2,761
<b>Public Works</b>										
Street resurfacing (miles)	15	8	7	4	7	12	5	5	4	5
Potholes repaired	668	575	826	426	772	392	478	466	385	408
<b>Parks and Recreation</b>										
Fitness & Athletic participants	885,472	902,073	883,654	970,174	859,614	927,403	765,462	878,035	871,724	842,043
Visits to Community Center	156,913	156,811	229,885	272,470	267,813	269,596	271,722	214,184	223,628	176,998
<b>Neighborhood &amp; Community Services</b> <sup>c</sup>										
Households receiving asst	698	695	743	719	725	726	723	765	791	688
Bldg/Electrical & Code inspections	13,236	13,360	10,796	12,264	12,170	9,912	8,804	15,631	12,302	13,038
Animal control calls	2,489 <sup>d</sup>	2,489	2,317	2,788	2,027	3,203	3,176	3,202	3,283	3,615

Notes: (a) Beginning in 2012, Public Safety became the answering point for both landline and cell phone 911 calls in Warren County.  
(b) Effective in 2012, the Fire Department began tracking fires investigations rather than fire inspections.  
(c) Neighborhood & Community Services was previously Community Development.  
(d) Effective 2017, Animal control moved under Neighborhood & Community Services

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

See accompanying independent auditor's report

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

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Police</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Substations	2	2	2	2	2	2	2	2	2	2
<b>Fire</b>										
Fire stations	7	7	7	7	7	7	7	7	6	5
Training centers	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>										
Streets (miles)	264	262	257	264	258	266	265	257	247	242
Sidewalks (miles)	119	114	113	112	112	109	104	95	94	90
Alleys (miles)	15	15	15	15 <sup>b</sup>	19	19	17	17	17	15
<b>Parks and recreation</b>										
Number of Parks	22	22	21	20	20	25	25	25	25	25
Number of Facilities	7	7	7	7	7 <sup>a</sup>	-	-	-	-	-
Acreage	970	970	974	972	972	972	970	970	970	970
Playgrounds	22	22	22	21	22	22	22	22	22	22
Baseball/Softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer fields	14	14	14	13	13	13	13	13	13	13
Community Centers	3	3	3	3	3	3	3	3	3	2
<b>Community Development</b>										
Building Permits Issued	2,296	2,193	2,003	1,824	1,868	1,609	1,515	1,571	1,523	2,082

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

Source: Various City of Bowling Green Departments

See accompanying independent auditor's report