

City of Bowling Green

**Comprehensive Annual Financial
Report**

for the

Fiscal Year Ended June 30, 2011



**Issued by the
Department of Finance**

CITY OF BOWLING GREEN

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December 12, 2011

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, 2011. 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 various funds and component units 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, 2011 are free of any material misstatement.

CITY HALL ANNEX * 1017 COLLEGE STREET * P. O. BOX 430 * BOWLING GREEN, KY 42102-0430

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 unqualified (“clean”) opinion that the City’s financial statements for the fiscal year ended June 30, 2011 are fairly presented in conformity with GAAP. Their report is the first component in the Financial Section of this report.

Additionally, Mountjoy Chilton Medley LLC included an audit of federal grants in order to meet the requirements of federal grantor agencies as outlined by the federal Single Audit Act of 1984, the Single Audit Act Amendment of 1996, and related OMB Circular A-133. These standards require the auditor to report not only on the fairness of the representation of the financial statements, but also on the internal controls and compliance with legal requirements of the federal awards. These reports are published separately. Those wishing to receive the Single Audit Report should direct their request to the City’s Chief Financial Officer.

PROFILE OF THE CITY

Bowling Green, the “Park City” of Kentucky, was established in 1798, and is located in the south-central part of the state. The City occupies a land area of 38.5 square miles, has a population estimated at 58,000 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 462,000 for the area encompassing a sixty minute drive from the City with an additional 25,000 workers being of age in the next two years.

The City operates under the City Manager form of government, one of the alternative forms of municipal government established under Kentucky Statutes. Under this form of government, a Mayor, who is elected for a term of four years, and four City Commissioners, who serve two years each, are all voted into office in non-partisan elections. The Mayor and the City Commissioners comprise the Board of Commissioners (Board), in which all legislative and executive authority of the City is vested. As such, the Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring all City staff. The Board appoints a City Manager, who serves as the Chief Administrative Officer of the City and enforces City ordinances and policy as well as carrying out day-to-day operations. As of June 30, 2011, the City had 439 authorized full-time positions, with 61% of the employees being public safety related.

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. 39, “*The Financial Reporting Entity*”, and based on the foregoing criteria, the City has presented the Bowling Green Police and Firefighters’ Retirement Fund, the Convention Center Corporation and the Bowling Green Municipal Projects 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, or the component unit provides services almost entirely to the City. 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 City School System, 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 not included in 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 seven such budget amendments.

FACTORS AFFECTING FINANCIAL CONDITION

The local economy is a well-balanced blend of service, manufacturing, retail and financial industries. The City consistently scores high in national rankings of preferred business location and favorable environments for the creation and development of businesses due to its rich economic, social and cultural environments. According to Sperling’s best places, the City of Bowling Green population had growth of 16.0% and ranked 13th in emerging metropolitan areas. Bowling Green also ranked 5th out of 200 for the “Best Small Places for Business and Careers”. The overall ranking is comprised of a rating of 28th in projected job growth through 2013, 18th in income growth for last 5 years, and 31st for cost of doing business according to Forbes.com.

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.

Economic Performance. The local economy is showing signs of sustainable recovery from the economic downturn, particularly in the manufacturing, retail, and construction sectors. No significant layoffs have occurred and wages grew at a faster pace than last fiscal year. Nine of the ten major Standard Industry Code (SIC) groups of businesses posted increases in payroll, including the largest group – Services (+5.0%), the second largest group – Manufacturing (+6.9%) and third Retail (+3.7%) respectively. Overall, business payrolls in Bowling Green increased by approximately \$46.9 million (+3.1%) this year.

Business profits were up from the previous fiscal year by approximately \$50.9 million, resulting in a Net Profit Tax collection increase of \$764,000 (+18.2%) from FY10. This fiscal year's increase comes after a decrease in FY10 for this revenue source. A total of 835 new business licenses were issued this fiscal year, which is up from 819 in the previous year.

Employment Opportunities. Bowling Green's unemployment rate decreased during FY11, reflecting a recovery in the local economy, and ended the year below the state and national rate. The City of Bowling Green began the year in July 2010 with an unemployment rate of 9.2%, versus 10.2% for the state and 9.5% nationally. In June 2011, Bowling Green was at 8.4%, versus 9.7% for the state and 9.1% for the nation. Bowling Green's FY11 average unemployment rate was 9.0%

Job Development Incentive Fund. City efforts to attract new businesses have been successful, as evidenced by continued economic expansion. One factor contributing to these efforts is the City's Job Development Incentive Fund. This Fund, initiated in 1989, offers incentive credits to manufacturing or service firms who either locate or expand facilities in the City. The amount of the incentive is related to the City's occupational withholding taxes on new employee wages generated and paid to the City during the firm's initial phase of operation.

During the fiscal year ending June 30, 2011, approximately \$2.9 million in withholding tax credits was awarded to ten new or expanding companies. This investment in the future by the City should result in the creation of 702 new jobs which are expected to generate an additional \$2.6 million in occupational taxes to the City over the next ten years.

Annexation. The City has annexed over 3,000 acres into the corporate limits since 1998. In all cases, the property owners requested these annexations. This annexed land has been developed for a variety of residential, commercial, and industrial uses, including a large golf course community and the Kentucky TriModal Transpark.

SIGNIFICANT EVENTS AND 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.

Roads and Transportation. During FY11, the City continued construction on the Old Morgantown Road widening project, on which construction is expected to end in the fall of 2011. The City issued \$14.8 million of general obligation bonds in 2007 for constructing new roads and improving traffic flow. The Old Morgantown Road project should close out the remaining bond proceeds.

Sidewalks and Greenways. The City completed the fifth year of participation in the sidewalk program in FY11. The sidewalk program is designed to construct over 1.8 miles of new sidewalks and improve existing sidewalks. The program is funded with available reserves on a

year-to-year basis with no debt being issued. No funding was budgeted in FY11 for this program, but the remaining carryover funding from FY09 is still being utilized and the City will contribute an additional \$400,000 to the program in FY12. The City has also received funds to construct greenways or shared use paths. The paths are designed to connect and eventually circle the City. During FY11, the construction of three greenway paths was underway; two of which were completed with the other still in progress at June 30, 2011.

Downtown Revitalization. The City issued approximately \$25 million in general obligation bonds to fund the construction of a minor league baseball park in downtown Bowling Green, which was completed in April 2009 in time for the inaugural season of the Bowling Green Hot Rods Single A team. The baseball park is part of the Tax Increment Financing (TIF) District that was established for approximately 50 blocks in the downtown area. The TIF District will include a parking garage, hotel, performing arts center and mixed-use development consisting of retail, professional and residential occupants. Since 2005, the City has invested over \$3.3 million in the land acquisitions for the Southern Kentucky Performing Arts Center (SKYPAC) which now under construction in the heart of the TIF District. There are also plans for a new Alumni Center and College of Business for Western Kentucky University to be built inside the TIF District.

The City pledged 80% of the incremental growth in City property taxes, employee withholding fees, and net profit fees within the TIF District. The State has also pledged 80% of the incremental growth in state income, property, sales, and withholding taxes, contingent upon the total capital investment in the district reaching \$150 million by 2014. As of June 30, 2011, the total capital investment being reported to the State was approximately \$86 million.

FINANCIAL INFORMATION

Budgetary Controls. The City maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Commission. Budgetary control is maintained at the division level and is facilitated by the use of encumbrance accounting. As purchase orders are issued through the financial software, corresponding amounts of a division's appropriations are automatically reserved for later payment.

Cash Management and Investment Policy. The Department of Finance is responsible for the custody, investment and disbursement of all funds of the City in accordance with the procedures adopted by the City Commission. It is the City's policy to invest funds in a manner that will provide the highest investment return with the maximum security of principal, while meeting the City's daily cash flow demands. The City's investments are governed by Kentucky Revised Statute (KRS) 66.480 and an investment policy approved by the City Commission. All funds were invested in either obligations of the United States or its agencies, or collateralized certificates of deposit. Interest income totaling approximately \$1.0 million was earned in all funds during this fiscal year.

Long-term Financial Planning. The City's budget team, which is composed of the City Manager, Assistant City Manager, Comptroller, Human Resources Director, and Chief Financial Officer, is charged with the task of long-term financial planning. Multi-year financial

projections are prepared each year during the budget process that considers the effects of major policy decisions (i.e. capital projects, issuance of debt, and personnel changes, etc). Revenue projections are matched to anticipated expenditures in order to analyze and monitor fund balance in the General Fund and other major funds of the City. Great emphasis is placed on maintaining the 15% reserve policy in the General Fund, which will increase to 20% in FY12.

Self -Insurance and Risk Management. Bowling Green has been self-insured for health insurance since 1992. The Employee Health Insurance Fund is overseen by the City's Department of Human Resources and is administered by a third party. The City reduces its financial risks in providing health insurance by purchasing various types of reinsurance policies. As of June 30, 2011, the Employee Health Insurance Fund had net assets of approximately \$4.7 million. Since the inception of the City's Loss Management Program in 1990, the City has reduced Workers Compensation expenditures dramatically. The City uses various risk control techniques to minimize accident-related losses, with major emphasis concentrated in injury and accident prevention training.

Pension Trust Funds. All active City employees are covered by the County Employees' Retirement System (CERS), which is a multiple-employer, cost-sharing, defined benefit plan and is administered by the Kentucky Retirement System. The City contributed 16.93% for non-hazardous and 33.25% for hazardous employees during this fiscal year.

The City of Bowling Green Police and Firefighters' Retirement Fund is a single-employer, defined benefit plan created by ordinance and under state statute. On August 1, 1988, the fund was closed to new entrants. Police officers and firefighters on active duty on that date were given a choice of remaining in the fund or transferring their accounts into the CERS. As of June 30, 2011, there were no active employees, 25 retirees and 22 surviving spouses and children in the plan. The actuarial study conducted as of January 1, 2011, projected the plan's liabilities to exceed the plan's assets by approximately \$1.4 million, assuming no future cost-of-living increases. The City plans to continue the funding recommended by the actuary each fiscal year to keep the fund solvent and provide for cost-of-living adjustments, if fiscally able.

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 the comprehensive annual financial report for the fiscal year ended June 30, 2010. 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.

A Certificate of Achievement is valid for a period of one year only. We believe that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and are submitting the report to the GFOA to determine eligibility for another certificate.

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 Wilma Brown, Comptroller; Erin Ballou, Senior Staff Accountant; Sean Weeks, Staff Accountant; and to the staff of Mountjoy Chilton Medley LLP, CPA's.

Respectfully submitted,

Jeff Meisel, CPA
Chief Financial Officer

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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



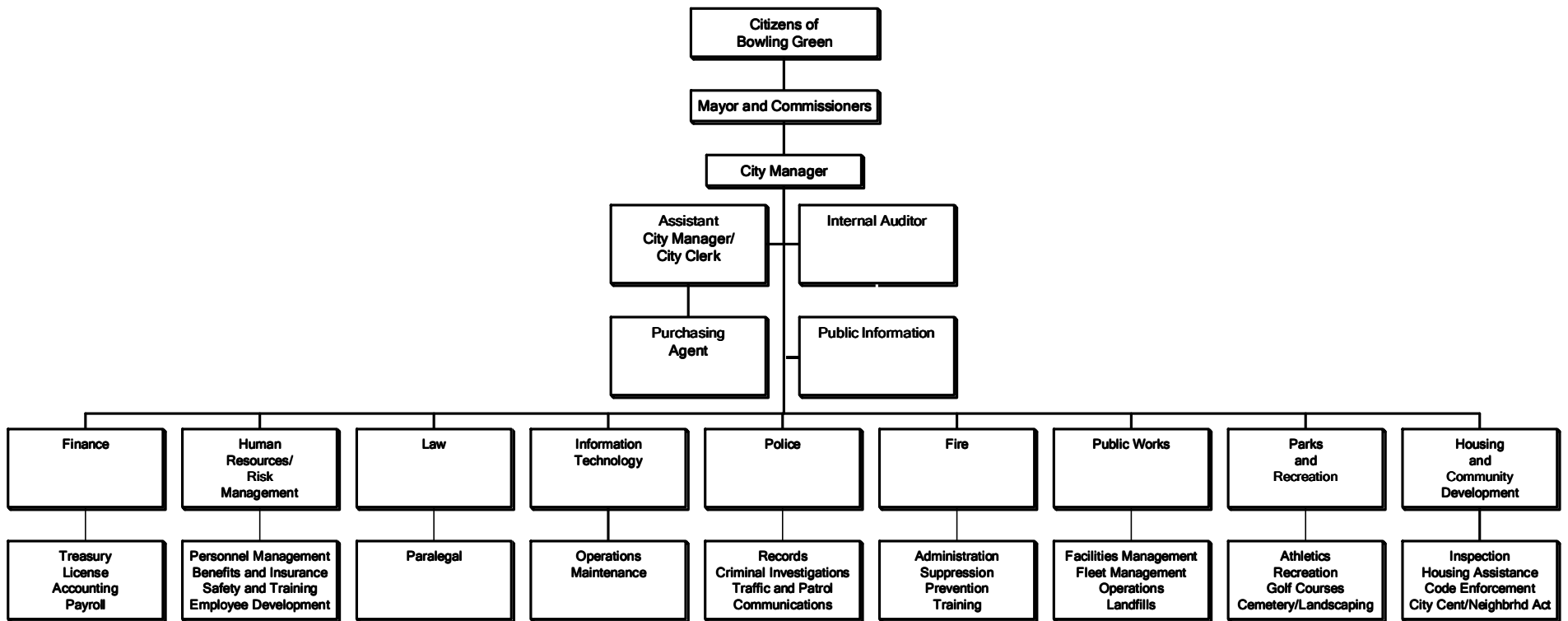
Linda C. Dandson

President

Jeffrey R. Emer

Executive Director

CITY OF BOWLING GREEN



CITY OF BOWLING GREEN, KENTUCKY
Directory – Principal Officials

Mayor and Commissioners

Joe Denning
Bruce Wilkerson
Bill Waltrip
Brian (Slim) Nash
Melinda Hill

Mayor
Mayor Pro Tem
Commissioner
Commissioner
Commissioner

Kevin D. DeFebbo – City Manager

Administration:

Katie Schaller

**Assistant City Manager/
City Clerk**
Purchasing Agent
Internal Auditor

Jennifer Portmann
Deborah Jenkins

Finance:

Jeff Meisel, CPA
Wilma Brown

Chief Financial Officer
Comptroller

Human Resources:

Michael Grubbs

Director

Law:

H. Eugene Harmon

City Attorney

Information Technology:

Lynn Hartley

Chief Information Officer

Public Safety:

Doug Hawkins
Greg Johnson

Police Chief
Fire Chief

Public Works:

Jeff Lashlee

Director

Parks and Recreation:

Ernie Gouvas

Director

Housing and Community Development:

Kevin DeFebbo

Interim Director



Mountjoy
Chilton
Medley

Report of Independent Accountants

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bowling Green, Kentucky (the Government) as of and for the year ended June 30, 2011, which collectively comprise the Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Government's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Policemen and Firemen's Retirement Fund which reflects total assets of \$7,259,779 and total additions of \$1,238,139 for the year ended June 30, 2011. We did not audit the financial statements of Bowling Green Municipal Utilities which represents all of the assets and the revenues as of and for the year ended June 30, 2011 of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Policemen and Firemen's Retirement Fund and Bowling Green Municipal Utilities is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2011 on our consideration of the Government'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 the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13 through 24 and 73 through 77 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Government's basic financial statements. The introductory section on pages 1 through 7, combining and individual funds statements and schedules on pages 87 through 132, and the statistical section on pages 133 through 152 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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.

Mountjoy Chilton Medley LLP

Lexington, Kentucky
December 12, 2011

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, 2011. 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 \$155.6 million (net assets). This amount includes \$7.7 million of resources that are restricted to specific projects by laws, regulations or contractual agreements. A total of \$17.0 million of resources are unrestricted and are available to fund the City's outstanding obligations and future programs.
- The City's total net assets increased \$10.9 million this year. Net assets of governmental activities increased \$9.7 million and net assets of business-type activities increased by \$1.2 million.
- As of June 30, 2011, the City's governmental funds reported combined ending fund balances of \$49.3 million, a decrease of \$1.7 million from the prior year. Of this amount, \$8.1 million in the General Fund was unassigned and available for spending. The City has a minimum reserve retention policy of 15% of revenue budget, which was \$7.1 million for FY11, reflected in Committed fund balance.
- The City's governmental activities total debt decreased by \$5.8 million due to the payment of principal on outstanding debt. Business-type activity debt decreased by \$1.0 million due to the payment of principal on outstanding debt.

Overview of Financial Statements

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

The GASB 34 reporting model is 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 nor depreciated.

Government-Wide Financial Statements

Government-wide financial statements include the Statement of Net Assets 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 Assets presents information on all the City's assets and liabilities as of June 30, 2011. Net assets are the difference between assets and liabilities. Over time, increases or decreases in net assets 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 increased or reduced net assets for the year ended June 30, 2011. 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, community development and general administration. Occupational license fees, property taxes and service charges finance most activities.
- Business-type activities - Activities primarily paid for from the charges and fees to cover the cost of services are reported here. This includes golf programs, the aquatics program and the operations of the Sloan Convention Center.
- Component units - The City includes one separate legal entity as component units: Bowling Green Municipal Utilities. Although legally separate, component units are important because the City is 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 Assets 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 the Golf Fund, the Aquatics Fund, and the Convention Center Fund to be major proprietary funds.

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, because of 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 because the City cannot use these assets to finance operations.

Government-wide Financial Analysis

Net Assets

The following table summarizes the City's financial position as of June 30, 2011. The City as a whole had assets greater than liabilities by \$155.6 million, an increase of \$10.9 million over last year. This is due to an increase in assets, particularly cash, as a result of expenditure cuts in addition to an increase in revenue collections compared to FY10. Of the \$155.6 million, \$131.0 million or 84.2% was invested in capital assets, and \$17.0 million or 10.9% was unrestricted. Net assets of governmental activity funds total \$143.9 million, with \$124.4 million or 86.4% invested in capital assets and \$11.9 million or 8.3% unrestricted. The unrestricted net assets of governmental funds include fund balances of the General Fund and various special revenue funds. Unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors in the future.

Net Assets
June 30, 2011
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$105.3	\$105.5	\$5.3	\$4.8	\$110.6	\$110.3
Capital assets	<u>172.4</u>	<u>168.3</u>	<u>15.1</u>	<u>15.4</u>	<u>187.5</u>	<u>183.7</u>
Total assets	<u>277.7</u>	<u>273.8</u>	<u>20.4</u>	<u>20.2</u>	<u>298.1</u>	<u>294.0</u>
Long-term liabilities	122.5	127.7	7.6	8.5	130.1	136.2
Other liabilities	<u>11.3</u>	<u>11.9</u>	<u>1.1</u>	<u>1.2</u>	<u>12.4</u>	<u>13.1</u>
Total liabilities	<u>133.8</u>	<u>139.6</u>	<u>8.7</u>	<u>9.7</u>	<u>142.5</u>	<u>149.3</u>
Net assets:						
Invested in capital assets, net of related debt	124.4	115.4	6.6	6.1	131.0	121.5
Restricted for:						
Capital Projects	5.4	6.6	0.0	0.0	5.4	6.6
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0
Community Development	1.4	1.2	0.0	0.0	1.4	1.2
Perpetual Care	0.8	0.7	0.0	0.0	0.8	0.7
Unrestricted	<u>11.9</u>	<u>10.3</u>	<u>5.1</u>	<u>4.4</u>	<u>17.0</u>	<u>14.7</u>
Total net assets	<u>\$143.9</u>	<u>\$134.2</u>	<u>\$11.7</u>	<u>\$10.5</u>	<u>\$155.6</u>	<u>\$144.7</u>

*Numbers may not total due to rounding.

The net assets of the City's business-type activities total \$11.7 million. Of the net assets total, \$6.6 million (56%) was invested in capital assets with unrestricted net assets totaling \$5.1 million (44%).

Analysis of City Operations

The following table summarizes City operations for the fiscal year ended June 30, 2011. Governmental activities increased the City of Bowling Green's net assets by \$9.7 million, accounting for 89% of the increase in the net assets. As mentioned earlier, this is due to an increase in assets, particularly cash, as a result of cuts in expenditures and an increase in revenue collections over FY10. Business-type activities increased the City's net assets by \$1.2 million, which was 11% of the total increase in net assets. Likewise, this increase is mainly a product of expenditure reduction coupled with a slight increase in revenues.

Statement of Activities
For the Year Ended June 30, 2011
(In millions)

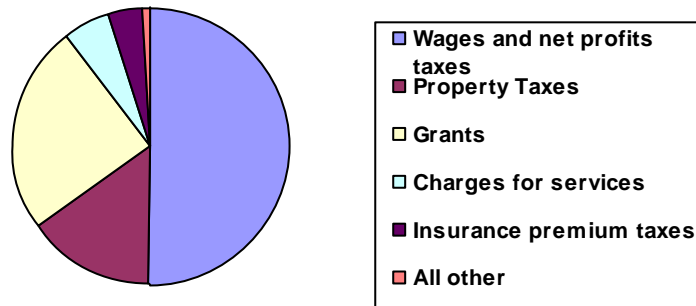
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program Revenues:						
Charges for services	\$4.0	\$3.7	\$2.1	\$2.0	\$6.1	\$5.7
Operating grants and contributions	8.4	9.0	0.0	0.0	8.4	9.0
Capital grants and contributions	9.9	8.3	0.0	0.0	9.9	8.3
General revenue:						
Property taxes	11.2	11.3	0.0	0.0	11.2	11.3
Insurance premium taxes	3.1	3.1	0.0	0.0	3.1	3.1
Transient room taxes	0.0	0.0	0.4	0.4	0.4	0.4
Wages and net profits taxes	37.2	35.5	0.0	0.0	37.2	35.5
Other general revenues	<u>(0.6)</u>	<u>1.2</u>	<u>0.1</u>	<u>0.1</u>	<u>(0.5)</u>	<u>1.3</u>
Total revenues	<u>73.2</u>	<u>72.1</u>	<u>2.6</u>	<u>2.5</u>	<u>75.8</u>	<u>74.6</u>
Program expenses						
General government	15.2	12.9	0.0	0.0	15.2	12.9
Public safety	21.8	22.5	0.0	0.0	21.8	22.5
Public works	6.7	7.8	0.0	0.0	6.7	7.8
Parks and recreation	5.5	4.9	0.0	0.0	5.5	4.9
Housing & community development	4.9	4.7	0.0	0.0	4.9	4.7
Community services	1.2	2.4	0.0	0.0	1.2	2.4
Interest on long-term debt	5.7	6.8	0.0	0.0	5.7	6.8
Golf	0.0	0.0	2.3	2.3	2.3	2.3
Aquatics	0.0	0.0	0.9	0.9	0.9	0.9
Convention Center	<u>0.0</u>	<u>0.0</u>	<u>0.6</u>	<u>0.8</u>	<u>0.6</u>	<u>0.8</u>
Total expenses	<u>61.0</u>	<u>62.0</u>	<u>3.8</u>	<u>4.0</u>	<u>64.8</u>	<u>66.0</u>
Increase(decrease) in net assets before transfers	12.2	10.1	(1.3)	(1.5)	10.9	8.7
Transfers	<u>(2.5)</u>	<u>(2.5)</u>	<u>2.5</u>	<u>2.5</u>	<u>0.0</u>	<u>0.0</u>
Change in net assets	9.7	7.7	1.2	1.0	10.9	8.7
Net assets, beginning of year,	<u>134.2</u>	<u>126.5</u>	<u>10.5</u>	<u>9.5</u>	<u>144.7</u>	<u>136.0</u>
Net assets end of year	<u>\$143.9</u>	<u>\$134.2</u>	<u>\$11.7</u>	<u>\$10.5</u>	<u>\$155.6</u>	<u>\$144.7</u>

*Numbers may not total due to rounding

Total revenues for the City's governmental activities total \$73.2 million at June 30, 2011, compared to \$72.1 million last year. This increase is mainly due to the increase in wages and net profits taxes that occurred as a result of the recovery in the local economy. Wage and net profits taxes total \$37.2 million or 51.0% of revenue and include other related occupational license fees. The second largest category of governmental revenues, operating and capital grants and contributions, accounts for \$18.3 million, or 24.9% of total revenue. Property taxes total \$11.2

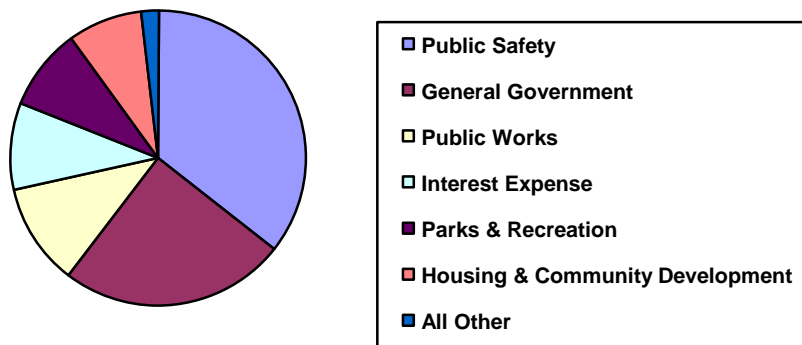
million and account for 15.3% of total revenues. Charges for services total \$4.0 million or 5.5% of the total collections. Insurance premium taxes account for \$3.1 million, or 4.2%.

Governmental Funds Revenue Sources



Current year total expenses of the City’s governmental activities total \$61.0 million, compared to \$62.0 million last year. The decrease is primarily a result of a reduction of interest expense on long-term debt. Public Safety expenses total \$21.8 million and account for 35.6% of total expenses. The second largest category of expenses, General Government, totals \$15.2 million and accounts for 25.0% of expenses. Public Works was third and totals \$6.7 million, or 11.0%. Interest expense totaled \$5.7 million, or 9.4%. Parks and Recreation total \$5.5 million, or 9.0% of expenses. The last major expenditure category, Housing and Community Development, totaled \$4.9 million, or 8.0% of expenses.

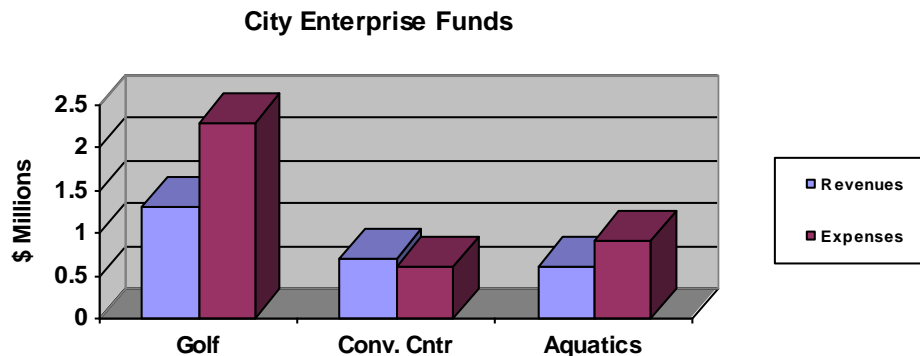
Governmental Funds Expenditure Categories



Business-type Activities

Revenues for business-type activities total \$2.6 million this fiscal year compared to \$2.5 million last year. This minor increase is the result of an uptick of aquatics revenues for the fiscal year. Of this, \$2.1 million, 80.8% was from charges for services. Expenses for business-type activities total \$3.8 million. The largest program in the business type-activity was the operation of three

municipal golf courses, which accounts for 61.5% of business-type expenses. The Russell Sims Aquatic Center accounts for 22.7% of business-type expenses and the operation of the Sloan Convention Center accounts for the remaining 15.8% of expenses in business-type activities.



Funds of the City of Bowling Green

The City's governmental funds for the year ended June 30, 2011 reflected a combined ending total fund balance of \$49.3 million, a decrease of \$1.7 million from the prior year. The decrease in fund balance is mainly due to capital project expenditures originally funded with bond proceeds in prior years that were carried forward to FY11. Of the \$49.3 million total fund balance, \$8.1 million was unassigned in the General Fund and available for spending at the City's discretion. The remainder was non-spendable, assigned, committed, or restricted; this indicates that the funds were not available for spending, but had been dedicated to pay outstanding contracts or purchase orders, to make future debt service payments, or whose spending was otherwise restricted by state statute or by City ordinance, or intended to be used for specific purposes, or not available for spending at all.

At the end of the fiscal year, the total fund balance in the General Fund was \$17.7 million, which represents an increase of \$0.7 million over the prior year. The increase in fund balance is a result of disciplined under-spending, personnel attrition and an increase in occupational tax withholding revenue. Of the \$17.7 million total fund balance; unassigned fund balance was \$8.1 million and reflected 16.3% of General Fund revenues, this is the residual net resources that have not been restricted, committed or assigned to specific purposes within the general fund. The City has a policy of segregating and maintaining a reserve of 15% of budgeted revenues in the General Fund. This is represented by a committed fund balance of \$7.1 million. Assigned fund balance was \$2.4 million or 4.7% of general fund revenues. Non-spendable fund balance was represented by \$100,000 and Restricted by \$28,000. The fund balances for these three categories were intended to be used for specific purposes, reserved for prepaid expenses and to pay contracts and purchase orders outstanding as of June 30, 2011.

The WKU Athletics Fund is used to account for the revenues and expenditures associated with the City's \$29,580,000 General Obligation and Special Revenue Refunding Bonds, Series 2010 and Series 2011 as well as \$2,045,000 of the City's General Obligation and Special Revenue

Refunding Bonds, Series 2002B and 2002C. The refunding bond proceeds were utilized to refinance \$27,595,000 of the Series 2002B and 2002C. The original bond issuance was utilized to improve athletic and parking facilities belonging to Western Kentucky University in order to increase public use. Western Kentucky University pays the City for the total debt service on these bonds each year through student athletic fees. This payment structure results in an offsetting payable and receivable with no fund balance.

The final major governmental fund, the Inter-Modal Transportation Authority, Inc. (ITA) Bond Special Revenue Fund is used to account for the revenues and expenditures related to the refinancing of the ITA mortgage-backed bond issues, the original issues funded the acquisition and construction of the Kentucky Transpark. Total fund balance in the ITA Bond Fund was \$14.3 million as of June 30, 2011, compared to \$15.5 million in the prior fiscal year. Of the \$14.3 million total fund balance, \$13.0 million was restricted with \$1.3 million left as assigned. The slight decrease in fund balance is due to the City paying down debt obligations related to regular payments.

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. Total net assets in the proprietary funds equal \$11.7 million as of June 30, 2011, compared to \$10.5 million last year.

The Golf Fund had total net assets of \$3.8 million, which were the same total net assets as FY10. Of the total net assets, \$3.3 million was invested in capital assets, net of related debt. Unrestricted net assets were \$0.5 million.

The Aquatics Fund ended the year with total net assets of \$1.0 million, representing an increase of \$0.2 million over last year. The increase over last fiscal year can be attributed to an increase of operating revenues and reduction of non-operating expenses. Of the total net assets, \$(0.1) million was invested in capital assets, net of related debt, and unrestricted net assets were \$1.1 million.

The Convention Center Fund had total net assets of \$6.9 million, representing an increase of \$1.0 million over last year. The increase in Convention Center fund net assets is related to the increase in cash due to under-spending throughout the year. Of the total net assets, \$3.4 million was invested in capital assets, net of related debt, and \$3.5 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 seven times in order to make adjustments for additional revenues collected and to add projects that were not anticipated when the budget was first adopted. In all, the revenue budget was increased by \$278,000 or +0.6%. The changes are briefly summarized below.

Original revenue estimates were changed by the following:

Grants	\$ 192,500
Employee Withholdings	20,500
Contributions & Donations	43,000
Judgments and Settlements	19,500
Parks and Recreation	2,500

In comparing actual revenue to final amended budget, the significant budgetary variances included employee withholdings (+\$1.5 million), net profits (+\$1.0 million), and real estate taxes (-\$0.4 million). After a weak year in employee withholdings during FY2009 and then meager growth in FY2010, the budget estimate for FY2011 remained conservative. Net profits rebounded after growing by \$100,000 last fiscal year, thus actual collections outperformed budgeted estimates. The shortfall in real estate taxes was due to stagnant growth in property values and no increase in the real estate tax rate, allowable under State Statute that provides for 4% growth in existing property.

The total expenditure budget decreased by \$189,500 (-0.4%) during the year. The decrease is mainly due to the reclassification of budget for operating expenditures to transfer-out expenditures to fund capital projects in the Technology and 800 Trunking Capital Improvement Fund (\$450,000). Other major changes were due to the following:

General Government	\$ 2,000
Police	(318,500)
Fire	49,500
Parks and Recreation	145,000
Housing and Community Development	5,000
Other Community Services	28,500
Public Works	349,000

In comparing actual expenditures to final amended budget, the significant budgetary variances are all positive and found in Public Works (\$0.4 million), Parks and Recreation (\$0.4 million) and General Government (\$0.25 million). The positive variances are a result of unspent budgeted projects, disciplined under-spending and budget cuts made during fiscal year 2011.

Capital Assets

The City's total investment in capital assets totaled \$187.5 million as of June 30, 2011, which represented an increase of \$3.8 million over last year. This investment includes land, buildings, infrastructure, improvements, vehicles, equipment and intangible assets. For governmental activities, investments totaled \$172.4 million, an increase of \$4.1 million over FY10.

This year's major capital additions included the following:

Fire Airport Station Renovations	\$ 822,625
Hobson Grove Greenway connector construction	339,752
618 Covington St Acquisition	114,513
Pierce Rescue Pumper fire truck	441,875
Pierce Arrow 100' Platform fire truck	867,516
Hobson Grove Ballfield lighting construction	203,096
Convention Center Flex-back chairs (1800 total)	117,857
Convention Center Air Walls building improvements	144,257
Convention Center Chiller building improvements	102,424
Glen Lily landfill improvements	442,284
Firing Range land improvements	173,515

The following table summarizes the changes in net capital assets:

(Net of Depreciation, Stated in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land (including Restricted Land)	\$18.1	\$20.8	\$2.7	\$2.7	\$20.8	\$23.5
Infrastructure	96.5	92.0	0.0	0.0	96.5	92.0
Buildings	29.9	30.0	7.2	7.3	37.1	37.3
Improvements other than buildings	16.5	16.0	4.6	5.0	21.1	21.0
Vehicles, equipment, and furniture	5.7	5.9	0.3	0.2	6.0	6.1
Construction in progress	2.9	0.7	0.1	0.0	3.0	0.7
Intangibles	2.8	2.9	0.0	0.0	2.8	2.9
Property held under capital lease	<u>0.0</u>	<u>0.0</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>
Total*	<u>\$172.4</u>	<u>\$168.3</u>	<u>\$15.1</u>	<u>\$15.4</u>	<u>\$187.5</u>	<u>\$183.7</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 2011 found that 95% of streets and 95% of sidewalks met or exceeded this goal, which is 1% higher and same as FY10, respectively. The estimated amount needed to maintain City streets at the specified levels for FY12 is \$850,000 and \$100,000 for sidewalks, which is included in the upcoming budget. Additional information on the City's capital assets activity can be found in note 3D.

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 the future debt issuance of 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 sewer system. For additional detail on the City's debt transactions, please refer to note 3F of this report.

At the end of the Fiscal Year, the City had \$138.5 million in bonds and notes outstanding net of bond discounts and premiums. During FY2011, the City issued \$29,580,000 in General Obligation and Special Revenue Refunding Bonds, Series 2010 and 2011 for the purpose of refinancing \$27,595,000 of the Series 2002B and Series 2002C bonds. The City also entered into capital lease in the amount of \$1.3 million that was utilized to purchase fire and aerial and pumper trucks.

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

Long-term Obligation at Year End (Stated in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation & revenue bonds	\$125.1	\$128.7	\$9.2	\$10.1	\$134.3	\$138.8
Notes & lease purchase agreements	3.9	3.2	0.0	0.0	3.9	3.2
Compensated absences	1.5	1.5	0.0	0.0	1.5	1.5
Landfill post-closure costs	1.3	1.3	0.0	0.0	1.3	1.3
Bond discount and refunding loss	<u>(1.9)</u>	<u>0.0</u>	<u>(0.6)</u>	<u>(0.7)</u>	<u>(2.5)</u>	<u>(0.7)</u>
Total	<u>\$129.9</u>	<u>\$134.7</u>	<u>\$8.6</u>	<u>\$9.4</u>	<u>\$138.5</u>	<u>\$144.1</u>

*Numbers may not total due to rounding.

The City maintains bond ratings of "Aa2" from Moody's and "AA-" from Standard & Poors. Despite the relatively recent legal changes that provide for the issuance of GO debt discussed on the previous page, 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, cannot exceed 10% of the value of taxable property in the City. Therefore, the City's debt margin is \$320.6 million.

Next Year's Budget

During the budget planning for FY12, General Fund revenues in FY11 were beginning to show signs of strengthening as compared to prior fiscal years. Therefore, revenue growth projections for FY12 were kept conservative with the lagging uncertainty regarding the ongoing recession and high unemployment rates. However, there were adjustments made in certain revenue lines to align with what was shaping up with the FY11 actuals at the time, particularly in the occupational license fee revenues. Budgetary cuts to General Fund expenditures have been made mid-year for the prior 3 fiscal years and the FY12 budget continues upon this theme. The FY12 adopted General Fund budget utilizes \$1.8 million of unassigned fund balance to provide for capital project funding.

The FY12 adopted expenditure budget for all funds increased by 0.5% over the FY11 original budget and includes a 2.5% cost of living (COLA) adjustments for all employees and average step adjustments of an additional 1.2% for most employees. The FY12 budget also allows for increases in debt service requirements and capital improvement spending. There is \$18.3 million budgeted for Capital Improvement Projects, which includes debt service. This is a 13.6% increase over the \$16.1 million CIP budget in FY11. The FY12 budget also provides for an increase in committed fund balance equal to 20% of adopted general fund revenue budget or \$10.1 million, which is an increase of almost \$3 million over FY11. 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 and golf courses and a continued investment in technology are some of the highlights of the capital budget in FY12. The City also plans to continue to honor existing commitments in FY12, including: funding existing programs, providing financial assistance to contract agencies that provide community services, paying debt service, and providing a fair and equitable pay structure to City employees.

Requests for Information

This financial report is 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 Jeffery B. Meisel, Chief Financial Officer, PO Box 430, Bowling Green, Kentucky, 42102-0430 or can be e-mailed to jeff.meisel@bgky.org.

CITY OF BOWLING GREEN, KENTUCKY
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Pooled cash and cash equivalents	\$ 20,145,845	\$ -	\$ 20,145,845	\$ -
Non-pooled cash and cash equivalents	1,633,072	2,797,967	4,431,039	10,854,735
Investments	20,384,193	2,368,237	22,752,430	100,000
Receivables (net):				
Accounts	124,279	43,136	167,415	8,870,435
Loans	366,325	-	366,325	-
Other	315,361	-	315,361	6,923,722
Accrued interest	24,694	-	24,694	-
Due from Western Kentucky University	31,490,000	-	31,490,000	-
Due from other governmental units	783,555	-	783,555	-
Deferred charges	1,008,416	-	1,008,416	180,436
Prepaid items	439,591	-	439,591	450,692
Prepaid rent	12,545,476	-	12,545,476	-
Inventories	191,870	113,624	305,494	1,088,732
Other assets	-	-	-	183,441
Restricted assets:				
Non-pooled cash and cash equivalents	15,827,324	-	15,827,324	-
Restricted cash - TVA	-	-	-	497,264
Investments	-	-	-	3,915,542
Capital assets, net of accumulated depreciation:				
Non-depreciable	106,310,175	2,898,651	109,208,826	41,460,832
Restricted land	345,097	-	345,097	-
Depreciable	65,736,235	12,231,951	77,968,186	127,741,698
Total assets	277,671,508	20,453,566	298,125,074	202,267,529
LIABILITIES				
Vouchers and accounts payable	938,431	67,750	1,006,181	11,271,475
Accrued payroll	845,187	69,982	915,169	-
Accrued interest payable	814,628	27,299	841,927	1,232,199
Insurance claims payable	249,100	-	249,100	-
Other current liabilities	-	-	-	2,025,674
Unearned revenue	579,395	750	580,145	-
Deposits	422,320	-	422,320	2,944,025
Noncurrent liabilities:				
Due within one year				
Compensated absences	849,123	35,773	884,896	717,609
Bonds payable	6,116,273	909,205	7,025,478	2,605,905
Notes and capital lease obligations	436,794	8,795	445,589	-
Landfill closure and post closure costs	40,707	-	40,707	-
Due in more than one year				
Bonds payable	117,090,597	7,590,204	124,680,801	64,585,851
Notes and capital lease obligations	3,507,294	20,752	3,528,046	-
Compensated absences	641,098	11,770	652,868	344,875
Landfill closure and post closure costs	1,221,202	-	1,221,202	-
Advances from customers and TVA	-	-	-	74,512
Total liabilities	133,752,149	8,742,280	142,494,429	85,802,125
NET ASSETS				
Invested in capital assets, net of related debt	124,378,960	6,601,646	130,980,606	102,783,194
Restricted for:				
Debt service	-	-	-	4,015,542
Capital projects	5,437,036	-	5,437,036	-
Community development	1,449,257	-	1,449,257	-
Perpetual care (nonexpendable)	792,597	-	792,597	-
Unrestricted	11,861,507	5,109,640	16,971,147	9,666,668
Total net assets	\$ 143,919,357	\$ 11,711,286	\$ 155,630,643	\$ 116,465,404

See accompanying notes

CITY OF BOWLING GREEN, KENTUCKY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

Function/Programs	Expenses	Program Revenues			Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT								
Governmental activities:								
General government	\$ 15,155,819	\$ 3,415,888	\$ 3,430,878	\$ 7,000,757	\$ (1,308,296)	\$ -	\$ (1,308,296)	\$ -
Public safety	21,843,704	187,098	1,276,343	1,209,951	(19,170,312)	-	(19,170,312)	-
Public works	6,700,923	-	-	1,290,835	(5,410,088)	-	(5,410,088)	-
Parks and recreation	5,478,404	398,333	-	-	(5,080,071)	-	(5,080,071)	-
Housing and comm. development	4,948,826	-	3,718,702	439,791	(790,333)	-	(790,333)	-
Community services	1,238,015	-	-	-	(1,238,015)	-	(1,238,015)	-
Interest expense	5,670,703	-	-	-	(5,670,703)	-	(5,670,703)	-
Total governmental activities	<u>61,036,394</u>	<u>4,001,319</u>	<u>8,425,923</u>	<u>9,941,334</u>	<u>(38,667,818)</u>	<u>-</u>	<u>(38,667,818)</u>	<u>-</u>
Business-type activities:								
Golf course	2,366,430	1,275,821	-	-	-	(1,090,609)	(1,090,609)	-
Aquatics	871,429	578,532	-	-	-	(292,897)	(292,897)	-
Convention center	607,015	216,665	-	-	-	(390,350)	(390,350)	-
Total business-type activities	<u>3,844,874</u>	<u>2,071,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,773,856)</u>	<u>(1,773,856)</u>	<u>-</u>
Total primary government	<u>\$ 64,881,268</u>	<u>\$ 6,072,337</u>	<u>\$ 8,425,923</u>	<u>\$ 9,941,334</u>	<u>(38,667,818)</u>	<u>(1,773,856)</u>	<u>(40,441,674)</u>	<u>-</u>
COMPONENT UNITS								
Bowling Green Municipal Utilities	\$ 100,564,413	\$ 102,526,271	\$ -	\$ 1,251,710	-	-	-	3,213,568
Total component units	<u>\$ 100,564,413</u>	<u>\$ 102,526,271</u>	<u>\$ -</u>	<u>\$ 1,251,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,213,568</u>
General revenues:								
					11,220,959	-	11,220,959	-
					3,087,621	-	3,087,621	-
					-	420,300	420,300	-
					37,220,689	-	37,220,689	-
					886,084	84,510	970,594	193,827
					(1,839,170)	-	(1,839,170)	-
					270,561	20,373	290,934	356,194
					<u>50,846,744</u>	<u>525,183</u>	<u>51,371,927</u>	<u>550,021</u>
					(2,477,840)	2,477,840	-	-
					<u>48,368,904</u>	<u>3,003,023</u>	<u>51,371,927</u>	<u>550,021</u>
					9,701,086	1,229,167	10,930,253	3,763,589
					<u>134,218,271</u>	<u>10,482,119</u>	<u>144,700,390</u>	<u>112,701,815</u>
					<u>\$ 143,919,357</u>	<u>\$ 11,711,286</u>	<u>\$ 155,630,643</u>	<u>\$ 116,465,404</u>

See accompanying notes

CITY OF BOWLING GREEN, KENTUCKY

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2011

	General	WKU Athletics	Debt Service	ITA Bond	Other Governmental Funds	Total Governmental Funds
ASSETS						
Pooled cash and cash equivalents	\$ 7,647,573	\$ -	\$ -	\$ 1,344,467	\$ 8,980,967	\$ 17,973,007
Non-pooled cash and cash equivalents	97,733	-	-	-	1,535,339	1,633,072
Investments	11,221,072	-	-	-	3,911,225	15,132,297
Receivables (net of allowances for uncollectibles):						
Accounts	78,874	-	-	-	25,507	104,381
Loans	-	-	-	-	366,325	366,325
Western Kentucky University	-	31,490,000	-	-	-	31,490,000
Interest	21,350	-	-	-	1,672	23,022
Due from other governmental units	196,816	-	-	-	586,739	783,555
Prepaid items	116,591	-	-	-	-	116,591
Restricted assets:						
Non-pooled cash and cash equivalents	-	-	-	13,002,757	2,824,567	15,827,324
Total assets	\$ 19,380,009	\$ 31,490,000	\$ -	\$ 14,347,224	\$ 18,232,341	\$ 83,449,574
LIABILITIES AND FUND BALANCES						
Liabilities						
Vouchers and accounts payable	\$ 191,024	\$ -	\$ -	\$ -	\$ 594,767	\$ 785,791
Accrued payroll	821,081	-	-	-	12,218	833,299
Deferred revenue	213,070	31,490,000	-	-	366,325	32,069,395
Security deposits	422,320	-	-	-	-	422,320
Total liabilities	1,647,495	31,490,000	-	-	973,310	34,110,805
Fund Balances						
Non-spendable	116,591	-	-	-	-	116,591
Restricted	28,381	-	-	13,002,757	7,220,786	20,251,924
Committed	7,153,358	-	-	-	-	7,153,358
Assigned	2,350,558	-	-	1,344,467	10,038,245	13,733,270
Unassigned	8,083,626	-	-	-	-	8,083,626
Total fund balances	17,732,514	-	-	14,347,224	17,259,031	49,338,769
Total liabilities and fund balances	\$ 19,380,009	\$ 31,490,000	\$ -	\$ 14,347,224	\$ 18,232,341	\$ 83,449,574

See accompanying notes

CITY OF BOWLING GREEN, KENTUCKY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

June 30, 2011

Fund balances - total governmental funds \$ 49,338,769

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

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

Governmental capital assets	204,887,417	
Less accumulated depreciation	<u>(32,655,489)</u>	172,231,928

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 assets. 7,695,880

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. 31,805,361

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. 12,545,476

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.

General obligation and revenue bonds	(123,206,870)	
Premiums, deferred charges and discounts on bond obligations	-	
Deferred charges for issuance costs (to be amortized over the life of debt)	1,008,416	
Notes and lease purchase agreements	(3,944,088)	
Deferred revenue	-	
Accrued interest payable	(814,628)	
Accrued compensated absences	(1,478,978)	
Landfill postclosure care	<u>(1,261,909)</u>	<u>(129,698,057)</u>

\$ 143,919,357

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENT FUNDS

For the Year Ended June 30, 2011

	General	WKU Athletics	Debt Service	ITA Bond	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 10,686,632	\$ -	\$ -	\$ -	\$ 407,500	\$ 11,094,132
Insurance premium taxes	1,399,773	-	-	-	1,687,848	3,087,621
Wages and net profits taxes	35,222,746	-	-	-	1,996,018	37,218,764
Licenses and permits	1,008,531	-	-	-	-	1,008,531
Intergovernmental	264,904	2,150,388	-	-	8,075,165	10,490,457
Investment income	78,895	-	-	476,964	213,590	769,449
Charges for services	497,947	-	-	-	74,091	572,038
Parks and recreation	379,821	-	-	-	-	379,821
Rent income	-	-	-	1,410,533	-	1,410,533
Miscellaneous	202,216	2,000	-	-	808,828	1,013,044
Total Revenues	49,741,465	2,152,388	-	1,887,497	13,263,040	67,044,390
EXPENDITURES						
Current:						
General government	6,258,357	-	-	-	61,186	6,319,543
Public safety	21,733,949	-	-	-	2,177,875	23,911,824
Public works	5,427,466	-	-	-	1,903,509	7,330,975
Parks and recreation	5,177,734	-	-	-	413,768	5,591,502
Housing and community development	1,401,566	-	-	-	3,792,649	5,194,215
Community services	461,995	-	-	-	-	461,995
Capital Outlay	-	-	-	-	5,879,013	5,879,013
Debt Service:						
Principal	-	930,000	3,323,046	2,090,000	455,000	6,798,046
Interest and fiscal charges	-	1,222,388	2,053,369	1,714,672	1,155,137	6,145,566
Total Expenditures	40,461,067	2,152,388	5,376,415	3,804,672	15,838,137	67,632,679
Excess (deficiency) of revenues over (under) expenditures	9,280,398	-	(5,376,415)	(1,917,175)	(2,575,097)	(588,289)
Other financing sources (uses):						
Transfers in	100,000	-	5,376,415	800,000	4,451,078	10,727,493
Transfers out	(8,639,491)	-	-	-	(4,465,841)	(13,105,332)
Issuance of refunding debt	-	29,627,561	-	-	-	29,627,561
Proceeds from capital lease	-	-	-	-	1,309,391	1,309,391
Payment to refunded debt escrow agent	-	(29,627,561)	-	-	-	(29,627,561)
Proceeds from the sale of capital assets	15,604	-	-	-	-	15,604
Total other financing sources (uses)	(8,523,887)	-	5,376,415	800,000	1,294,628	(1,052,844)
Net change in fund balances	756,511	-	-	(1,117,175)	(1,280,469)	(1,641,133)
Fund balances, beginning	16,976,003	-	-	15,464,399	18,539,500	50,979,902
Fund balances, ending	\$ 17,732,514	\$ -	\$ -	\$ 14,347,224	\$ 17,259,031	\$ 49,338,769

See accompanying notes

CITY OF BOWLING GREEN, KENTUCKY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

June 30, 2011

Net change in fund balances - total governmental funds \$ (1,641,133)

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	10,822,205	
Depreciation expense	(3,950,483)	
Sales of capital assets	<u>(1,854,774)</u>	5,016,948

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 assets. Increases in the receivable are not reported in the governmental funds; however, in the statement of activities, the increase the increase is recorded as contribution revenue. 1,039,613

The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 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. 4,883,655

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. 231,794

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. 46,626

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

Compensated absences payable		(49,073)
Landfill postclosure care		84,092

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. 88,564

Change in net assets of governmental activities \$ 9,701,086

See accompanying notes

CITY OF BOWLING GREEN, KENTUCKY
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
June 30, 2011

	Business-Type Activities Enterprise Funds				Governmental
	Golf	Aquatics	Convention	Total	Activities
			Center		Internal Service
					Funds
ASSETS					
Current Assets					
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 2,172,838
Non-pooled cash and cash equivalents	711,920	882,099	1,203,948	2,797,967	-
Investments	-	273,162	2,095,075	2,368,237	5,251,896
Accounts receivable	480	19,732	22,924	43,136	19,898
Interest receivable	-	-	-	-	1,672
Lease receivable from component unit	-	-	19,235	19,235	-
Inventories	113,624	-	-	113,624	191,870
Prepaid assets	-	-	-	-	323,000
Total current assets	<u>826,024</u>	<u>1,174,993</u>	<u>3,341,182</u>	<u>5,342,199</u>	<u>7,961,174</u>
Noncurrent assets					
Noncurrent portion of lease receivable from component unit	-	-	186,951	186,951	-
Capital assets					
Land	248,543	200,991	2,290,764	2,740,298	-
Construction in progress	-	-	158,353	158,353	-
Buildings	1,734,994	155,062	10,577,055	12,467,111	200,986
Improvements other than buildings	-	5,647,802	-	5,647,802	-
Golf course improvements	4,770,939	-	-	4,770,939	-
Machinery and equipment	986,885	42,349	1,295,840	2,325,074	281,427
Property held under capital lease	306,633	-	-	306,633	-
	8,047,994	6,046,204	14,322,012	28,416,210	482,413
Less accumulated depreciation	(4,110,357)	(3,196,772)	(5,978,479)	(13,285,608)	(322,837)
Capital assets, net	<u>3,937,637</u>	<u>2,849,432</u>	<u>8,343,533</u>	<u>15,130,602</u>	<u>159,576</u>
Total noncurrent assets	<u>3,937,637</u>	<u>2,849,432</u>	<u>8,530,484</u>	<u>15,317,553</u>	<u>159,576</u>
Total assets	<u>\$ 4,763,661</u>	<u>\$ 4,024,425</u>	<u>\$ 11,871,666</u>	<u>\$ 20,659,752</u>	<u>\$ 8,120,750</u>
LIABILITIES					
Current liabilities					
Vouchers and accounts payable	\$ 57,340	\$ 10,410	\$ -	\$ 67,750	\$ 152,639
Accrued payroll	44,080	25,487	415	69,982	11,888
Accrued interest payable	2,804	9,961	14,534	27,299	-
Deferred revenue	750	-	-	750	-
Insurance claims payable	-	-	-	-	249,100
Current portion of compensated absences	35,230	543	-	35,773	11,243
Current portion of capital lease obligations	8,795	-	-	8,795	-
Capital lease due to component unit	19,235	-	-	19,235	-
Current portion of bond obligations	32,463	326,742	550,000	909,205	-
Total current liabilities	<u>200,697</u>	<u>373,143</u>	<u>564,949</u>	<u>1,138,789</u>	<u>424,870</u>
Noncurrent liabilities					
Noncurrent portion of compensated absences	8,934	2,836	-	11,770	-
Noncurrent portion of capital lease obligations	20,752	-	-	20,752	-
Noncurrent portion of capital lease due to component units	186,951	-	-	186,951	-
Noncurrent portion of bond obligations	517,964	2,672,993	4,399,247	7,590,204	-
Total noncurrent liabilities	<u>734,601</u>	<u>2,675,829</u>	<u>4,399,247</u>	<u>7,809,677</u>	<u>-</u>
Total liabilities	<u>935,298</u>	<u>3,048,972</u>	<u>4,964,196</u>	<u>8,948,466</u>	<u>424,870</u>
NET ASSETS					
Invested in capital assets, net of related debt	3,357,663	(150,303)	3,394,286	6,601,646	159,576
Unrestricted	470,700	1,125,756	3,513,184	5,109,640	7,536,304
Total net assets	<u>\$ 3,828,363</u>	<u>\$ 975,453</u>	<u>\$ 6,907,470</u>	<u>\$ 11,711,286</u>	<u>\$ 7,695,880</u>

See accompanying notes

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS – PROPRIETARY FUNDS

For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Golf	Aquatics	Convention Center		
OPERATING REVENUES					
Transient room taxes	\$ -	\$ -	420,300	\$ 420,300	\$ -
Charges for services	1,006,755	442,416	216,665	1,665,836	1,586,936
Sales of merchandise and concessions	268,586	116,384	-	384,970	-
Insurance premiums	-	-	-	-	4,771,353
Judgements and settlements	480	19,732	-	20,212	20,061
Miscellaneous	20,373	-	-	20,373	1,512
Total operating revenues	1,296,194	578,532	636,965	2,511,691	6,379,862
OPERATING EXPENSES					
Cost of sales	189,045	61,756	-	250,801	-
Personnel services	1,203,486	184,431	12,443	1,400,360	506,582
Contractual services	165,363	13,433	47,517	226,313	394,038
Supplies	324,232	54,503	-	378,735	966,931
Utilities	83,797	61,851	-	145,648	27,277
Repairs and maintenance	100,497	67,671	(23,796)	144,372	101,082
Insurance premiums and claims	-	-	-	-	4,285,492
Depreciation	239,476	291,103	307,469	838,048	21,032
Miscellaneous	24,018	593	514	25,125	104
Total operating expenses	2,329,914	735,341	344,147	3,409,402	6,302,538
Operating income (loss)	(1,033,720)	(156,809)	292,818	(897,711)	77,324
NONOPERATING REVENUES (EXPENSES)					
Interest income	581	10,275	73,654	84,510	118,470
Gain/(loss) on disposal of assets	-	-	1,306	1,306	-
Interest expense	(37,221)	(117,469)	(195,310)	(350,000)	-
Amortization	705	(18,619)	(68,864)	(86,778)	-
Total nonoperating revenues (expenses)	(35,935)	(125,813)	(189,214)	(350,962)	118,470
Income (loss) before transfers	(1,069,655)	(282,622)	103,604	(1,248,673)	195,794
Transfers in	1,102,631	445,264	929,945	2,477,840	-
Transfers out	-	-	-	-	(107,230)
Change in net assets	32,976	162,642	1,033,549	1,229,167	88,564
Net assets, beginning	3,795,387	812,811	5,873,921	10,482,119	7,607,316
Net assets, ending	\$ 3,828,363	\$ 975,453	\$ 6,907,470	\$ 11,711,286	\$ 7,695,880

See accompanying notes

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds			Total	Governmental
	Golf	Aquatics	Convention Center		Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 1,275,983	\$ 558,800	\$ 210,360	\$ 2,045,143	\$ 6,361,940
Other cash receipts	20,373	-	420,300	440,673	-
Cash payments to employees	(1,387,788)	(244,805)	(12,366)	(1,644,959)	(514,481)
Cash payments to suppliers	(678,596)	(210,990)	(114,854)	(1,004,440)	(1,521,040)
Claims paid	-	-	-	-	(4,263,926)
Net cash provided by (used in) operating activities	(770,028)	103,005	503,440	(163,583)	62,493
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	1,102,631	445,264	929,945	2,477,840	-
Transfers out	-	-	-	-	(107,230)
Net cash provided by noncapital financing activities	1,102,631	445,264	929,945	2,477,840	(107,230)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	-	-	(526,325)	(526,325)	(564)
Proceeds from sales of capital assets	-	-	1,307	1,307	-
Principal paid on bond obligations	(32,259)	(316,250)	(560,000)	(908,509)	-
Principal paid on component unit lease	(19,235)	-	-	(19,235)	-
Principal paid on capital leases	(17,997)	-	-	(17,997)	-
Interest paid on debt obligations	(37,358)	(129,012)	(198,612)	(364,982)	-
Net cash used in capital and related financing activities	(106,849)	(445,262)	(1,283,630)	(1,835,741)	(564)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	581	10,275	73,654	84,510	121,149
Purchase of investments	-	-	(523,779)	(523,779)	(7,026)
Proceeds from sale of investments	-	3,167	-	3,167	-
Cash received from lease property	-	-	19,235	19,235	-
Net cash provided by (used in) investing activities	581	13,442	(430,890)	(416,867)	114,123
Net increase in cash and cash equivalents	226,335	116,449	(281,135)	61,649	68,822
Cash and cash equivalents, beginning of year	485,585	765,650	1,485,083	2,736,318	2,104,016
Cash and cash equivalents, end of year	\$ 711,920	\$ 882,099	\$ 1,203,948	\$ 2,797,967	\$ 2,172,838
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (1,033,720)	\$ (156,809)	\$ 292,818	\$ (897,711)	\$ 77,324
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	239,476	291,103	307,469	838,048	21,032
Change in assets and liabilities					
Accounts receivable	(388)	(19,732)	(6,305)	(26,425)	(17,922)
Inventories	8,044	-	-	8,044	(51,595)
Prepaid items	-	-	-	-	-
Accounts payable	11,267	(12,939)	(90,619)	(92,291)	19,987
Deferred revenue	550	-	-	550	-
Compensated absences	1,516	(62)	-	1,454	(4,001)
Accrued payroll	3,227	1,444	77	4,748	(3,898)
Insurance claims payable	-	-	-	-	21,566
Net cash provided by (used in) operating activities	\$ (770,028)	\$ 103,005	\$ 503,440	\$ (163,583)	\$ 62,493

See accompanying notes

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2011

	Pension Trust - Police & Firemen's Retirement	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Pooled cash and cash equivalents	\$ -	\$ 112,918
Non-pooled cash and cash equivalents	284,677	175,000
Accrued interest receivable	37,235	-
Accounts receivable	40	-
Investments		
Corporate securities	1,537,383	-
Mutual funds	3,009,311	-
Kentucky local municipal bonds	1,421,121	-
United States government securities	970,012	-
Total investments at fair value	<u>6,937,827</u>	<u>-</u>
 Total assets	 <u>\$ 7,259,779</u>	 <u>\$ 287,918</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 2,027	\$ -
Due to other governmental units	-	112,918
Other liabilities	<u>-</u>	<u>175,000</u>
 Total liabilities	 <u>2,027</u>	 <u>\$ 287,918</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 7,257,752</u>	

See accompanying notes

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the Year Ended June 30, 2011

	Pension Trust - Police & Firemen's Retirement
ADDITIONS	
Contributions	
Employer	\$ 450,000
Investment income	
Net appreciation in fair value of investments	571,843
Interest	157,043
Dividends	59,212
Other Miscellaneous Receipts	41
	<hr/>
Total investment earnings	788,139
	<hr/>
Total additions	1,238,139
	<hr/>
DEDUCTIONS	
Benefit payments	945,459
Administrative expenses	19,087
	<hr/>
Total deductions	964,546
	<hr/>
Change in net assets	273,593
Net assets, beginning of year	6,984,159
	<hr/>
Net assets, end of year	\$ 7,257,752
	<hr/> <hr/>

See accompanying notes

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF NET ASSETS

COMPONENT UNITS

June 30, 2011

	Bowling Green Municipal Utilities
ASSETS	
Non-pooled cash and cash equivalents	\$ 10,854,735
Investments	100,000
Receivables (net):	
Accounts	8,870,435
Other	6,923,722
Accrued interest	-
Inventories	1,088,732
Prepaid items	450,692
Deferred charges	180,436
Restricted assets:	
Restricted cash - TVA	497,264
Investments	3,915,542
Other assets	183,441
Capital assets, net of accumulated depreciation:	
Non-depreciable	41,460,832
Depreciable	127,741,698
Total assets	<u>202,267,529</u>
LIABILITIES	
Vouchers and accounts payable	11,271,475
Compensated absences payable	717,609
Accrued interest payable	1,232,199
Other current liabilities	2,025,674
Advances from TVA - conservation program	-
Customer advances	74,512
Security deposits	2,944,025
Compensated absences payable, noncurrent	344,875
Noncurrent liabilities	
Due within one year	2,605,905
Due in more than one year	64,585,851
Total liabilities	<u>85,802,125</u>
NET ASSETS	
Invested in capital assets, net of related debt	102,783,194
Restricted for capital activities and debt service	4,015,542
Unrestricted	9,666,668
Total net assets	<u>\$ 116,465,404</u>

See accompanying notes

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF ACTIVITIES

COMPONENT UNITS

For the Year Ended June 30, 2011

Function/Programs	Expenses	Program Revenues			Net (expense)
		Charges for Services	Operating Contributions	Capital Contributions	Revenue and Changes in Net Assets
					Bowling Green Municipal Utilities
Bowling Green Municipal Utilities	\$ 100,564,413	\$ 102,526,271	\$ -	\$ 1,251,710	\$ 3,213,568
General revenues:					
					193,827
					356,194
Total general revenues					<u>550,021</u>
Change in net assets					3,763,589
Net assets, beginning of year, restated					<u>112,701,815</u>
Net assets, end of year					<u><u>\$ 116,465,404</u></u>

See accompanying notes

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

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CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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. In accordance with GASB Statement No. 20, all applicable GASB pronouncements as well as Statements and Interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements, have been selected in accounting for proprietary funds. 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.

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.

Bowling Green Municipal Projects Corporation. The non-profit corporation was organized as an agency and instrumentality of the City to facilitate the financing of public capital projects. The corporation's articles of incorporation contain provisions for the City's governing body to retain organizational and supervisory control over the corporation's activities as a constituted authority of the City. The corporation issues revenue bonds to finance construction of public projects and leases the facilities to the City in accordance with lease agreements providing for initial one-year lease terms with annual renewal options at rental amounts sufficient to cover principal and interest maturities within that year.

CITY OF BOWLING GREEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

The non-profit corporation's debt service transactions are reported as part of the City's Debt Service Fund.

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.

Proprietary Fund Type

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

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

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

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

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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 2011, the ITA and Warren County made rental payments of \$1,410,533. The City was required to fund an additional \$1,260,543 related to the required debt service payments. 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 Assets, both the governmental and business-type activities are presented on a consolidated basis by column.

The Government-wide Statement of Activities demonstrates the degree to which the direct expenses of a function are offset by program revenues. Direct expenses (including depreciation) are those that are clearly identifiable with a specific function. Program revenues are directly associated with the function and include charges for services and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants are capital-specific. Occupational license fees applied to gross wages and net profits, other license fees and permits, taxes, interest income and other revenues not properly included in program revenues are reported as general revenues.

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

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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 Assets. 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 deferred 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 and Fleet Maintenance funds for employer insurance and fleet maintenance expenses; these revenues and expenses are eliminated upon consolidation. Direct expenses of the internal service funds are not eliminated.

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

E. Basis of Presentation

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

In accordance with GASB Statement No. 34, major funds are determined by the percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined. Any other governmental or enterprise funds that the City believes is particularly important to financial statement users may also be reported as major. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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 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 as well as \$2,045,000 on the City's General Obligation and Special Revenues Bonds, Series 2002B and 2002C.

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 2007A and 2007B 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 assets, 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 funds:

The **Golf Course Fund** is used to account for the operations of the City's public golf courses.

The **Aquatics Fund** is used to account for the operations of the City's public pool and water park.

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 and Workers Compensation 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:

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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

Agency Funds

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

Payroll Fund is an imprest paying agent for City payroll.

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.

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 City 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, 2011, 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".

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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

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

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

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, traffic signals, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-wide financial statements. Expenditures for items having a useful life greater than one year and having a cost greater than \$5,000 are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value and recorded as donations at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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

Sick leave for most classified employees is earned on the basis of one working day or eight hours per month of service. Sick leave for Fire Department personnel working 24 hours on/48 hours off is earned on the basis of 12 hours per month of service. Earned sick leave may be accumulated up to a maximum of 180 days; thereafter, employees are compensated monthly for days accumulated in excess of 180 days in an amount equal to one-half of the base rate straight-time value. For retiring employees who are participating members of CERS, the City will purchase service credit for up to six months (120 days) of unused sick leave at the time of retirement. Employees who retire with more than 120 accrued sick days may receive cash payment for the number of days over 120 in the amount of \$25/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 Assets. The discounts, premiums and issuance costs 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 deferred charges and amortized over the term of the related debt.

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 offset against the new liability.

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 2010, licenses and permits paid in advance of \$213,070 have been deferred, \$366,325 in accounts and loans receivable have been recorded as deferred revenue as these amounts have not yet been earned.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

Fund Equity – Beginning with fiscal year 2011, the City implemented GASB Statement 54, “Funding Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. 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, using its decision-making authority; 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 by an official or body to which the City delegates authority as established by the City’s Fund Balance Policy.
- 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.

CITY OF BOWLING GREEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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, 2011 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, 2011 are summarized and categorized below in the following table:

Primary Government (except Fiduciary Funds)		
Investment Type	Fair Value	Weighted Average Maturity
Certificate of Deposit	\$ 16,684,066	0.89
Tax Free Mutual Funds	1,939,475	0.95
U.S. Agencies CMO	4,035,170	0.04
Money Markets	93,719	n/a
	\$ 22,752,430	

Interest Rate Risk - While the Government has adopted an investment policy that recommends controlling interest rate risk through maturity diversification, the policy states that unless matched to a specific cash flow need, the City's funds should not, in general, be invested in securities maturing more than one year from the date of purchase.

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

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

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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, 2011 are summarized and categorized in the following tables:

<u>Bowling Green Municipal Utilities Water-Sewer Division</u>		
<u>Investment Type</u>	<u>Fair Value</u>	Maturities in Years
		<u>Less than 1</u>
U.S. agencies obligations	\$ 836,251	\$ 836,251
U.S. Treasury mutual fund	1,773,441	1,773,441
Federal Home Loan Bank mutual fund	1,309,427	1,309,427
Government obligation mutual fund	316,598	316,598
Foreign investments	66,619	66,619
	<u>\$ 4,302,336</u>	<u>\$ 4,302,336</u>

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

Carrying Value	
Deposits	\$ 767,483
Investments	4,302,336
	<u>\$ 5,069,819</u>

Included in the following captions:

Non-pooled cash and cash equivalents	\$ 2,540,924
Investments and restricted funds	2,528,895
	<u>\$ 5,069,819</u>

<u>Bowling Green Municipal Utilities Electric Division</u>		
<u>Investment Type</u>	<u>Fair Value</u>	Maturities in Years
		<u>Less than 1</u>
U.S. agencies obligations	\$ 928,106	\$ 928,106
U.S. Treasury mutual fund	458,541	458,541
	<u>\$ 1,386,647</u>	<u>\$ 1,386,647</u>

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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

Carrying Value	
Deposits	\$ 8,368,850
Investments	1,386,647
	<u>\$ 9,755,497</u>

Included in the following captions:

Cash and cash equivalents	\$ 8,268,850
Noncurrent cash, cash equivalents and investments	1,486,647
	<u>\$ 9,755,497</u>

Interest Rate Risk - The U.S. Treasury mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately. The Municipal Utilities does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2011, certain of 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. The utility's investment in U.S. agencies obligations not directly guaranteed by the U.S. Government was rated AAA by Standard & Poor's and A-1 by Moody's Investors Services.

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, 2011 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, 2011, the Water-Sewer Division's investment in Federal National Mortgage Association obligations constituted approximately 19% of its total investments and its investment in Federal Home Loan Bank obligations constituted approximately 30% of its total investments. At June 30, 2011, the Electric Division's investment in Federal National Mortgage Association obligations constituted 67% of its total investments.

Policemen and Firefighters' Retirement Fund

Approximately 14% of the net assets held in trust for pension benefits are invested in bonds of the U.S. Government and its instrumentalities. The Fund has no investments in the stocks or bonds of any commercial or industrial organization whose market value exceeds five percent of the net assets available for benefits.

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

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1-5	5-10	More than 10
U.S. Government	\$ 970,012	\$ -	\$ -	\$ 873,987	\$ 96,025
Corporate Securities	1,537,383	224,741	1,181,069	85,346	46,227
Kentucky Municipal Bonds	1,421,121	51,347	52,377	593,291	724,106
Mutual Funds	3,009,311	3,009,311	-	-	-
Total	\$ 6,937,827	\$ 3,285,399	\$ 1,233,446	\$ 1,552,624	\$ 866,358

Debt Securities Investments at Fair Value

Quality Ratings	2011
AA3	\$ 33,100
AA2	212,608
A1	105,940
A2	210,212
A3	53,955
BAA1	106,425
NR	815,143
Total Credit Risk Debt Securities	1,537,383
U.S. Government Agencies	970,012
Total Debt Securities	\$ 2,507,395

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, 2011, the Fund's carrying amounts for cash investments were uninsured, but held in the Fund by the corresponding bank's trust department.

B. Restricted Assets

Governmental Activities

Cemetery Perpetual Fund - Assets totaling \$739,622 are reported in the Cemetery Perpetual Fund as these assets are restricted for cemetery maintenance.

2007A General Obligation Bonds - For the 2007 bonds, a construction fund account was established for the payment of costs associated with 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. The balance of these funds at June 30, 2011 is \$2,084,258.

2007B & C General Obligation Bonds - For the 2007B and C bonds, various accounts were established for the payment of outstanding Inter-Model Transportation Authority mortgage-backed bonds as they come due. The balance of these funds at June 30, 2011 is \$13,002,757.

CITY OF BOWLING GREEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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.

C. Loans Receivable

The Community Development Special Revenue Fund has loans receivable pursuant to Commonwealth of Kentucky, Department of Local Government grant agreements and City revolving loan fund agreements, which provided Community Development Block Grant and local program income funds for economic development projects in the City. Loans receivable at June 30, 2011 consist of the following:

Houchens Warehousing, Inc. note receivable in 144 monthly installments of \$6,172 including interest at 4%; final installment due June 1, 2013; secured by real estate.	\$ 142,141
Clay Street Station, LLC note receivable in 180 installments of \$2,682 including interest at 3.5%; final balloon payment of \$147,364 due June 1, 2014; secured by real estate.	<u>224,184</u>
Total loans receivable	<u><u>\$ 366,325</u></u>

CITY OF BOWLING GREEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

D. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Primary Government				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 17,606,692	\$ 156,473	\$ -	\$ 17,763,165
Restricted Land	3,204,977	-	(2,859,880)	345,097
Infrastructure	81,158,365	6,134,044	(1,693,369)	85,599,040
Construction in progress	693,362	3,430,773	(1,176,165)	2,947,970
Total capital assets, not being depreciated	<u>102,663,396</u>	<u>9,721,290</u>	<u>(5,729,414)</u>	<u>106,655,272</u>
Capital assets, being depreciated:				
Stormwater Infrastructure	11,878,747	247,228	-	12,125,975
Buildings	40,196,094	853,186	(2,000)	41,047,280
Improvements other than buildings	19,575,419	1,224,688	(9,742)	20,790,365
Vehicles, equipment and furniture	20,335,539	1,769,482	(265,581)	21,839,440
Intangibles	2,911,499	-	-	2,911,499
Total capital assets, being depreciated	<u>94,897,298</u>	<u>4,094,584</u>	<u>(277,323)</u>	<u>98,714,559</u>
Less accumulated depreciation:				
Stormwater Infrastructure	(1,005,962)	(230,522)	-	(1,236,484)
Buildings	(10,153,542)	(1,003,266)	1,551	(11,155,257)
Improvements	(3,595,304)	(739,596)	5,036	(4,329,864)
Vehicles, equipment and furniture	(14,470,462)	(1,891,539)	252,640	(16,109,361)
Intangibles	(40,766)	(106,592)	-	(147,358)
Total accumulated depreciation	<u>(29,266,036)</u>	<u>(3,971,515)</u>	<u>259,227</u>	<u>(32,978,324)</u>
Total capital assets, being depreciated, net	<u>65,631,262</u>	<u>123,069</u>	<u>(18,096)</u>	<u>65,736,235</u>
Governmental activities, capital assets, net	<u>\$ 168,294,658</u>	<u>\$ 9,844,359</u>	<u>\$ (5,747,510)</u>	<u>\$ 172,391,507</u>

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Business-type assets:				
Capital assets, not being depreciated:				
Land	\$ 2,740,298	\$ -	\$ -	\$ 2,740,298
Construction in progress	11,113	169,466	(22,225)	158,354
Total capital assets, not being depreciated	<u>2,751,411</u>	<u>169,466</u>	<u>(22,225)</u>	<u>2,898,652</u>
Capital assets, being depreciated:				
Buildings	12,220,430	246,681	-	12,467,111
Improvements other than buildings	10,418,741	-	-	10,418,741
Vehicles, equipment and furniture	2,233,174	132,404	(40,504)	2,325,074
Property held under capital lease	306,633	-	-	306,633
Total capital assets, being depreciated	<u>25,178,978</u>	<u>379,085</u>	<u>(40,504)</u>	<u>25,517,559</u>
Less accumulated depreciation:				
Buildings	(4,923,154)	(324,357)	-	(5,247,511)
Improvements	(5,422,823)	(422,738)	-	(5,845,561)
Vehicles, equipment and furniture	(2,001,343)	(83,520)	40,504	(2,044,359)
Property held under capital lease	(140,747)	(7,431)	-	(148,178)
Total accumulated depreciation	<u>(12,488,067)</u>	<u>(838,046)</u>	<u>40,504</u>	<u>(13,285,609)</u>
Total capital assets, being depreciated, net	<u>12,690,911</u>	<u>(458,961)</u>	<u>-</u>	<u>12,231,950</u>
Business-type activities, capital assets, net	<u>\$ 15,442,322</u>	<u>\$ (289,495)</u>	<u>\$ (22,225)</u>	<u>\$ 15,130,602</u>

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

Governmental activities

General government	\$ 404,390
Public safety	1,848,388
Public works	731,226
Parks and recreation	824,200
Housing and community development	163,311
Total depreciation expense - governmental activities	<u>\$ 3,971,515</u>

Business-type activities

Golf course	\$ 239,474
Aquatics	291,103
Convention Center	307,469
Total depreciation expense - business-type activities	<u>\$ 838,046</u>

CITY OF BOWLING GREEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

Component unit capital asset activity for the year ended June 30, 2011 was as follows:

	Balance 6/30/2010	Increases	Decreases	Balance 6/30/2011
Bowling Green Municipal Utilities				
Capital assets, not being depreciated:				
Construction in progress	\$ 16,830,165	\$ 24,753,158	\$ (122,491)	\$ 41,460,832
Capital assets, being depreciated:				
Transmission plant	2,018,099	36,494	(31,056)	2,023,537
Distribution plant	68,337,771	2,282,430	(426,962)	70,193,239
Structures and improvements, nodes	257,640	3,690	-	261,330
General plant	12,923,347	562,535	(386,468)	13,099,414
Water plant	72,452,557	905,452	-	73,358,009
Sewer plant	54,942,158	540,210	-	55,482,368
Equipment	3,878,714	253,996	-	4,132,710
Overhead conductors and devices	4,676,946	142,041	-	4,818,987
Trucks and autos	1,571,414	362,093	(84,465)	1,849,042
Office equipment	1,289,680	109,542	(15,947)	1,383,275
Office additions	65,716	-	-	65,716
Total capital assets, being depreciated	<u>222,414,042</u>	<u>5,198,483</u>	<u>(944,898)</u>	<u>226,667,627</u>
Less accumulated depreciation	<u>(93,288,404)</u>	<u>(6,875,812)</u>	<u>1,238,287</u>	<u>(98,925,929)</u>
Total capital assets, being depreciated, net	<u>129,125,638</u>	<u>(1,677,329)</u>	<u>293,389</u>	<u>127,741,698</u>
Bowling Green Municipal Utilities, capital assets, net	<u>\$ 145,955,803</u>	<u>\$ 23,075,829</u>	<u>\$ 170,898</u>	<u>\$ 169,202,530</u>

CITY OF BOWLING GREEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

E. Interfund Transfers

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

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

Transfers In	Transfers Out					
Within the primary government:	General	WKU Fund	Debt Service	ITA Bond	Non-Major Governmental	Internal Service
General	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ -
ITA Bond	800,000	-	-	-	-	-
Debt Service	2,991,005	-	-	-	2,385,410	-
Golf	638,895	-	-	-	463,736	-
Aquatics	445,264	-	-	-	-	-
Convention Center	-	-	-	-	929,945	-
Non-major governmental	<u>3,764,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>586,750</u>	<u>107,230</u>
Total within primary government	<u>\$ 8,639,491</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,465,841</u>	<u>\$ 107,230</u>

CITY OF BOWLING GREEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

F. Long-term Debt

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

Primary Government:

Governmental Activities	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
General Obligation and Revenue Bonds					
General Obligation Bond, Series 2002A	City Police Headquarters Expansion	6,430,000	1.90% - 4.70%	June 30, 2017	\$ 3,195,000
General Obligation Bond, Series 2002B	Western Kentucky University Project	30,115,000	3.50% - 5.00%	June 1, 2013	1,995,000
General Obligation Bond, Series 2002C	Western Kentucky University Project	1,800,000	5.875% - 6.5%	June 1, 2012	50,000
	Parks Community Center, Police Dept. Headquarters, Public Works Renovations, Parks & Cemetery Improvements	12,626,000	2.422% - 4.792%	June 30, 2024	9,173,592
General Obligation Bond, Series 2004A	Real Properties	2,025,000	3.8% - 5.050%	June 30, 2024	1,515,000
General Obligation Bond, Series 2004B	Lovers Lane Utilities, Park Community Center Expansion, Circus Square, Downtown Signalization, SkyPAC land acquisition, various road projects, Southwest Parkway property acquisition, Broadway Curve Straightening, Fields Drive and Skate Park	14,905,000	4.0% - 5.0%	June 30, 2033	13,295,000
General Obligation Bond, Series 2007A	John Jones Area Water & Sewer Construction	165,954	3.70%	July 1, 2025	118,419
Warren County Water District 2003 Bond	Inter-Modal Transportation Authority, Inc. refinancing	20,615,000	3.375% - 4.625%	September 1, 2023	19,465,000
General Obligation Bond, Series 2007B	Inter-Modal Transportation Authority, Inc. refinancing	6,800,000	5.60%	September 1, 2023	6,465,000
General Obligation Bond, Series 2007C	Baseball Stadium construction	24,835,000	3.50% - 5.00%	June 1, 2038	23,940,000
General Obligation Bond, Series 2008A	Fire stations at Greenwood, Airport and Fire Headquarters	6,585,000	3.50% - 4.75%	June 1, 2028	5,835,000
General Obligation Bond, Series 2008B	Refinance prior year bond obligations	12,119,800	3.00% - 4.50%	June 1, 2020	10,591,351
General Obligation Bond, Series 2009	Refinance prior year bond obligations	29,580,000	0.5% - 3.75%	June 1, 2026	29,445,000
General Obligation Bond, Series 2010/ 2011	Refinance prior year bond obligations				125,083,362
	Premiums, deferred charges and discounts on bond obligations				(1,876,492)
	Total General Obligation and Revenue Bonds				\$ 123,206,870
Notes and Lease Purchase Agreements					
National City Bank	2004 fire truck ladder	713,000	Prime - 1.67%	December 5, 2013	213,700
	Relocation of operations division & realignment of 14th Avenue	1,630,000	10 yr LIBOR	July 2, 2025	1,216,661
BB&T	Depot project	1,000,000	5.649%	June 7, 2018	470,145
US Bank	2008 Fire Pumper and Quint	1,019,193	3.97%	August 1, 2018	734,191
Chase Bank	2010 Fire Aerial & Pumper Trucks	1,309,391	2.66%	October 1, 2020	1,309,391
Chase Bank					3,944,088
Total Notes Payable and Capital Leases					
Other Long-Term Liabilities					
	Compensated Absences				1,490,221
	Landfill				1,261,909
					2,752,130
	Total long-term governmental liabilities				\$ 129,903,088

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

Business-Type Activities

General Obligation Bonds

General Obligation Bond, Series 2003	Crosswinds Pro Shop/Conv. Cntr Facility	8,585,000	2.0% - 3.7%	June 30, 2018	\$ 5,460,000
	Hobson Golf Pro Shop and maintenance				
General Obligation Bond, Series 2004A	facility	749,000	3.8% - 5.050%	June 30, 2024	541,416
General Obligation Bond, Series 2009	Refinance prior year bond obligations	3,620,200	3.00% - 4.50%	June 1, 2020	3,163,650
					<u>9,165,066</u>
Premiums, deferred changes and discounts on bond obligations					<u>(665,657)</u>
Total General Obligation Bonds					<u><u>8,499,409</u></u>

Notes Payable and Capital Leases

BB&T	John Deere tractor	27,800	3.98%	February 1, 2013	9,336
BB&T	Greens Roller lease	24,820		February 1, 2015	20,211
Total Notes Payable and Capital Leases					<u>29,547</u>

Other Long-Term Liabilities

Compensated Absences					47,543
Total long-term business-type liabilities					<u><u>\$ 8,576,499</u></u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011	Amounts Due In One Year
Governmental Activities:					
General obligation and revenue bonds	\$ 128,686,662	\$ 29,580,000	\$ (33,183,300)	\$ 125,083,362	\$ 6,116,273
Notes and lease purchase agreements	3,241,585	1,309,391	(606,888)	3,944,088	436,794
Adjustments for deferred amounts:					
Discount on bonds payable	(150,022)	-	12,152	(137,870)	-
Premium on bonds payable	870,664	47,561	(40,553)	877,672	-
Loss on refunding	<u>(774,967)</u>	<u>(1,985,000)</u>	<u>143,673</u>	<u>(2,616,294)</u>	<u>-</u>
Total bonds, notes, leases payable	131,873,922	28,951,952	(33,674,916)	127,150,958	6,553,067
Compensated absences	1,445,149	45,072	-	1,490,221	849,123
Landfill postclosure care	<u>1,346,001</u>	<u>-</u>	<u>(84,092)</u>	<u>1,261,909</u>	<u>40,707</u>
Total governmental activities	<u>134,665,072</u>	<u>28,997,024</u>	<u>(33,759,008)</u>	<u>129,903,088</u>	<u>7,442,897</u>
Business Type Activities					
General obligation and revenue bonds	10,073,575	-	(908,509)	9,165,066	909,205
Notes and lease purchase agreements	47,544	-	(17,997)	29,547	8,795
Compensated absences	46,089	1,454	-	47,543	35,773
Less: unamortized bond discount and deferred amount from refunding	<u>(752,436)</u>	<u>-</u>	<u>86,779</u>	<u>(665,657)</u>	<u>-</u>
Total business-type activities	<u>9,414,772</u>	<u>1,454</u>	<u>(839,727)</u>	<u>8,576,499</u>	<u>953,773</u>
Total governmental and business-type activities	<u><u>\$ 144,079,844</u></u>	<u><u>\$ 28,998,478</u></u>	<u><u>\$ (34,598,735)</u></u>	<u><u>\$ 138,479,587</u></u>	<u><u>\$ 8,396,670</u></u>

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

Component Units	Balance			Balance		Amounts Due In One Year
	June 30, 2010	Increases	Decreases	June 30, 2011		
Bowling Green Municipal Utilities						
Water-Sewer Division						
Notes payable	\$ 32,757,222	\$ 21,854,758	\$ (1,540,206)	\$ 53,071,774		\$ 1,595,905
Electric Division						
Revenue bonds	10,295,000	-	(985,000)	9,310,000		1,010,000
General Services Division						
Notes payable	5,000,000	-	-	5,000,000		-
Less: unamortized bond discount	(221,282)	-	31,264	(190,018)		-
	<u>\$ 47,830,940</u>	<u>\$ 21,854,758</u>	<u>\$ (2,493,942)</u>	<u>\$ 67,191,756</u>		<u>\$ 2,605,905</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$11,243 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 generally liquidated by the general fund.

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
2012	\$ 6,152,352	\$ 6,116,273	\$ 134,832	\$ 436,794	\$ 325,097	\$ 909,205	\$ 1,000	\$ 8,795
2013	5,899,116	6,396,982	119,737	445,169	295,498	1,010,395	608	10,273
2014	5,652,683	6,711,264	104,425	453,589	263,243	1,010,280	389	5,141
2015	5,386,180	7,027,141	88,825	391,355	226,851	1,115,200	198	5,338
2016	5,088,830	7,267,506	74,620	400,482	185,574	1,120,400	-	-
2017-2021	20,038,804	38,393,801	190,237	1,423,685	312,617	3,849,050	-	-
2022-2026	10,222,565	32,260,395	43,323	393,014	14,777	150,536	-	-
2027-2031	3,929,896	9,795,000	-	-	-	-	-	-
2032-2036	1,802,730	8,120,000	-	-	-	-	-	-
2037-2041	226,500	2,995,000	-	-	-	-	-	-
	<u>\$ 64,399,656</u>	<u>\$ 125,083,362</u>	<u>\$ 755,999</u>	<u>\$ 3,944,088</u>	<u>\$ 1,623,657</u>	<u>\$ 9,165,066</u>	<u>\$ 2,195</u>	<u>\$ 29,547</u>

CITY OF BOWLING GREEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

Component Units

Principal requirements for component units' debt are as follows:

Summary of Principal Requirements

Fiscal Year	Bowling Green Municipal Utilities Water-Sewer Division	Bowling Green Municipal Utilities General Services Division	Bowling Green Municipal Utilities Electric Division	Total
2012	\$ 1,595,905	\$ -	\$ 1,010,000	\$ 2,605,905
2013	35,836,712	5,000,000	1,040,000	41,876,712
2014	1,112,222		260,000	1,372,222
2015	1,050,107		265,000	1,315,107
2016	1,084,481		280,000	1,364,481
2017-2021	5,948,163	-	1,300,000	7,248,163
2022-2026	5,479,598	-	1,380,000	6,859,598
2027-2031	964,586	-	1,690,000	2,654,586
2032-2036	-	-	2,085,000	2,085,000
2037-2040	-	-	-	-
Total	<u>\$ 53,071,774</u>	<u>\$ 5,000,000</u>	<u>\$ 9,310,000</u>	<u>\$ 67,381,774</u>

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

General Obligation and Revenue Bonds - The City 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. \$6,430,000 general obligation bonds, Series 2002A, issued to advance refund the Series 1994 lease revenue bonds and for the acquisition of land for the City police headquarters expansion.
2. \$30,115,000 general obligation and special revenue bonds, Series 2002B, issued to assist in the financing of the renovation, improvement and equipping of certain Western Kentucky University (WKU) athletic and parking facilities subject to a Memorandum of Agreement between the City and WKU (see Memorandum of Agreement on page 62). This bond is secured by the full faith, credit and taxing power of the City and WKU student athletic fees. In December 2010, this Bond was partially refunded by Series 2010.
3. \$1,800,000 general obligation and special revenue bonds, Series 2002C, issued to provide funds to assist in the financing of the renovation, improvement and equipping of certain WKU athletic and parking facilities subject to a Memorandum of Agreement between the City and WKU (see Memorandum of Agreement on page 62). In December 2010, this Bond was partially refunded by Series 2011.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

4. \$8,585,000 general obligation bonds, Series 2003, serviced by the Convention Center Enterprise Fund and issued to advance refund \$7,860,000 of outstanding Series 1993 Tourism and Economic Development, Inc. mortgage revenue bonds issued to finance the purchase of real estate for a convention center and trade show facility and for Crosswinds municipal golf course pro shop facilities.
5. \$165,954, which is 45.71% of the 2003 Warren County Water District bond, issued for the John Jones area water and sewer construction by the Warren County Water District. The City entered into a pledge agreement to assist the Water District in repaying this indebtedness.
6. \$13,375,000 general obligation bonds, Series 2004A, portion of proceeds (94.4%) used to provide funds for the demolition and reconstruction of the Parks Community Center, renovation and expansion of the Police Department headquarters, property acquisition for a relocated Public Works operations facility, improvements to parks and cemetery facilities, and various road improvements.

The remainder of the proceeds (5.6%) serviced by the Golf Enterprise Fund and used for the construction of the Hobson Grove golf course pro shop and maintenance facility.
7. \$2,025,000 general obligation bonds, Series 2004B, issued to finance the City's cost of acquisition and clearing of real properties in the Historic Bowling Green Revitalization Project Target area.
8. \$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.
9. \$27,415,000 general obligation bonds, Series 2007 B & C, issued for the purpose of refinancing the existing mortgage-backed bond issues that were used for acquisition and construction of the Kentucky Transpark. Series B is comprised of \$20,615,000 tax-exempt bonds, and Series C is comprised of \$6,800,000 taxable bonds.
10. \$24,835,000 general obligation bonds, Series 2008A, issued for the purpose of constructing a baseball park and related infrastructure for the Bowling Green Hot Rods, a single A baseball team.
11. \$6,585,000 general obligation bonds, Series 2008B, issued for the purpose of constructing the Greenwood Fire Station and the expansions and renovations of the Headquarters and Airport fire stations.
12. \$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.
13. \$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.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

Memorandum of Agreement/WKU Project Financing

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

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

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 2002B	Principal 2002C	Principal 2010/2011	Interest 2002B	Interest 2002C	Interest 2010/2011	Total
2012	\$ 940,000	\$ 50,000	\$ 300,000	\$ 64,813	\$ 1,469	\$ 936,845	\$ 2,293,127
2013	1,055,000	-	355,000	22,419	-	934,595	2,367,014
2014	-	-	1,540,000	-	-	930,690	2,470,690
2015	-	-	1,650,000	-	-	905,980	2,555,980
2016	-	-	1,775,000	-	-	872,980	2,647,980
2017-2021	-	-	10,985,000	-	-	3,522,025	14,507,025
2022-2026	-	-	12,840,000	-	-	1,491,241	14,331,241
	<u>\$ 1,995,000</u>	<u>\$ 50,000</u>	<u>\$ 29,445,000</u>	<u>\$ 87,232</u>	<u>\$ 1,469</u>	<u>\$ 9,594,356</u>	<u>\$ 41,173,057</u>

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

As of June 30, 2011 the City has recorded a receivable from WKU and deferred revenue of \$31,490,000 in the WKU Athletics Special Revenue Fund applicable to future revenues to be received from WKU related to the above agreement.

Fund Depository and Administration Agreement/WKU Project Financing

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

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

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

TIF District

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

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

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

CITY OF BOWLING GREEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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, 2011, \$49,274,738 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, 2011, the cash, investments and due from other governments available totaled \$1,602,842.

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

The estimate of present value of remaining closure and post-closure care liabilities for all three landfill sites as of June 30, 2011 is \$1,261,909. 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. Landfill closure cap construction is complete and the City performs annual monitoring, testing and reporting.

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

Butler County Landfill

The City submitted a closure plan for its Butler County landfill in May 1991. The site ceased receiving solid waste in June 1992. The closure plan was approved by the state in 1996. The facility met closure standards for a residential landfill rather than a contained landfill. Drawing upon funds from the Landfill Closure Special Revenue Fund, established from proceeds of the 1991 bond issue, the City added a leachate collection system and a passive methane gas venting system. Neither system was required by

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

residential landfill standards. However, the systems were added to reduce the likelihood of discharge of unacceptable leachate in the future. Construction of the landfill cap was completed in fiscal year 1995. The City received a permit for closure construction in 1996. A quality assurance/quality control report was submitted on November 15, 1996. The original closure permit expired in July 1997, and a new permit extending to 2002 was issued. The City submitted quarterly and annual inspections and reports to the cabinet. In 2004, consultants Kamp, Dresser and McKee were engaged to assist in development of a plan to effect final closure of the landfill. In 2005, the City completed the third year of a three-year closure care period. However, the state has not granted final closure to date. Consequently, the City continues to monitor and care for the landfill, submit required reports, and assume the city will incur landfill maintenance costs at least through 2034.

Old Louisville Road

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

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

G. Net Assets

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

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

NOTE 4. RISK MANAGEMENT

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

Beginning in July 1996, the City established the Workers Compensation Fund (WCF) (an internal service fund) to account for and finance its participation in the Kentucky League of Cities Workers' Compensation Trust (The "Trust"), a public entity risk pool currently operating as a common risk management and insurance program for Kentucky cities, municipal boards, agencies and authorities. The City pays an annual premium to the Trust for its workers' compensation, general liability and auto insurance coverages. The Trust Participation Agreement provides that the Trust will be self-sustaining through member

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

premiums. The Trust reinsures through commercial companies at various limits, depending on the type of coverage. The WCF provides coverage of up to \$100,000 for each worker's compensation occurrence.

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

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

Changes in the balances of claims liabilities during fiscal years 2010 and 2009 were as follows:

	<u>Health Care</u>	<u>Workers Compensation</u>
Liability at June 30, 2009	\$ 98,434	\$ 133,801
Claims and changes in estimates - FY 2010	3,434,413	41,357
Claims paid FY 2010	<u>(3,425,741)</u>	<u>(54,730)</u>
Liability at June 30, 2010	107,106	120,428
Claims and changes in estimates FY 2011	4,073,638	52,546
Claims paid FY 2011	<u>(4,052,072)</u>	<u>(52,546)</u>
Liability at June 30, 2011	<u>\$ 128,672</u>	<u>\$ 120,428</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, 2011 of \$4,144,433. 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 \$455,888 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 were in effect in prior years.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

C. Construction Commitments - The City has active construction projects as of June 30, 2011. At year end, the City had the following commitments on construction contracts:

Project	Remaining Commitment
Old Morgantown Road Rehabilitation	\$ 963,958
Lighting and electrical improvements - Firing Range	16,000
Old Stone Bridge Repair	33,482
Euclid Drainage Project	22,686
Sidewalk Improvement Program	19,059
South Park Drainage Improvements	199,838
Kereiakes Park Greenways Improvements	12,191
Street Resurfacing Project	54,829

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, 2011 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.

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

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

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

As of June 30, 2011, there were four series of industrial revenue bonds and six series of special assessment bonds outstanding with an aggregate principal balance of \$75,070,000 and \$1,528,000, respectively.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

G. Lease Commitments - The Golf Enterprise 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, 2011 as follows:

Year Ended		
2012	\$	6,100
2013		<u>6,100</u>
		<u>\$12,200</u>

In addition, the Golf Enterprise Fund leases the Crosswinds municipal golf course pro shop facility from The Convention Center Corporation, a component unit. The buildings, furnishings and equipment elements of this lease are classified as capital leases and included in the long-term debt footnote. The land element of this lease is classified as an operating lease. Rental payments are based on 7.62% of the total annual debt service of Mortgage Revenue Bonds, Series 1993. Rental payments attributed to the golf pro shop facility is based upon the facility's original cost (\$660,000) as a percentage of total project costs financed by Bonds (\$8,660,000). The following is a schedule by years of minimum future rentals of the land element of the golf pro shop facility lease as of June 30, 2011:

Year Ending June 30,		
2012	\$	29,121
2013		31,801
2014		30,597
2015		33,071
2016		31,670
Thereafter		<u>92,371</u>
Total	\$	<u>248,631</u>

NOTE 6. THE SINGLE AUDIT ACT

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

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

NOTE 7. DEFINED BENEFIT PENSION PLANS

The Policemen and Firemen's Retirement Fund (PFRF)

A. Plan Descriptions

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting - The preparation of the financial statements of the Policemen's and Firefighters' Retirement Fund and the City Employees' Pension Fund conform to the provisions of GASB Statement No. 25. The financial statements are prepared on an accrual basis. City contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with terms of the plan.

Investments - Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

Funding Policy and Annual Pension Cost - The contribution requirements of plan members and the City are established and may be amended by the Board of Trustees. Covered employees were required by statute to contribute eight percent of their annual covered salary. As there are no longer any active members, members made no contributions for the year ended June 30, 2011.

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. Administrative costs of the PFRF are financed through investment earnings. The City is not required to make an annual contribution. For 2008-2009 the City made a contribution of \$384,000, which included a 3.0% cost of living increase and payment towards the unfunded liability. For 2009-2010 the City made a contribution of \$410,000, which included a 3.0% cost of living increase and payment towards the unfunded liability. For 2010-2011 the City made a contribution of \$450,000, which included a 2.7% cost of living increase and payment towards the unfunded liability. For fiscal year 2011-2012 the City approved a cost of living increase of 2.5% effective August 1, 2011. For fiscal years subsequent to 2011-2012, the City expects to approve an annual cost of living increase which closely resembles the Consumer Price Index.

CITY OF BOWLING GREEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

C. Funded Status and Funding Progress

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c)
Assumes no Future Cost of Living Increase						
1/1/2011	\$ 7,471,464	\$ 8,891,254	\$ 1,419,790	84.03%	N/A	N/A
Assumes Future Cost-of-Living Increase of 3% per Year						
1/1/2011	\$ 7,471,464	\$ 11,174,666	\$ 3,703,202	66.86%	N/A	N/A
Assumes Future Cost-of-Living Increase of 5% per Year						
1/1/2011	\$ 7,471,464	\$ 13,269,504	\$ 5,798,040	56.31%	N/A	N/A

The schedule of funding progress, presented as required supplemental information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Information as of the latest actuarial valuation is presented in the following table:

Valuation date	January 1, 2011
Actuarial cost method	Entry Age Normal
Amortization method	N/A - no method has been adopted. Due to this being a closed plan, the City has adopted the minimum statutory requirements
Amortization period	N/A - no period has been adopted. Due to this being a closed plan, the City has adopted the minimum statutory requirements
Asset valuation method	Fair Market Value
Actuarial assumptions:	
Investment rate of return	6.0%
Projected salary increases	N/A - closed plan
Inflation rate	None
Cost of living adjustment	0%, or 3%, or 5.0%
Total minimum City cost	\$123,784 (at 0%), \$322,862 (at 3%) or \$505,500 (at 5%) over 20 years

CITY OF BOWLING GREEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

D. The County Employees' Retirement System

Plan Description - The City, as well as employees for Bowling Green Municipal Utilities Electric, Water-Sewer, and General Services Divisions, and Bowling Green Public Library, are participants in the Commonwealth of Kentucky's County Employees' Retirement System (CERS). CERS is a cost-sharing multi-employer public employee retirement system. Funding for the Plan is provided through payroll withholdings (5% for non-hazardous and 8% for hazardous) and participating employers are required to contribute at an actuarially determined rate. Any employee entering the program after September 1, 2008 is required to contribute an additional 1%. The rates for the year ended June 30, 2011 were 16.93% for non-hazardous and 33.25% for hazardous employees of the employee's total compensation subject to contribution.

The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601.

The contribution requirements for CERS for the years ended June 30, 2011, 2010 and 2009 were \$6,803,029, \$6,740,743, and \$6,131,371, respectively. These amounts consisted of \$5,396,617, \$5,332,543 and \$5,464,835 from the City and \$1,406,412, \$1,408,200 and \$1,428,941 from the employees, respectively.

Benefits under the plans will vary based on final compensation, years of service and other factors as fully described in the Plan documents.

The City also offers employees the option to participate in a Section 457 Deferred Compensation plan or in the Kentucky Public Employees 401(k) Deferred Compensation Plan.

E. Deferred Compensation Plan

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

Investments are managed by ICMA Retirement Corporation, plan administrator, with various investment options. The choice of the investment option(s) is made by the participants. Participating employees can contribute to the Plan based on either a percentage of compensation or a fixed dollar amount per pay period. The limits for the plan are up to \$16,500 per year for regular contributions and \$5,500 for catch-up contributions. The limits for the Roth plan are up to \$5,000 per year for regular contributions and \$1,000 for catch-up contributions. During the fiscal year ended June 30, 2011, employee contributions for both plans totaled \$246,619.

CITY OF BOWLING GREEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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 \$16,500 for regular contributions and \$5,500 for catch-up contributions for the 401(k) and \$5,000 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 \$316,151 for the fiscal year ended June 30, 2011.

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

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes				
Real estate	\$ 7,379,000	\$ 7,379,000	\$ 7,002,353	\$ (376,647)
Personal property	1,650,000	1,650,000	1,443,327	(206,673)
Insurance premium	1,485,000	1,485,000	1,399,773	(85,227)
Motor vehicle and boat	738,000	738,000	815,152	77,152
Payment in lieu of taxes	200,000	200,000	202,767	2,767
Franchise	1,196,000	1,196,000	1,140,754	(55,246)
Penalites and Interest	75,000	75,000	82,279	7,279
Total taxes	<u>12,723,000</u>	<u>12,723,000</u>	<u>12,086,405</u>	<u>(636,595)</u>
Licenses and permits				
Occupational:				
Employees' withholding	27,324,000	27,344,000	28,856,139	1,512,139
Net profits	5,403,000	5,403,000	6,366,607	963,607
Other fees	245,000	245,000	236,879	(8,121)
Special licenses	210,000	210,000	183,100	(26,900)
Permits	433,000	433,000	588,552	155,552
Total licenses and permits	<u>33,615,000</u>	<u>33,635,000</u>	<u>36,231,277</u>	<u>2,596,277</u>
Intergovernmental				
Federal grants	37,000	221,473	200,335	(21,138)
State grants	-	8,076	155	(7,921)
Local grants	65,000	65,000	64,414	(586)
Total intergovernment	<u>102,000</u>	<u>294,549</u>	<u>264,904</u>	<u>(29,645)</u>
Charges for services				
School tax collection fees	170,000	170,000	172,102	2,102
Other general government fees	4,000	4,000	3,514	(486)
Public safety fees	38,000	38,000	43,420	5,420
Cemetery lot sales	100,000	100,000	76,489	(23,511)
Cemetery fees	133,500	133,500	144,507	11,007
Other	50,000	50,000	57,915	7,915
Total charges for services	<u>495,500</u>	<u>495,500</u>	<u>497,947</u>	<u>2,447</u>
Parks and recreation	<u>359,500</u>	<u>362,000</u>	<u>379,821</u>	<u>17,821</u>
Miscellaneous				
Interest income	82,000	82,000	78,895	(3,105)
ABC and parking violations fees	20,500	20,500	16,344	(4,156)
Contributions and donations	51,000	94,253	55,997	(38,256)
Judgements and settlements	26,500	46,000	43,916	(2,084)
Other	50,500	50,500	85,959	35,459
Total miscellaneous	<u>230,500</u>	<u>293,253</u>	<u>281,111</u>	<u>(12,142)</u>
Total revenues	<u>\$ 47,525,500</u>	<u>\$ 47,803,302</u>	<u>\$ 49,741,465</u>	<u>\$ 1,938,163</u>

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE - CONTINUED

GENERAL FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
General government				
Legislative	\$ 149,638	\$ 137,788	\$ 135,210	\$ 2,578
Executive	827,865	838,154	773,952	64,202
Finance	1,300,334	1,275,604	1,274,218	1,386
Human resources	1,731,807	1,571,697	1,541,085	30,612
Law	280,094	354,043	315,726	38,317
Information technology	1,421,898	1,509,061	1,413,534	95,527
Administrative services	792,432	819,635	804,632	15,003
Total general government	<u>6,504,068</u>	<u>6,505,982</u>	<u>6,258,357</u>	<u>247,625</u>
Public safety				
Police	11,948,520	11,630,193	11,552,212	77,981
Fire	10,207,359	10,256,836	10,181,737	75,099
Total public safety	<u>22,155,879</u>	<u>21,887,029</u>	<u>21,733,949</u>	<u>153,080</u>
Public works				
Public works administration	1,229,414	1,465,575	1,175,446	290,129
Highway and streets	2,089,366	2,238,078	2,216,276	21,802
Building and plant	1,897,350	1,871,688	1,769,983	101,705
Transportation	276,520	266,008	265,761	247
Total public works	<u>5,492,650</u>	<u>5,841,349</u>	<u>5,427,466</u>	<u>413,883</u>
Parks and recreation				
Parks	1,623,315	1,698,391	1,632,608	65,783
Recreation	589,566	588,888	539,933	48,955
Athletics	929,017	995,072	816,640	178,432
Community centers	884,206	858,358	819,906	38,452
Other parks	1,400,927	1,431,192	1,368,647	62,545
Total parks and recreation	<u>5,427,031</u>	<u>5,571,901</u>	<u>5,177,734</u>	<u>394,167</u>
Housing and community development	<u>1,494,266</u>	<u>1,499,532</u>	<u>1,401,566</u>	<u>97,966</u>
Community services				
Community services	258,338	311,304	310,693	611
Intergovernmental	631,595	157,202	151,302	5,900
Total community services	<u>889,933</u>	<u>468,506</u>	<u>461,995</u>	<u>6,511</u>
Total Expenditures	<u>41,963,827</u>	<u>41,774,299</u>	<u>40,461,067</u>	<u>1,313,232</u>
Excess of revenues over expenditures	<u>5,561,673</u>	<u>6,029,003</u>	<u>9,280,398</u>	<u>3,251,395</u>
Other financing sources (uses):				
Transfers in	100,000	224,750	100,000	(124,750)
Transfers out	(5,920,900)	(10,001,900)	(8,639,491)	1,362,409
Proceeds from sale of capital assets	18,500	18,500	15,604	(2,896)
Total other financing sources (uses)	<u>(5,802,400)</u>	<u>(9,758,650)</u>	<u>(8,523,887)</u>	<u>1,234,763</u>
Net change in fund balances	(240,727)	(3,729,647)	756,511	4,486,158
Fund balances, beginning	<u>16,976,003</u>	<u>16,976,003</u>	<u>16,976,003</u>	-
Fund balances, ending	<u>\$ 16,735,276</u>	<u>\$ 13,246,356</u>	<u>\$ 17,732,514</u>	<u>\$ 4,486,158</u>

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

BUDGET COMPARISON SCHEDULE

WKU ATHLETICS DEBT SERVICE FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,274,500	\$ 2,274,500	\$ 2,150,388	\$ (124,112)
Investment Income	-	-	-	-
Miscellaneous	-	-	2,000	2,000
Total revenues	2,274,500	2,274,500	2,152,388	(122,112)
EXPENDITURES				
Debt Service				
Principal		930,000	930,000	-
Interest	-	1,344,500	1,222,388	122,112
Total expenditures	-	2,274,500	2,152,388	122,112
Excess (deficiency) of revenues over (under) expenditures	2,274,500	-	-	-
Other financing sources (uses):				
Proceeds of Refunding Debt	-	29,545,250	29,627,561	82,311
Payment to Refunded Debt Escrow Agent	-	(29,545,250)	(29,627,561)	(82,311)
Transfers out	(2,274,500)	-	-	-
Total other financing sources (uses)	(2,274,500)	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

CITY OF BOWLING GREEN, KENTUCKY

BUDGET COMPARISON SCHEDULE

ITA BOND DEBT SERVICE FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Rent Income	\$ 2,671,000	\$ 2,671,000	\$ 1,410,533	\$ (1,260,467)
Investment income	-	-	476,964	476,964
Contributions and donations	-	-	-	-
Total revenues	<u>2,671,000</u>	<u>2,671,000</u>	<u>1,887,497</u>	<u>(783,503)</u>
EXPENDITURES				
Debt Service:				
Principal	-	2,090,000	2,090,000	-
Interest	-	1,716,000	1,714,672	1,328
Total expenditures	<u>-</u>	<u>3,806,000</u>	<u>3,804,672</u>	<u>1,328</u>
Excess (deficiency) of revenues over (under) expenditures	2,671,000	(1,135,000)	(1,917,175)	(782,175)
Other financing sources (uses):				
Transfers In	-	800,000	800,000	-
Transfers Out	(2,671,000)	-	-	-
Total other financing sources (uses)	<u>(2,671,000)</u>	<u>800,000</u>	<u>800,000</u>	<u>-</u>
Net change in fund balances	-	(335,000)	(1,117,175)	(782,175)
Fund balances, beginning	<u>15,464,399</u>	<u>15,464,399</u>	<u>15,464,399</u>	<u>-</u>
Fund balances, ending	<u>\$ 15,464,399</u>	<u>\$ 15,129,399</u>	<u>\$ 14,347,224</u>	<u>\$ (782,175)</u>

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION ON BUDGETARY ACCOUNTING AND CONTROL

FOR THE YEAR ENDED JUNE 30, 2011

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 agencies of the City submit requests for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the part year, current year estimates, and requested appropriations for the next fiscal year.

Before June 1st, the proposed budget is presented to the City Commission for review. The City Commission holds public hearings to obtain taxpayer comments. Prior to July 1st, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Commission.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.

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, 2011 as follows:

Fund		
General Fund	\$	332,359
Community Development Special Revenue Fund		330,233
Municipal Aid Special Revenue Fund		343,497
Fire Improvement Special Revenue Fund		103,790
Police Improvement Special Revenue Fund		22,209
Riverfront Development Capital Project Fund		13,591
Old Morgantown Rd Rehab Capital Project Fund		963,958
Stormwater Improvement Capital Project Fund		199,838
Convention Center Enterprise Fund		95,178
Golf Enterprise Fund		12,200
Aquatics Enterprise Fund		32,939
Worker's Compenstation Internal Services Fund		1,000
Employee Health Care Internal Services Fund		24,260
		24,260
	\$	2,475,051

CITY OF BOWLING GREEN, KENTUCKY

POLICE AND FIREMEN'S RETIREMENT FUND

For the Year Ended June 30, 2011

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c)
Assumes no Future Cost of Living Increase						
1/1/2011	\$7,471,464	\$ 8,891,254	\$ 1,419,790	84.00%	N/A	N/A
1/1/2010	7,425,235	9,419,690	1,994,455	78.83%	N/A	N/A
1/1/2009	7,234,104	9,603,005	2,368,901	75.33%	N/A	N/A
1/1/2008	8,830,002	9,844,299	1,014,297	89.70%	N/A	N/A
Assumes Future Cost-of-Living Increase of 3% per Year						
1/1/2011	\$7,471,464	\$ 11,174,666	\$ 3,703,202	66.90%	N/A	N/A
1/1/2010	7,425,235	11,877,751	4,452,516	62.51%	N/A	N/A
1/1/2009	7,234,104	12,188,342	4,954,238	59.35%	N/A	N/A
1/1/2008	8,830,002	12,560,821	3,730,819	70.30%	N/A	N/A
Assumes Future Cost-of-Living Increase of 5% per Year						
1/1/2011	\$7,471,464	\$ 13,269,504	\$ 5,798,040	56.31%	N/A	N/A
1/1/2010	7,425,235	14,144,317	6,719,082	52.50%	N/A	N/A
1/1/2009	7,234,104	14,593,408	7,359,304	49.57%	N/A	N/A
1/1/2008	8,830,002	15,107,046	6,277,044	58.45%	N/A	N/A

Schedule of Employer Contributions

Year Ended June 30	Annual Pension Cost	Amount Contributed
2000	\$ 48,781	\$ 48,781
2001	48,781	48,781
2002	88,514	88,514
2003	108,000	108,000
2004	108,000	108,000
2005	209,000	209,000
2006	209,000	209,000
2007	328,000	328,000
2008	328,000	328,000
2009	384,000	384,000
2010	410,000	410,000
2011	450,000	450,000

CITY OF BOWLING GREEN, KENTUCKY

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS

For the Year Ended June 30, 2011

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 Fall of 2009.

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

CITY OF BOWLING GREEN, KENTUCKY

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS - CONTINUED

For the Year Ended June 30, 2011

Established Condition Level

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

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

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

Assessed Conditions

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

<u>Year</u>	<u>Percentage</u>
2011	95%
2010	94%
2009	90%
2008	90%
2007	85%
2006	85%

Budgeted and Estimated Costs to Maintain

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

<u>Fiscal Year</u>	<u>Estimated Spending</u>	<u>Actual Spending</u>
2011-2012	\$850	\$
2010-2011	\$811	\$431
2009-2010	\$850	\$810
2008-2009	\$915	\$915
2007-2008	\$842	\$835
2006-2007	\$1,192	\$842
2005-2006	\$842	\$842
2004-2005	\$875	\$920

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.

CITY OF BOWLING GREEN, KENTUCKY

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS - CONTINUED

For the Year Ended June 30, 2011

Sidewalks

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

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 (*same as streets with new software*)

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 95% of city maintained sidewalks had an OCI value greater than or equal to the minimum rating of 76.0 as of June 30, 2011.

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 during the past five fiscal years (in thousands):

Fiscal Year	Estimated Spending	Actual Spending
2011-2012	\$100	\$
2010-2011	\$100	\$ 133
2009-2010	\$100	\$0
2008-2009	\$100	\$100
2007-2008	\$100	\$60
2006-2007	\$100	\$5
2005-2006	\$100	\$113

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 insurance premium taxes.

Municipal Aid Funds

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

Job Development Fund

This fund is used to account for job development incentive payments to business prospects within City boundaries to provide incentives for the creation of new jobs. Employee withholdings generated by new jobs are deposited to the fund to reduce incentive payment obligations payable in annual installments not to exceed five years.

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 revenues and expenditures of the federal Homeland Security grant program.

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.

Parks Community Center Fund

This fund is used to account for the costs associated with the renovation and expansion of the Parks Community Center on Third Avenue and the construction of the Kummer Little Recreation Center, which was completed in FY08. Financing for these projects has been included in the issuance of the City of Bowling Green, Kentucky General Obligation Bonds, Series 2004A as well as the recent issuance of City of Bowling Green General Obligation Bonds, Series 2007.

Riverfront Development Fund

This fund was previously utilized to account for the revenues and expenditures in the development of a riverfront park between College and State Streets adjacent to the Barren River. This fund currently provides funds and expenditures for the construction of greenway trails throughout the City.

Equipment Replacement Fund

This fund is used to account for the short-term financing of general government capital outlays for vehicles and equipment.

Downtown Signalization Fund

This fund tracks the expenditures associated with the Downtown Signalization project that will revitalize intersection signals. Funding has been provided from a General Fund subsidy, a Liquid Fuel Tax subsidy and from the City of Bowling Green General Obligation Bonds, Series 2007.

Broadway Curve Realignment Fund

This fund tracks the Broadway Curve realignment construction project. Funds have been provided from the General Fund and from the issuance of City of Bowling Green General Obligation Bonds, Series 2007.

Old Morgantown Road Rehab Fund

This fund is used to account for the costs of the rehabilitation of Old Morgantown Road. Funding has been made available through General Fund subsidies and funds from the General Obligation Bonds, Series 2007, redirected from the Shive Lane Development Project.

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 and the Renaissance Alliance 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 made available through subsidies from the General Fund and the Coal Mineral Tax Fund.

Greenwood Lane Construction Fund

This fund is utilized to monitor costs associated with the design and construction of Greenwood Lane. Funding has been provided from the General Obligation Bond Issue, Series 2007, redirected to this project from the Shive Lane Development Fund in addition to a subsidy from the Job Development Improvement Fund and a credit from the Kentucky Transportation Cabinet.

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 the study and renovation of City buildings. Funding for this project has been made available from General Fund subsidies.

Airport Fire Station Renovation Fund

The Airport Fire Station Renovation Funds is utilized to monitor construction and professional service expenditures related to the renovation of the fire station. Funding has been provided through the 2008B General Obligation Bond Issue.

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.

800 Trunking Radio Fund

This fund is used to monitor costs associated with improvements to the 800 MHZ radio system by the City of Bowling Green, Warren County Government, the Medical Center at Bowling Green, and Western Kentucky University.

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

TIF District

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

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

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

Cemetery Perpetual Trust Fund

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

CITY OF BOWLING GREEN, KENTUCKY

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

June 30, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund - TIF District	Nonmajor Permanent Fund - Cemetery Perpetual	Total Nonmajor Governmental Funds
ASSETS					
Pooled cash and cash equivalents	\$ 3,042,602	\$ 3,518,045	\$ 2,367,345	\$ 52,975	\$ 8,980,967
Non-pooled cash and cash equivalents	1,535,339	-	-	-	1,535,339
Investments	3,911,225	-	-	-	3,911,225
Receivables (net of allowances for uncollectibles):					
Accounts	25,507	-	-	-	25,507
Loans	366,325	-	-	-	366,325
Interest	1,672	-	-	-	1,672
Due from other governmental units	518,527	68,212	-	-	586,739
Restricted assets:					
Non-pooled cash and cash equivalents	-	2,084,945	-	739,622	2,824,567
Total assets	\$ 9,401,197	\$ 5,671,202	\$ 2,367,345	\$ 792,597	\$ 18,232,341
LIABILITIES AND FUND BALANCES					
Liabilities					
Vouchers and accounts payable	\$ 360,601	\$ 234,166	\$ -	\$ -	\$ 594,767
Accrued payroll	12,218	-	-	-	12,218
Deferred revenue	366,325	-	-	-	366,325
Total liabilities	739,144	234,166	-	-	973,310
Fund Balances					
Assigned	4,158,764	3,459,161	2,367,345	52,975	10,038,245
Restricted	4,503,289	1,977,875	-	739,622	7,220,786
Total fund balances	8,662,053	5,437,036	2,367,345	792,597	17,259,031
Total liabilities and fund balances	\$ 9,401,197	\$ 5,671,202	\$ 2,367,345	\$ 792,597	\$ 18,232,341

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2011

	Community Development	Fire Improvement	Municipal Aid	Job Development	Parks Development	Landfill Closure
ASSETS						
Pooled cash and cash equivalents	\$ -	\$ 10,909	\$ 2,118,619	218,136	\$ 5,888	\$ 290,732
Non-pooled cash and cash equivalents	1,445,715	89,624	-	-	-	-
Investments	-	1,199,050	1,234,814	348,289	-	1,129,072
Receivables (net of allowances for uncollectibles)						
Accounts	25,507	-	-	-	-	-
Loans	366,325	-	-	-	-	-
Interest	-	1,672	-	-	-	-
Due from other governmental units	24,413	0	186,391	-	-	183,038
Total assets	\$ 1,861,960	\$ 1,301,255	\$ 3,539,824	\$ 566,425	\$ 5,888	\$ 1,602,842
LIABILITIES AND FUND BALANCES						
Liabilities						
Vouchers and accounts payable	\$ 39,103	\$ 12,906	\$ 124,655	\$ -	\$ -	\$ 183,937
Accrued payroll	7,275	-	4,943	-	-	-
Deferred revenue	366,325	-	0	-	-	-
Total liabilities	412,703	12,906	129,598	-	-	183,937
Fund Balances						
Assigned	480,115	1,274,973	92,765	566,425	-	1,418,905
Restricted	969,142	13,376	3,317,461	-	5,888	-
Total fund balances	1,449,257	1,288,349	3,410,226	566,425	5,888	1,418,905
Total liabilities and fund balances	\$ 1,861,960	\$ 1,301,255	\$ 3,539,824	\$ 566,425	\$ 5,888	\$ 1,602,842

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2011

	Local Law Enforcement Block Grant	Trunking Operation	Police Improvement	Lampkin Park Trust	Homeland Security	Total Nonmajor Special Revenue Funds
ASSETS						
Pooled cash and cash equivalents	\$ 67,839	\$ 93,369	\$ 306,796	\$ 36,214	\$ (105,900)	\$ 3,042,602
Non-pooled cash and cash equivalents	-	-	-	-	-	1,535,339
Investments	-	-	-	-	-	3,911,225
Receivables (net of allowances for uncollectibles)						
Accounts	-	-	-	-	-	25,507
Loans	-	-	-	-	-	366,325
Interest	-	-	-	-	-	1,672
Due from other governmental units	-	-	18,785	-	105,900	518,527
Total assets	\$ 67,839	\$ 93,369	\$ 325,581	\$ 36,214	\$ -	\$ 9,401,197
LIABILITIES AND FUND BALANCES						
Liabilities						
Vouchers and accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 360,601
Accrued payroll	-	-	-	-	-	12,218
Deferred revenue	-	-	-	-	-	366,325
Total liabilities	-	-	-	-	-	739,144
Fund Balances						
Assigned	-	0	325,581	-	-	4,158,764
Restricted	67,839	93,369	-	36,214	-	4,503,289
Total fund balances	67,839	93,369	325,581	36,214	-	8,662,053
Total liabilities and fund balances	\$ 67,839	\$ 93,369	\$ 325,581	\$ 36,214	\$ -	\$ 9,401,197

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

June 30, 2011

	Parks Community Center	Riverfront Development	Equipment Replacement	Downtown Signalization Fund	Broadway Curve Realignment	Old Morgantown Road Rehab
ASSETS						
Pooled cash and cash equivalents	51,433	\$ 163,250	\$ 219,394	\$ -	\$ -	\$ 159,827
Due from other governmental units	-	68,212	-	-	-	-
Restricted assets:						
Non-pooled cash and cash equivalents	-	-	-	-	-	2,084,945
Total assets	<u>\$ 51,433</u>	<u>\$ 231,462</u>	<u>\$ 219,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,244,772</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Vouchers and accounts payable	<u>\$ -</u>	<u>\$ 15,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,849</u>
Total liabilities	<u>-</u>	<u>15,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,849</u>
Fund Balances						
Assigned	51,433	208,834	219,394	-	-	159,828
Restricted	<u>-</u>	<u>7,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,883,095</u>
Total fund balances	<u>51,433</u>	<u>216,113</u>	<u>219,394</u>	<u>-</u>	<u>-</u>	<u>2,042,923</u>
Total liabilities and fund balances	<u>\$ 51,433</u>	<u>\$ 231,462</u>	<u>\$ 219,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,244,772</u>

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

June 30, 2011

	Heritage Trail Construction	Sidewalk Improvement	Greenwood Lane Construction	Stormwater Infrastructure Improvement	Municipal Facilities	Airport Fire Expansion	Technology Capital Improvement	800 Trunking Radio Systems Improvements	Total Nonmajor Capital Project Funds
ASSETS									
Pooled cash and cash equivalents	\$ 167,535	\$ 395,494	\$ -	\$ 582,167	\$ 462,250	14,728	\$ 701,967	\$ 600,000	\$ 3,518,045
Due from other governmental units	-	-	-	-	-	-	-	-	68,212
Restricted assets:									
Non-pooled cash and cash equivalents	-	-	-	-	-	-	-	-	2,084,945
Total assets	\$ 167,535	\$ 395,494	\$ -	\$ 582,167	\$ 462,250	\$ 14,728	\$ 701,967	\$ 600,000	5,671,202
LIABILITIES AND FUND BALANCES									
Liabilities									
Vouchers and accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,968	\$ -	234,166
Total liabilities	-	-	-	-	-	-	16,968	-	234,166
Fund Balances									
Assigned	80,034	395,494	0	582,167	462,250	14,728	684,999	600,000	3,459,161
Restricted	87,501	-	-	-	-	-	-	-	1,977,875
Total fund balances	167,535	395,494	-	582,167	462,250	14,728	684,999	600,000	5,437,036
Total liabilities and fund balances	\$ 167,535	\$ 395,494	\$ -	\$ 582,167	\$ 462,250	\$ 14,728	\$ 701,967	\$ 600,000	\$ 5,671,202

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund - TIF District	Nonmajor Permanent Fund - Cemetery Perpetual	Total Nonmajor Governmental Funds
REVENUES					
Property taxes	\$ 407,500	\$ -	\$ -	\$ -	\$ 407,500
Insurance premium taxes	1,687,848	-	-	-	1,687,848
Wages and net profits taxes	1,996,018	-	-	-	1,996,018
Judgements and settlements	14,991	-	-	-	14,991
Intergovernmental	7,792,057	283,108	-	-	8,075,165
Investment income	78,655	39,664	-	95,271	213,590
Charges for services	74,091	-	-	-	74,091
Contributions and donations	532,030	51,114	-	-	583,144
Miscellaneous	191,991	-	-	18,702	210,693
Total Revenues	12,775,181	373,886	-	113,973	13,263,040
EXPENDITURES					
Current:					
General government	-	61,186	-	-	61,186
Public safety	2,177,875	-	-	-	2,177,875
Public works	1,903,509	-	-	-	1,903,509
Parks and recreation	-	413,768	-	-	413,768
Housing and community development	3,788,954	3,695	-	-	3,792,649
Capital Outlay	1,824,794	4,054,219	-	-	5,879,013
Debt service:					
Principal	-	-	455,000	-	455,000
Interest	-	-	1,155,137	-	1,155,137
Total Expenditures	9,695,132	4,532,868	1,610,137	-	15,838,137
Excess (deficiency) of revenues over (under) expenditures	3,080,049	(4,158,982)	(1,610,137)	113,973	(2,575,097)
Other financing sources (uses):					
Transfers in	350,441	2,490,487	1,610,150	-	4,451,078
Transfers out	(4,328,353)	(137,488)	-	-	(4,465,841)
Proceeds from capital lease obligation	1,309,391	-	-	-	1,309,391
Proceeds from sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	(2,668,521)	2,352,999	1,610,150	-	1,294,628
Net change in fund balances	411,528	(1,805,983)	13	113,973	(1,280,469)
Fund balances, beginning	8,250,525	7,243,019	2,367,332	678,624	18,539,500
Fund balances, ending	\$ 8,662,053	\$ 5,437,036	\$ 2,367,345	\$ 792,597	\$ 17,259,031

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2011

	Community Development	Fire Improvement	Municipal Aid	Job Development	Parks Development	Landfill Closure	Local Law Enforcement Block Grant	Trunking Operation
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 407,500	\$ -	\$ -	\$ -
Insurance premium taxes	-	1,687,848	-	-	-	-	-	-
Wages and net profits taxes	-	-	-	1,003,949	992,069	-	-	-
Judgments and settlements	-	14,991	-	-	-	-	-	-
Intergovernmental	3,875,385	449,171	3,263,283	-	-	-	73,318	25,000
Investment income	1,554	12,791	23,917	10,615	-	29,153	-	183
Charges for services	-	-	-	-	-	-	-	-
Contributions and donations	-	86,521	-	-	-	438,659	-	6,850
Miscellaneous	117,264	-	11,350	-	-	-	-	-
Total Revenues	3,994,203	2,251,322	3,298,550	1,014,564	1,399,569	467,812	73,318	32,033
EXPENDITURES								
Current:								
Public safety	-	708,539	1,294,409	-	-	-	37,600	-
Public works	-	-	1,389,018	-	-	473,291	-	41,200
Housing and community development	3,788,954	-	-	-	-	-	-	-
Capital outlay	-	1,571,152	81,449	-	-	-	-	-
Total Expenditures	3,788,954	2,279,691	2,764,876	-	-	473,291	37,600	41,200
Excess (deficiency) of revenues over (under) expenditures	205,249	(28,369)	533,674	1,014,564	1,399,569	(5,479)	35,718	(9,167)
Other financing sources (uses):								
Transfers in	-	-	40,441	285,000	-	-	-	25,000
Transfers out	-	(1,355,098)	(31,000)	(1,510,574)	(1,393,681)	-	-	-
Proceeds from capital lease obligation	-	1,309,391	-	-	-	-	-	-
Total other financing sources (uses)	-	(45,707)	9,441	(1,225,574)	(1,393,681)	-	-	25,000
Net change in fund balances	205,249	(74,076)	543,115	(211,010)	5,888	(5,479)	35,718	15,833
Fund balances, beginning	1,244,008	1,362,425	2,867,111	777,435	-	1,424,384	32,121	77,536
Fund balances, ending	\$ 1,449,257	\$ 1,288,349	\$ 3,410,226	\$ 566,425	\$ 5,888	\$ 1,418,905	\$ 67,839	\$ 93,369

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2011

	Police Improvement	Lampkin Park	Homeland Security	Total Special Revenue Funds
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 407,500
Insurance premium taxes	-	-	-	1,687,848
Wages and net profits taxes	-	-	-	1,996,018
Judgments and settlements	-	-	-	14,991
Intergovernmental	-	-	105,900	7,792,057
Investment income	442	-	-	78,655
Charges for services	74,091	-	-	74,091
Contributions and donations	-	-	-	532,030
Miscellaneous	58,237	5,140	-	191,991
Total Revenues	<u>132,770</u>	<u>5,140</u>	<u>105,900</u>	<u>12,775,181</u>
EXPENDITURES				
Current:				
Public safety	31,427	-	105,900	2,177,875
Public works	-	-	-	1,903,509
Housing and community development	-	-	-	3,788,954
Capital outlay	172,193	-	-	1,824,794
Total Expenditures	<u>203,620</u>	<u>-</u>	<u>105,900</u>	<u>9,695,132</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(70,850)</u>	<u>5,140</u>	<u>-</u>	<u>3,080,049</u>
Other financing sources (uses):				
Transfers in	-	-	-	350,441
Transfers out	(38,000)	-	-	(4,328,353)
Proceeds from capital lease obligation	-	-	-	1,309,391
Total other financing sources (uses)	<u>(38,000)</u>	<u>-</u>	<u>-</u>	<u>(2,668,521)</u>
Net change in fund balances	(108,850)	5,140	-	411,528
Fund balances, beginning	434,431	31,074	-	8,250,525
Fund balances, ending	<u>\$ 325,581</u>	<u>\$ 36,214</u>	<u>\$ -</u>	<u>\$ 8,662,053</u>

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS

For the Year Ended June 30, 2011

	Parks Community Center	Riverfront Development	Equipment Replacement	Downtown Signalization Fund	Broadway Curve Realignment	Old Morgantown Rd Rehab
REVENUES						
Intergovernmental	\$ -	\$ 283,108	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-	30,389
Contributions and donations	-	-	-	-	-	-
Miscellaneous	-	-	21,947	-	-	-
Total Revenues	-	283,108	21,947	-	-	30,389
EXPENDITURES						
Current:						
General Government	-	-	4,576	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	413,768	-	-	-	-	-
Housing and community development	-	3,695	-	-	-	-
Capital outlay	-	295,621	74,491	333	31,780	2,101,909
Total Expenditures	413,768	299,316	79,067	333	31,780	2,101,909
Excess (deficiency) of revenues over (under) expenditures	(413,768)	(16,208)	(57,120)	(333)	(31,780)	(2,071,520)
Other financing sources (uses):						
Transfers in	417,487	-	200,000	-	-	-
Transfers out	-	-	-	-	(33,535)	-
Total other financing sources (uses)	417,487	-	200,000	-	(33,535)	-
Net change in fund balances	3,719	(16,208)	142,880	(333)	(65,315)	(2,071,520)
Fund balances, beginning	47,714	232,321	76,514	333	65,315	4,114,443
Fund balances, ending	\$ 51,433	\$ 216,113	\$ 219,394	\$ -	\$ -	\$ 2,042,923

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS

For the Year Ended June 30, 2011

	Heritage Trail Construction	Sidewalk Improvement	Greenwood Lane Construction	Stormwater Infrastructure Improvement	Municipal Facilities	Airport Fire Expansion	Technology Capital Improvement	800 Trunking Radio Systems Improvements	Total Nonmajor Capital Project Funds
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 283,108
Investment income	-	-	-	-	-	9,275	-	-	39,664
Contributions and donations	-	-	-	-	-	-	-	-	-
Contributions and donations	29,167	-	-	-	-	-	-	-	51,114
Total Revenues	29,167	-	-	-	-	9,275	-	-	373,886
EXPENDITURES									
Current:									
Public safety	-	-	-	-	-	-	56,610	-	61,186
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	413,768
Housing and community developer	-	-	-	-	-	-	-	-	3,695
Capital outlay	-	104,232	162,423	122,043	-	738,555	422,832	-	4,054,219
Total Expenditures	-	104,232	162,423	122,043	-	738,555	479,442	-	4,532,868
Excess (deficiency) of revenues over (under) expenditures	29,167	(104,232)	(162,423)	(122,043)	-	(729,280)	(479,442)	-	(4,158,982)
Other financing sources (uses):									
Transfers in	-	-	-	650,000	100,000	35,000	488,000	600,000	2,490,487
Transfers out	-	-	(103,953)	-	-	-	-	-	(137,488)
Total other financing sources (uses)	-	-	(103,953)	650,000	100,000	35,000	488,000	600,000	2,352,999
Net change in fund balances	29,167	(104,232)	(266,376)	527,957	100,000	(694,280)	8,558	600,000	(1,805,983)
Fund balances, beginning	138,368	499,726	266,376	54,210	362,250	709,008	676,441	-	7,243,019
Fund balances, ending	\$ 167,535	\$ 395,494	\$ -	\$ 582,167	\$ 462,250	\$ 14,728	\$ 684,999	\$ 600,000	\$ 5,437,036

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 3,638,730	\$ 5,017,583	\$ 3,875,385	\$ (1,142,198)
Investment income	1,000	1,000	1,554	554
Miscellaneous	145,740	145,740	117,264	(28,476)
Total revenues	<u>3,785,470</u>	<u>5,164,323</u>	<u>3,994,203</u>	<u>(1,170,120)</u>
EXPENDITURES				
Current:				
Housing and community development	3,663,001	4,659,822	3,788,954	870,868
Capital outlay	-	180,070	-	180,070
Total expenditures	<u>3,663,001</u>	<u>4,839,892</u>	<u>3,788,954</u>	<u>1,050,938</u>
Excess (deficiency) of revenues over (under) expenditures	122,469	324,431	205,249	(119,182)
Other financing sources (uses):				
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	122,469	324,431	205,249	(119,182)
Fund balances, beginning	<u>1,244,008</u>	<u>1,244,008</u>	<u>1,244,008</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,366,477</u>	<u>\$ 1,568,439</u>	<u>\$ 1,449,257</u>	<u>\$ (119,182)</u>

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
FIRE IMPROVEMENT SPECIAL REVENUE FUND
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Insurance premium taxes	\$ 1,820,000	\$ 1,820,000	\$ 1,687,848	\$ (132,152)
Judgments and settlements	15,000	15,000	14,991	(9)
Intergovernmental	-	520,332	449,171	(71,161)
Investment income	12,500	12,500	12,791	291
Contributions and donations	-	100,048	86,521	(13,527)
Total revenues	1,847,500	2,467,880	2,251,322	(216,558)
EXPENDITURES				
Current:				
Public safety	294,742	889,060	708,539	180,521
Capital outlay	219,500	1,580,081	1,571,152	8,929
Total expenditures	514,242	2,469,141	2,279,691	189,450
Excess (deficiency) of revenues over (under) expenditures	1,333,258	(1,261)	(28,369)	(27,108)
Other financing sources (uses):				
Transfers out	(1,324,025)	(1,359,025)	(1,355,098)	3,927
Proceeds from capital lease obligation	-	1,309,391	1,309,391	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	(1,324,025)	(49,634)	(45,707)	3,927
Net change in fund balances	9,233	(50,895)	(74,076)	(23,181)
Fund balances, beginning	1,362,425	1,362,425	1,362,425	-
Fund balances, ending	\$ 1,371,658	\$ 1,311,530	\$ 1,288,349	\$ (23,181)

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL AID SPECIAL REVENUE FUND
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 3,709,100	\$ 4,668,564	\$ 3,263,283	\$ (1,405,281)
Investment income	12,500	12,500	23,917	11,417
Miscellaneous	37,930	37,930	11,350	(26,580)
Total revenues	3,759,530	4,718,994	3,298,550	(1,420,444)
EXPENDITURES				
Current:				
Public safety	1,560,638	1,564,567	1,294,409	270,158
Public works	2,262,700	3,517,509	1,389,018	2,128,491
Capital outlay	67,500	162,786	81,449	81,337
Total expenditures	3,890,838	5,244,862	2,764,876	2,479,986
Excess (deficiency) of revenues over (under) expenditures	(131,308)	(525,868)	533,674	1,059,542
Other financing sources (uses):				
Transfers in	41,350	41,350	40,441	(909)
Transfers out	(31,000)	(31,000)	(31,000)	-
Total other financing sources (uses)	10,350	10,350	9,441	(909)
Net change in fund balances	(120,958)	(515,518)	543,115	1,058,633
Fund balances, beginning	2,867,111	2,867,111	2,867,111	-
Fund balances, ending	\$ 2,746,153	\$ 2,351,593	\$ 3,410,226	\$ 1,058,633

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

JOB DEVELOPMENT INCENTIVE SPECIAL REVENUE FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Wages and net profits taxes	\$ 946,000	\$ 946,000	\$ 1,003,949	\$ 57,949
Investment income	16,500	16,500	10,615	(5,885)
Total revenues	962,500	962,500	1,014,564	52,064
EXPENSES				
Capital outlay	-	-	-	-
Excess of revenues over expenditures	962,500	962,500	1,014,564	52,064
Other financing sources (uses):				
Transfers in	-	285,000	285,000	-
Transfers out	(1,511,650)	(1,511,650)	(1,510,574)	1,076
Total other financing sources (uses)	(1,511,650)	(1,226,650)	(1,225,574)	1,076
Net change in fund balances	(549,150)	(264,150)	(211,010)	53,140
Fund balances, beginning	777,435	777,435	777,435	-
Fund balances, ending	\$ 228,285	\$ 513,285	\$ 566,425	\$ 53,140

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
PARKS DEVELOPMENT SPECIAL REVENUE FUND
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 408,500	\$ 408,500	\$ 407,500	\$ (1,000)
Wages and net profits taxes	791,500	993,500	992,069	(1,431)
Total revenues	1,200,000	1,402,000	1,399,569	(2,431)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(1,200,000)	(1,402,000)	(1,393,681)	8,319
Total other financing sources (uses)	(1,200,000)	(1,402,000)	(1,393,681)	8,319
Net change in fund balances	-	-	5,888	5,888
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ 5,888	\$ 5,888

CITY OF BOWLING GREEN, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
LANDFILL CLOSURE SPECIAL REVENUE FUND
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest income	\$ 24,000	\$ 24,000	\$ 29,153	\$ 5,153
Contributions and donations	-	450,000	438,659	(11,341)
Total revenues	24,000	474,000	467,812	(6,188)
EXPENDITURES				
Current:				
Public works	123,159	584,659	473,291	111,368
Total expenditures	123,159	584,659	473,291	111,368
Net change in fund balances	(99,159)	(110,659)	(5,479)	105,180
Fund balances, beginning	1,424,384	1,424,384	1,424,384	-
Fund balances, ending	\$ 1,325,225	\$ 1,313,725	\$ 1,418,905	\$ 105,180

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

LOCAL LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 73,318	\$ 73,318	\$ -
EXPENDITURES				
Current:				
Public safety	-	63,580	37,600	25,980
Capital Outlay	-	41,859	-	41,859
Total expenditures	-	105,439	37,600	67,839
Net change in fund balances	-	(32,121)	35,718	67,839
Fund balances, beginning	32,121	32,121	32,121	-
Fund balances, ending	\$ 32,121	\$ -	\$ 67,839	\$ 67,839

CITY OF BOWLING GREEN, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
TRUNKING OPERATION SPECIAL REVENUE FUND
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Investment Income	-	-	183	183
Contributions and donations	6,850	6,850	6,850	-
Total revenues	31,850	31,850	32,033	183
EXPENDITURES				
Current:				
Public works	76,850	81,280	41,200	40,080
Total expenditures	76,850	81,280	41,200	40,080
Excess (deficiency) of revenues over (under) expenditures	(45,000)	(49,430)	(9,167)	40,263
Other financing sources (uses):				
Transfers in	25,000	25,000	25,000	-
Total other financing sources (uses)	25,000	25,000	25,000	-
Net change in fund balances	(20,000)	(24,430)	15,833	40,263
Fund balances, beginning	77,536	77,536	77,536	-
Fund balances, ending	\$ 57,536	\$ 53,106	\$ 93,369	\$ 40,263

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY
 BUDGETARY COMPARISON SCHEDULE
 POLICE IMPROVEMENT SPECIAL REVENUE FUND
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 53,070	\$ 53,070	\$ 74,091	\$ 21,021
Investment income	500	500	442	(58)
Contributions and donations	-	-	-	-
Miscellaneous	56,000	56,000	58,237	2,237
Total revenues	109,570	109,570	132,770	23,200
EXPENDITURES				
Public safety	25,000	33,591	31,427	2,164
Capital outlay	150,000	178,200	172,193	6,007
Total expenses	175,000	211,791	203,620	8,171
Excess (deficiency) of revenues over (under) expenditures	(65,430)	(102,221)	(70,850)	31,371
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(38,000)	(38,000)	(38,000)	-
Total other financing sources (uses)	(38,000)	(38,000)	(38,000)	-
Net change in fund balances	(103,430)	(140,221)	(108,850)	31,371
Fund balances, beginning	434,431	434,431	434,431	-
Fund balances, ending	\$ 331,001	\$ 294,210	\$ 325,581	\$ 31,371

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

LAMPKIN PARK TRUST

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Contributions and donations	\$ 5,000	\$ 5,000	\$ 5,140	\$ 140
Total revenues	5,000	5,000	5,140	140
Net change in fund balances	5,000	5,000	5,140	140
Fund balances, beginning	31,074	31,074	31,074	-
Fund balances, ending	\$ 36,074	\$ 36,074	\$ 36,214	\$ 140

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

HOMELAND SECURITY

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 105,900	\$ 105,900	\$ -
Contributions and donations	-	-	-	-
Total revenues	-	105,900	105,900	-
EXPENDITURES				
Current:				
Public safety	-	105,900	105,900	-
Total expenditures	-	105,900	105,900	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

PARKS COMMUNITY CENTER CAPITAL PROJECTS FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Parks and recreation	\$ -	\$ 465,202	\$ 413,768	\$ 51,434
Capital outlay	-	-	-	-
Total expenditures	-	465,202	413,768	51,434
Deficiency of revenues under expenditures	-	(465,202)	(413,768)	51,434
Other financing sources (uses):				
Transfers in	-	417,488	417,487	1
Total other financing sources (uses)	-	417,488	417,487	1
Net change in fund balances	-	(47,714)	3,719	51,435
Fund balances, beginning	47,714	47,714	47,714	-
Fund balances, ending	\$ 47,714	\$ -	\$ 51,433	\$ 51,435

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

RIVERFRONT DEVELOPMENT CAPITAL PROJECTS FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 702,073	\$ 283,108	\$ (418,965)
Contributions and donations	-	6,000	-	(6,000)
Total revenues	-	708,073	283,108	(424,965)
EXPENDITURES				
Current:				
Housing and community development	-	3,696	3,695	1
Capital outlay	-	630,726	295,621	335,105
Total expenditures	-	634,422	299,316	335,106
Excess (deficiency) of revenues over (under) expenditures	-	73,651	(16,208)	(89,859)
Other financing sources (uses):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	73,651	(16,208)	(89,859)
Fund balances, beginning	232,321	232,321	232,321	-
Fund balances, ending	\$ 232,321	\$ 305,972	\$ 216,113	\$ (89,859)

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

EQUIPMENT REPLACEMENT CAPITAL PROJECTS FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	21,947	21,947	-
Total revenues	-	21,947	21,947	-
EXPENDITURES				
	-	-	-	-
General Government	-	6,476	4,576	1,900
Capital outlay	-	74,498	74,491	7
Total expenditures	-	80,974	79,067	1,907
Excess (deficiency) of revenues over (under) expenditures	-	(59,027)	(57,120)	1,907
Other financing sources (uses):				
Transfers in	-	500,000	200,000	(300,000)
Total other financing sources (uses)	-	500,000	200,000	(300,000)
Net change in fund balances	-	440,973	142,880	(298,093)
Fund balances, beginning	76,514	76,514	76,514	-
Fund balances, ending	\$ 76,514	\$ 517,487	\$ 219,394	\$ (298,093)

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

DOWNTOWN SIGNALIZATION CAPITAL PROJECTS FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Capital outlay	\$ -	\$ 333	\$ 333	\$ -
Total expenditures	-	333	333	-
Other financing sources (uses):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	(333)	(333)	-
Fund balances, beginning	333	333	333	-
Fund balances, ending	\$ 333	\$ -	\$ -	\$ -

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

BROADWAY CURVE REALIGNMENT CAPITAL PROJECTS FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Capital outlay	\$ -	\$ 31,780	\$ 31,780	\$ -
Total expenditures	-	31,780	31,780	-
Other financing sources (uses):				
Transfers out	-	(33,535)	(33,535)	-
Total other financing sources (uses)	-	(33,535)	(33,535)	-
Net change in fund balances	-	(65,315)	(65,315)	-
Fund balances, beginning	65,315	65,315	65,315	-
Fund balances, ending	\$ 65,315	\$ -	\$ -	\$ -

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

OLD MORGANTOWN RD REHAB CAPITAL PROJECTS FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ -	\$ -	\$ 30,389	\$ 30,389
EXPENDITURES				
Capital Outlay	-	3,138,481	2,101,909	1,036,572
Deficiency of revenues under expenditures	-	(3,138,481)	(2,071,520)	1,066,961
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	(3,138,481)	(2,071,520)	1,066,961
Fund balances, beginning	4,114,443	4,114,443	4,114,443	-
Fund balances, ending	\$ 4,114,443	\$ 975,962	\$ 2,042,923	\$ 1,066,961

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

HERITAGE TRAIL CONSTRUCTION CAPITAL PROJECTS FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Contributions and donations	\$ -	\$ -	\$ 29,167	\$ 29,167
EXPENDITURES				
Capital outlay	-	-	-	-
Net change in fund balances	-	-	29,167	29,167
Fund balances, beginning	138,368	138,368	138,368	-
Fund balances, ending	<u>\$ 138,368</u>	<u>\$ 138,368</u>	<u>\$ 167,535</u>	<u>\$ 29,167</u>

CITY OF BOWLING GREEN, KENTUCKY
 BUDGETARY COMPARISON SCHEDULE
 SIDEWALK IMPROVEMENT CAPITAL PROJECTS FUND
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	499,726	104,232	395,494
Total expenditures	-	499,726	104,232	395,494
Net change in fund balances	-	(499,726)	(104,232)	395,494
Fund balances, beginning	499,726	499,726	499,726	-
Fund balances, ending	\$ 499,726	\$ -	\$ 395,494	\$ 395,494

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

GREENWOOD LANE CONSTRUCTION CAPITAL PROJECTS FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital Outlay	-	162,423	162,423	-
Deficiency of revenues under expenditures	-	(162,423)	(162,423)	-
Other financing sources (uses):				
Transfers out	-	(103,953)	(103,953)	-
Net change in fund balances	-	(266,376)	(266,376)	-
Fund balances, beginning	266,376	266,376	266,376	-
Fund balances, ending	<u>\$ 266,376</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

STORMWATER INFRASTRUCTURE IMPROVEMENT CAPITAL PROJECTS FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Public Works	\$ -	\$ -	\$ -	\$ -
Capital Outlay	250,000	504,373	122,043	382,330
Total expenditures	(250,000)	(504,373)	(122,043)	382,330
Other financing sources (uses):				
Transfers in	250,000	650,000	650,000	-
Net change in fund balances	-	145,627	527,957	382,330
Fund balances, beginning	54,210	54,210	54,210	-
Fund balances, ending	\$ 54,210	\$ 199,837	\$ 582,167	\$ 382,330

CITY OF BOWLING GREEN, KENTUCKY
 BUDGETARY COMPARISON SCHEDULE
 MUNICIPAL FACILITIES CAPITAL PROJECTS FUND
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Capital outlay	\$ -	\$ 462,250	\$ -	\$ 462,250
Deficiency of revenues under expediti	-	(462,250)	-	462,250
Other financing sources (uses):				
Transfers in	-	100,000	\$ 100,000	-
Net change in fund balances	-	(362,250)	100,000	462,250
Fund balances, beginning	362,250	362,250	362,250	-
Fund balances, ending	\$ 362,250	\$ -	\$ 462,250	\$ 462,250

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

AIRPORT FIRE EXPANSION CAPITAL PROJECTS FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ 13,420	\$ 9,275	\$ (4,145)
EXPENDITURES				
Capital Outlay	-	748,454	738,555	9,899
Deficiency of revenues under expenditures	-	(735,034)	(729,280)	5,754
Other financing sources (uses):				
Transfers in	-	35,000	35,000	-
Total other financing sources (uses)	-	35,000	35,000	-
Net change in fund balances	-	(700,034)	(694,280)	5,754
Fund balances, beginning	709,008	709,008	709,008	-
Fund balances, ending	\$ 709,008	\$ 8,974	\$ 14,728	\$ 5,754

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

800 TRUNKING RADIO FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Public Safety	\$ -	\$ 300,000	\$ -	\$ 300,000
Total expenditures	-	300,000	-	300,000
Other financing sources (uses):				
Transfers in	-	1,400,000	600,000	(800,000)
Total other financing sources (uses)	-	1,400,000	600,000	(800,000)
Net change in fund balances	-	1,100,000	600,000	(500,000)
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ 1,100,000	\$ 600,000	\$ (500,000)

CITY OF BOWLING GREEN, KENTUCKY
 BUDGETARY COMPARISON SCHEDULE
 TECHNOLOGY CAPITAL IMPROVEMENT FUND
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
	-	-	-	-
Public Safety	-	66,026	56,610	9,416
Capital outlay	-	722,903	422,832	300,071
Total expenditures	-	788,929	479,442	309,487
Other financing sources (uses):				
Transfers in	-	738,000	488,000	(250,000)
Total other financing sources (uses)	-	738,000	488,000	(250,000)
Net change in fund balances	-	(50,929)	8,558	59,487
Fund balances, beginning	676,441	676,441	676,441	-
Fund balances, ending	\$ 676,441	\$ 625,512	\$ 684,999	\$ 59,487

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Principal	\$ 6,093,005	\$ 3,340,005	\$ 3,323,046	\$ 16,959
Interest and fiscal charges	5,856,375	2,053,625	2,053,369	256
Total expenditures	11,949,380	5,393,630	5,376,415	17,215
Excess (deficiency) of revenues over (under) expenditures	(11,949,380)	(5,393,630)	(5,376,415)	17,215
Other financing sources (uses):				
Transfers in	11,949,380	5,393,630	5,376,415	(17,215)
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

TIF DISTRICT DEBT SERVICE FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Community services	50,000	-	-	-
Debt Service:	-	-	-	-
Principal	-	455,000	455,000	-
Interest and fiscal charges	-	1,155,150	1,155,137	13
Total expenditures	50,000	1,610,150	1,610,137	13
Excess (deficiency) of revenues over (under) expenditures	(50,000)	(1,610,150)	(1,610,137)	(13)
Other financing sources (uses):				
Transfers in	1,660,150	1,610,150	1,610,150	-
Transfers out	(1,610,150)	-	-	-
Total other financing sources (uses)	50,000	1,610,150	1,610,150	-
Net change in fund balances	-	-	13	(13)
Fund balances, beginning	2,367,332	2,367,332	2,367,332	-
Fund balances, ending	\$ 2,367,332	\$ 2,367,332	\$ 2,367,345	\$ (13)

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.

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT OF NET ASSETS – INTERNAL SERVICE FUNDS

June 30, 2011

	Fleet Maintenance	Employee Health Care	Workers Compensation	Total
ASSETS				
Current assets				
Pooled cash and cash equivalents	\$ 594,354	\$ 755,454	\$ 823,030	\$ 2,172,838
Investments	-	3,819,178	1,432,718	5,251,896
Accounts receivable	-	19,898	-	19,898
Interest receivable	-	1,672	-	1,672
Inventories	191,870	-	-	191,870
Prepaid items	-	323,000	-	323,000
	<u>786,224</u>	<u>4,919,202</u>	<u>2,255,748</u>	<u>7,961,174</u>
Total current assets				
Noncurrent assets				
Capital assets				
Building	200,986	-	-	200,986
Machinery and equipment	241,082	-	40,345	281,427
	<u>442,068</u>	<u>-</u>	<u>40,345</u>	<u>482,413</u>
Less accumulated depreciation	(291,017)	-	(31,820)	(322,837)
Total capital assets, net of accumulated depreciation	<u>151,051</u>	<u>-</u>	<u>8,525</u>	<u>159,576</u>
	<u>151,051</u>	<u>-</u>	<u>8,525</u>	<u>159,576</u>
Total noncurrent assets				
	<u>\$ 937,275</u>	<u>\$ 4,919,202</u>	<u>\$ 2,264,273</u>	<u>\$ 8,120,750</u>
LIABILITIES				
Current liabilities				
Vouchers and accounts payable	\$ 69,266	\$ 70,960	\$ 12,413	\$ 152,639
Accrued payroll	10,886	0	1,002	11,888
Insurance claims payable	-	128,672	120,428	249,100
Current portion of compensated absences payable	11,243	-	-	11,243
	<u>91,395</u>	<u>199,632</u>	<u>133,843</u>	<u>424,870</u>
Total current liabilities				
Noncurrent liabilities				
Compensated absences payable, net of current portion	0	-	-	-
	<u>91,395</u>	<u>199,632</u>	<u>133,843</u>	<u>424,870</u>
Total liabilities				
NET ASSETS				
Invested in capital assets, net of related debt	151,051	-	8,525	159,576
Unrestricted	694,829	4,719,570	2,121,905	7,536,304
	<u>\$ 845,880</u>	<u>\$ 4,719,570</u>	<u>\$ 2,130,430</u>	<u>\$ 7,695,880</u>
Total net assets				

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT REVENUES, EXPENSES, AND CHANGES IN NET ASSETS – INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2011

	Fleet Maintenance	Employee Health Care	Workers Compensation	Total
OPERATING REVENUES				
Charges for services	\$ 1,586,936	\$ -	\$ -	\$ 1,586,936
Insurance premiums	-	4,196,526	574,827	4,771,353
Judgments and settlements	20,061	-	-	20,061
Miscellaneous	1,512	-	0	1,512
Total operating revenues	<u>1,608,509</u>	<u>4,196,526</u>	<u>574,827</u>	<u>6,379,862</u>
OPERATING EXPENSES				
Personnel services	475,255	-	31,327	506,582
Contractual services	708	330,736	62,594	394,038
Supplies	953,224	13,707	-	966,931
Utilities	27,277	-	-	27,277
Repairs and maintenance	81,921	-	19,161	101,082
Insurance premiums and claims	-	4,051,981	233,511	4,285,492
Depreciation	17,806	-	3,226	21,032
Miscellaneous	104	-	-	104
Total operating expenses	<u>1,556,295</u>	<u>4,396,424</u>	<u>349,819</u>	<u>6,302,538</u>
Operating income (loss)	52,214	(199,898)	225,008	77,324
NONOPERATING REVENUES (EXPENSES)				
Interest income	705	86,307	31,458	118,470
Loss on disposal of capital assets	-	-	-	-
Total nonoperating revenues	<u>705</u>	<u>86,307</u>	<u>31,458</u>	<u>118,470</u>
Income (loss) before transfers	52,919	(113,591)	256,466	195,794
Transfers out	<u>(7,230)</u>	<u>-</u>	<u>(100,000)</u>	<u>(107,230)</u>
Change in net assets	45,689	(113,591)	156,466	88,564
Net assets, beginning	<u>800,191</u>	<u>4,833,161</u>	<u>1,973,964</u>	<u>7,607,316</u>
Net assets, ending	<u>\$ 845,880</u>	<u>\$ 4,719,570</u>	<u>\$ 2,130,430</u>	<u>\$ 7,695,880</u>

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2011

	Fleet Maintenance	Employee Health Care	Workers Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,610,485	\$ 4,176,628	\$ 574,827	\$ 6,361,940
Payments to employees	(483,357)	-	(31,124)	(514,481)
Payments to suppliers	(1,108,547)	(316,728)	(95,765)	(1,521,040)
Insurance premiums and claims paid	-	(4,030,415)	(233,511)	(4,263,926)
Net cash provided by (used in) operating activities	<u>18,581</u>	<u>(170,515)</u>	<u>214,427</u>	<u>62,493</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	(7,230)	-	(100,000)	(107,230)
Net cash used in noncapital financing activities	<u>(7,230)</u>	<u>-</u>	<u>(100,000)</u>	<u>(107,230)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(564)	-	-	(564)
Net cash used in capital and related financing activities	<u>(564)</u>	<u>-</u>	<u>-</u>	<u>(564)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	705	88,986	31,458	121,149
Sale of investments	-	-	-	-
Purchase of Investments	-	2,115	(9,141)	(7,026)
Net cash provided by (used in) investing activities	<u>705</u>	<u>91,101</u>	<u>22,317</u>	<u>114,123</u>
Net increase (decrease) in cash and cash equivalents	11,492	(79,414)	136,744	68,822
Cash and cash equivalents, beginning of year	582,862	834,868	686,286	2,104,016
Cash and cash equivalents, end of year	<u>\$ 594,354</u>	<u>\$ 755,454</u>	<u>\$ 823,030</u>	<u>\$ 2,172,838</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income (loss)	\$ 52,214	\$ (199,898)	\$ 225,008	\$ 77,324
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	17,806	-	3,226	21,032
Change in assets and liabilities				
Accounts receivable	1,976	(19,898)	-	(17,922)
Inventories	(51,595)	-	-	(51,595)
Prepaid items	-	-	-	-
Accounts payable	6,282	27,715	(14,010)	19,987
Compensated absences	(4,001)	-	-	(4,001)
Accrued payroll	(4,101)	-	203	(3,898)
Insurance claims payable	-	21,566	-	21,566
Net cash provided by (used in) operating activities	<u>\$ 18,581</u>	<u>\$ (170,515)</u>	<u>\$ 214,427</u>	<u>\$ 62,493</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.

Special Employee/Explorer Fund

This fund is used to account for revenues and disbursements used for special employee activities. The fund is maintained by balance sheet only and requires no adopted budget.

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS

For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
CLAIMS FUND				
Assets				
Non-pooled cash and cash equivalents	\$ 150,000	\$ 98,121,473	\$ 98,121,473	\$ 150,000
Liabilities				
Other liabilities	\$ 150,000	\$ 98,121,473	\$ 98,121,473	\$ 150,000
PAYROLL FUND				
Assets				
Non-pooled cash and cash equivalents	\$ 24,726	\$ 32,366,242	\$ 32,365,968	\$ 25,000
Liabilities				
Other liabilities	\$ 24,726	\$ 32,366,242	\$ 32,365,968	\$ 25,000
TOURIST & CONVENTION FUND				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 1,352,494	\$ 1,352,494	\$ -
Liabilities				
Due to Tourist Commission	\$ -	\$ 1,014,371	\$ 1,014,371	\$ -
Due to Convention Center Corp.	-	338,124	338,124	-
Total liabilities	\$ -	\$ 1,352,495	\$ 1,352,495	\$ -
TAX DISTRIBUTION FUND				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 18,189,940	\$ 18,189,940	\$ -
Liabilities				
Due to other funds	\$ -	\$ 9,437,364	\$ 9,437,364	\$ -
Due to other taxing units - School Board	-	8,572,164	8,572,164	-
Other liabilities	-	180,412	180,412	-
Total liabilities	\$ -	\$ 18,189,940	\$ 18,189,940	\$ -

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS

For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
TREASURER'S DISTRIBUTION FUND				
Assets				
Pooled cash and cash equivalents	\$ 145,077	\$ -	\$ 32,159	\$ 112,918
Liabilities				
Due to other governmental units	\$ 145,077	\$ -	\$ 32,159	\$ 112,918
SPECIAL EMPLOYEE/EXPLORER FUND				
Assets				
Pooled cash and equivalents	\$ -	\$ -	\$ -	\$ -
Liabilities				
Due to employees	\$ -	\$ -	\$ -	\$ -
TOTALS - ALL AGENCY FUNDS				
Assets				
Pooled cash and cash equivalents	\$ 145,077	\$ 19,542,434	\$ 19,574,593	\$ 112,918
Non-pooled cash and cash equivalents	174,726	130,487,715	130,487,441	175,000
Total assets	\$ 319,803	\$ 150,030,149	\$ 150,062,034	\$ 287,918
Liabilities				
Due to other funds	\$ -	\$ 9,437,364	\$ 9,437,364	\$ -
Due to Tourist Commission	-	1,014,371	1,014,371	-
Due to Convention Center Corp.	-	338,124	338,124	-
Due to other taxing units - School Board	-	8,572,164	8,572,164	-
Due to other governmental units	145,077	-	32,159	112,918
Due to employees	-	-	-	-
Other liabilities	174,726	130,668,127	130,667,853	175,000
Total liabilities	\$ 319,803	\$ 150,030,150	\$ 150,062,035	\$ 287,918

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT OF NET ASSETS – COMPONENT UNIT – BOWLING GREEN MUNICIPAL UTILITIES

June 30, 2011

	Bowling Green Municipal Utilities			Total
	Electric Division	Water-Sewer Division	General Services Division	
ASSETS				
Non-pooled cash and cash equivalents	\$ 8,268,850	\$ 2,540,924	\$ 44,961	\$ 10,854,735
Receivables (net):				
Accounts	8,640,290	201,771	28,374	8,870,435
Other	118,163	539,834	-	657,997
Inventories	871,029	170,797	46,906	1,088,732
Prepaid items	303,887	133,412	13,393	450,692
Long-term investments	100,000	-	-	100,000
Restricted cash - TVA	497,264	-	-	497,264
Investments and restricted funds	1,386,647	2,528,895	-	3,915,542
Due from component units	215,725	6,050,000	-	6,265,725
Capital assets, net of accumulated depreciation:				
Non-depreciable	1,775,948	39,644,135	40,749	41,460,832
Depreciable	47,084,704	76,435,213	4,221,781	127,741,698
Deferred charges	-	180,436	-	180,436
Other assets	169,613	-	13,828.00	183,441
Total assets	69,432,120	128,425,417	4,409,992	202,267,529
LIABILITIES				
Vouchers and accounts payable	7,536,403	3,595,503	139,569	11,271,475
Compensated absences payable	435,264	282,345	-	717,609
Accrued interest payable	1,179,858	52,341	-	1,232,199
Due to component unit	-	207,549	1,053,603	1,261,152
Security deposits	2,944,025	-	-	2,944,025
Other current liabilities	631,317	133,205	-	764,522
Compensated absences payable, noncurrent	218,792	126,083	-	344,875
Advances from TVA - conservation program	-	-	-	-
Customer advances	74,512	-	-	74,512
Noncurrent liabilities:				
Due within one year	1,010,000	1,595,905	-	2,605,905
Due in more than one year	8,109,982	51,475,869	-	59,585,851
Due to component unit	-	-	5,000,000	5,000,000
Total liabilities	22,140,153	57,468,800	6,193,172	85,802,125
NET ASSETS				
Invested in capital assets, net of related debt	39,740,670	63,042,524	-	102,783,194
Restricted for capital activity and debt service	1,486,647	2,528,895	-	4,015,542
Unrestricted	6,064,650	5,385,198	(1,783,180)	9,666,668
Total net assets	\$ 47,291,967	\$ 70,956,617	\$ (1,783,180)	\$ 116,465,404

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT OF ACTIVITIES – COMPONENT UNITS – BOWLING GREEN MUNICIPAL UTILITIES

For the Year Ended June 30, 2011

Bowling Green Municipal Utilities	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Contributions	Capital Contributions	Electric System	Water and Sewer System	Fiber Optic System	Totals	
Electric Division	\$ 83,470,491	\$ 84,667,107	\$ -	\$ -	\$ 1,196,616	\$ -	\$ -	\$ 1,196,616	
Water-Sewer Division	15,641,414	16,137,999	-	1,251,710	-	1,748,295	-	1,748,295	
General Services Division	1,452,508	1,721,165	-	-	-	-	268,657	268,657	
Total component units	\$ 100,564,413	\$ 102,526,271	\$ -	\$ 1,251,710	1,196,616	1,748,295	268,657	3,213,568	
General revenues:									
					Investment income	112,595	81,232	-	193,827
					Merchandising revenues, net	16,506	-	2,984	19,490
					Miscellaneous	-	335,493	1,211	336,704
					Total general revenues	129,101	416,725	4,195	550,021
					Change in net assets	1,325,717	2,165,020	272,852	3,763,589
					Net assets, beginning of year	45,966,250	68,791,597	(2,056,032)	112,701,815
					Net assets, end of year	\$ 47,291,967	\$ 70,956,617	\$ (1,783,180)	\$ 116,465,404

See accompanying independent auditor's report

STATISTICAL SECTION

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

Financial Trends: Tables 1 - 4

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

Revenue Capacity: Tables 5 - 7

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

Debt Capacity: Tables 8 - 12

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

Demographic and Economic Information: Tables 13 - 14

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

Operating Information: Tables 15 - 17

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

Schedule 1
City of Bowling Green
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities									
Invested in capital assets, net of related debt	\$ 124,378,964	\$ 115,406,434	\$ 110,124,978	\$ 95,299,980	\$ 70,506,798	\$ 61,920,839	\$ 48,982,175	\$ 47,421,777	\$ 39,857,501
Restricted	7,678,890	8,489,209	12,648,978	13,706,589	16,471,139	7,114,135	8,614,231	2,697,480	2,487,100
Unrestricted	11,861,503	10,322,628	3,791,321	30,702,914	35,938,960	32,220,951	24,642,192	14,287,360	12,004,217
Total governmental activities net assets	<u>\$ 143,919,357</u>	<u>\$ 134,218,271</u>	<u>\$ 126,565,277</u>	<u>\$ 139,709,483</u>	<u>\$ 122,916,897</u>	<u>\$ 101,255,925</u>	<u>\$ 82,238,598</u>	<u>\$ 64,406,617</u>	<u>\$ 54,348,818</u>
Business-type activities									
Invested in capital assets, net of related debt	\$ 6,601,646	\$ 6,073,639	\$ 5,673,876	\$ 4,914,526	\$ 4,536,514	\$ 4,391,188	\$ 4,007,468	\$ 4,148,183	\$ 4,189,200
Restricted	-	-	-	-	-	-	533	16,967	996
Unrestricted	5,109,640	4,408,480	3,763,476	2,954,021	2,723,849	1,908,071	1,503,788	1,618,039	1,827,602
Total business-type activities net assets	<u>\$ 11,711,286</u>	<u>\$ 10,482,119</u>	<u>\$ 9,437,352</u>	<u>\$ 7,868,547</u>	<u>\$ 7,260,363</u>	<u>\$ 6,299,259</u>	<u>\$ 5,511,789</u>	<u>\$ 5,783,189</u>	<u>\$ 6,017,798</u>
Primary government									
Invested in capital assets, net of related debt	\$ 130,980,610	\$ 121,480,073	\$ 115,798,854	\$ 100,214,506	\$ 75,043,312	\$ 66,312,027	\$ 52,989,643	\$ 51,569,960	\$ 44,046,701
Restricted	7,678,890	8,489,209	12,648,978	13,706,589	16,471,139	7,114,135	8,614,764	2,714,447	2,488,096
Unrestricted	16,971,143	14,731,108	7,554,797	33,656,935	38,662,809	34,129,022	26,145,980	15,905,399	13,831,819
Total primary government net assets	<u>\$ 155,630,643</u>	<u>\$ 144,700,390</u>	<u>\$ 136,002,629</u>	<u>\$ 147,578,030</u>	<u>\$ 130,177,260</u>	<u>\$ 107,555,184</u>	<u>\$ 87,750,387</u>	<u>\$ 70,189,806</u>	<u>\$ 60,366,616</u>

Note: Nine (9) years of data are shown above due to unattainable accrual basis figures prior to FY03.

Schedule 2
City of Bowling Green
Changes in Net Assets, Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses									
Governmental activities:									
General government	\$ 15,155,819	\$ 12,874,758	\$ 14,240,674	\$ 14,963,398	\$ 11,585,397	\$ 10,620,708	\$ 9,839,358	\$ 5,895,705	\$ 5,032,369
Public safety	21,843,704	22,477,932	20,629,290	20,888,002	18,477,954	17,028,198	16,864,958	16,260,982	14,807,559
Public works	6,700,923	7,782,325	6,276,210	6,445,139	8,024,218	6,407,082	6,126,248	5,144,685	4,579,303
Parks and recreation	5,478,404	4,895,725	4,715,430	4,643,176	4,579,136	4,318,574	4,056,394	3,989,799	3,985,463
Housing and community development	4,948,826	4,739,011	5,562,852	4,533,189	5,891,219	5,221,716	4,170,122	3,716,744	3,194,764
Community services	1,238,015	2,446,270	24,078,708	4,087,698	3,016,601	2,585,297	2,445,889	2,406,986	811,445
Miscellaneous	-	-	-	-	-	-	5,595	280,874	112,656
Interest expense	5,670,703	6,789,892	7,033,869	4,380,214	3,501,788	3,478,617	3,470,870	2,991,536	2,899,766
Total governmental activities expenses	\$ 61,036,394	\$ 62,005,913	\$ 82,537,033	\$ 59,940,816	\$ 55,076,313	\$ 49,660,192	\$ 46,979,434	\$ 40,687,311	\$ 35,423,325
Business-type activities:									
Golf course	\$ 2,366,430	\$ 2,323,270	\$ 2,342,624	\$ 2,379,799	\$ 2,375,208	\$ 2,316,855	\$ 2,251,191	\$ 2,116,158	\$ 2,026,116
Aquatics	871,429	849,210	848,501	1,231,201	862,409	877,479	1,039,779	991,237	947,862
Convention center	607,015	823,333	742,829	850,659	682,734	897,524	1,087,721	1,136,688	1,381,268
Total business-type activities expenses	3,844,874	3,995,813	3,933,954	4,461,659	3,920,351	4,091,858	4,378,691	4,244,083	4,355,246
Total primary government expenses	\$ 64,881,268	\$ 66,001,726	\$ 86,470,987	\$ 64,402,475	\$ 58,996,664	\$ 53,752,050	\$ 51,358,125	\$ 44,931,394	\$ 39,778,571
Program Revenues									
Governmental activities:									
Charges for services:									
General government	\$ 3,415,888	\$ 3,095,600	\$ 3,545,304	\$ 2,234,584	\$ 2,124,151	\$ 1,072,180	\$ 1,248,536	\$ 603,853	\$ 551,996
Public safety	187,098	187,228	250,696	294,866	191,964	199,137	572,295	113,112	122,074
Public works	-	-	-	-	-	-	-	668,347	443,695
Parks and recreation	398,333	421,798	390,693	382,818	323,999	361,444	351,497	591,871	539,792
Operating grants and contributions	8,425,923	8,986,469	7,311,410	7,544,586	6,445,180	5,614,030	5,242,315	5,570,258	4,075,055
Capital grants and contributions	9,941,334	8,339,284	7,689,270	14,582,910	17,335,681	7,856,470	4,185,783	2,847,325	1,692,749
Total governmental activities program revenues	\$ 22,368,576	\$ 21,030,379	\$ 19,187,373	\$ 25,039,764	\$ 26,420,975	\$ 15,103,261	\$ 11,600,426	\$ 10,394,766	\$ 7,425,361
Business-type activities:									
Charges for services:									
Golf course	\$ 1,275,821	\$ 1,316,218	\$ 1,429,946	\$ 1,416,483	\$ 1,430,200	\$ 1,369,313	\$ 1,326,003	\$ 1,388,009	\$ 1,337,477
Aquatics	578,532	518,834	511,395	475,673	421,185	461,381	460,480	490,405	466,250
Convention center	216,665	214,459	223,958	203,324	194,675	312,682	570,517	287,876	227,416
Operating grants and contributions	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-
Total business-type activities	2,071,018	2,049,511	2,165,299	2,095,480	2,046,060	2,143,376	2,357,000	2,166,290	2,031,143
Total primary government program revenues	\$ 24,439,594	\$ 23,079,890	\$ 21,352,672	\$ 27,135,244	\$ 28,467,035	\$ 17,246,637	\$ 13,957,426	\$ 12,561,056	\$ 9,456,504
Net (Expense)/Revenue									
Governmental activities	\$ (38,667,818)	\$ (40,975,534)	\$ (63,349,660)	\$ (34,901,052)	\$ (28,655,338)	\$ (34,556,931)	\$ (35,379,008)	\$ (30,292,545)	\$ (27,997,964)
Business-type activities	(1,773,856)	(1,946,302)	(1,768,655)	(2,366,179)	(1,874,291)	(1,948,482)	(2,021,691)	(2,077,793)	(2,324,103)
Total primary government net expense	\$ (40,441,674)	\$ (42,921,836)	\$ (65,118,315)	\$ (37,267,231)	\$ (30,529,629)	\$ (36,505,413)	\$ (37,400,699)	\$ (32,370,338)	\$ (30,322,067)

Note: Nine (9) years of data are shown above due to unattainable accrual basis figures prior to FY03.

See accompanying independent auditor's report

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 11,220,959	\$ 11,346,706	\$ 10,824,938	\$ 11,871,893	\$ 10,835,879	\$ 13,163,115	\$ 10,797,549	\$ 10,401,190	\$ 9,590,687
Insurance premium taxes ^a	3,087,621	3,140,598	3,100,377	3,154,521	3,097,857	-	-	-	-
Wages and net profits taxes	37,220,689	35,502,869	36,016,500	36,502,625	37,247,653	37,285,158	35,711,658	29,965,370	22,315,645
Gain (loss) on sale of capital assets	(1,839,170)	-	-	-	(872,410)	44,519	6,107	(226,900)	47,927
Judgements and settlements	-	-	-	-	-	730,458	427,363	-	-
Investment income	886,084	1,031,911	2,435,228	2,351,828	2,253,732	1,787,940	957,679	588,707	160,956
Miscellaneous	270,561	144,527	696,997	327,802	159,972	148,603	1,302,587	1,235,134	609,723
Transfers	(2,477,840)	(2,538,083)	(2,868,586)	(2,515,031)	(2,406,373)	(2,318,501)	(1,651,859)	(1,613,157)	(3,312,325)
Total governmental activities	\$ 48,368,904	\$ 48,628,528	\$ 50,205,454	\$ 51,693,638	\$ 50,316,310	\$ 50,841,292	\$ 47,551,084	\$ 40,350,344	\$ 29,412,613
Business-type activities:									
Taxes									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 512,710	\$ 415,371
Transient room taxes	420,300	382,340	396,518	398,381	369,162	373,236	379,571	-	-
Gain (loss) on sale of capital assets	-	-	-	-	-	(10,854)	10,386	(777)	-
Judgements and settlements	-	-	-	-	-	-	-	16,162	608,757
Investment income	84,510	70,646	72,356	60,951	59,860	55,069	39,089	11,987	10,486
Miscellaneous	20,373	-	-	-	-	-	17,542	-	-
Transfers	2,477,840	2,538,083	2,868,586	2,515,031	2,406,373	2,318,501	1,651,859	1,613,157	1,558,213
Total business-type activities	3,003,023	2,991,069	3,337,460	2,974,363	2,835,395	2,735,952	2,098,447	2,153,239	2,592,827
Total primary government	\$ 51,371,927	\$ 51,619,597	\$ 53,542,914	\$ 54,668,001	\$ 53,151,705	\$ 53,577,244	\$ 49,649,531	\$ 42,503,583	\$ 32,005,440
Changes in Net Assets									
Governmental activities	\$ 9,701,086	\$ 7,652,994	\$ (13,144,206)	\$ 16,792,586	\$ 21,660,972	\$ 16,284,361	\$ 12,172,076	\$ 10,057,799	\$ 1,414,649
Business-type activities	1,229,167	1,044,767	1,568,805	608,184	961,104	787,470	76,756	75,446	268,724
Total primary government	\$ 10,930,253	\$ 8,697,761	\$ (11,575,401)	\$ 17,400,770	\$ 22,622,076	\$ 17,071,831	\$ 12,248,832	\$ 10,133,245	\$ 1,683,373

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

Nine (9) years of data are shown above due to unattainable accrual basis figures prior to FY03.

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund										
Nonspendable	\$ 116,591.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved		580,258	1,843,259	2,175,158	853,653	681,409	573,802	991,825	218,439	81,981
Restricted	28,381	-	-	-	-	-	-	-	-	-
Committed	7,153,358	-	-	-	-	-	-	-	-	-
Assigned	2,350,558	-	-	-	-	-	-	-	-	-
Unassigned	8,083,626	-	-	-	-	-	-	-	-	-
Unreserved	-	16,393,728	13,888,739	15,328,742	20,593,019	21,042,696	16,742,378	10,721,868	6,356,566	5,296,729
Total General Fund	<u>\$ 17,732,514</u>	<u>\$ 16,973,986</u>	<u>\$ 15,731,998</u>	<u>\$ 17,503,900</u>	<u>\$ 21,446,672</u>	<u>\$ 21,724,105</u>	<u>\$ 17,316,180</u>	<u>\$ 11,713,693</u>	<u>\$ 6,575,005</u>	<u>\$ 5,378,710</u>
All Other Governmental Funds										
Restricted	\$ 20,223,543	\$ 4,992,442	\$ 3,672,061	\$ 6,198,535	\$ 6,364,120	\$ 4,340,670	\$ 3,348,334	\$ 5,115,715	\$ 2,918,016	\$ 3,148,326
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	11,382,712	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Special Revenue funds	-	25,691,575	27,562,694	24,465,839	7,658,317	8,367,593	7,091,740	5,305,482	4,666,800	4,935,865
Capital Projects funds	-	3,285,091	8,778,626	8,619,293	13,733,273	2,747,696	4,887,593	6,722,685	(1,005,211)	1,163,437
Debt Service funds	-	-	-	47,702	104,610	105,116	104,949	-	-	-
Permanent fund	-	36,806	93,736	67,610	47,988	32,288	541,276	104,014	97,430	-
Total all other governmental funds	<u>\$ 31,606,255</u>	<u>\$ 34,005,914</u>	<u>\$ 40,107,117</u>	<u>\$ 39,398,979</u>	<u>\$ 27,908,308</u>	<u>\$ 15,593,363</u>	<u>\$ 15,973,892</u>	<u>\$ 17,247,896</u>	<u>\$ 6,677,035</u>	<u>\$ 9,247,628</u>

Note: (a) FY2005 was the first year Debt Service funds had a fund balance.

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

- Nonspendable
- Committed
- Assigned
- Unassigned

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

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

	Fiscal Year									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues										
Taxes	\$ 11,094,132	\$ 11,174,838	\$ 10,633,642	\$ 11,743,169	\$ 10,835,879	\$ 13,163,115	\$ 10,797,549	\$ 10,401,190	\$ 9,590,687	\$ 9,182,285
Insurance premium taxes	3,087,621	3,140,598	3,100,377	3,154,521	3,097,857	-	-	-	-	-
Wage and net profit taxes	37,218,764	35,502,869	36,111,281	36,681,744	37,406,227	37,285,157	35,711,658	31,085,066	23,100,389	21,700,035
Licenses and permits	1,008,531	1,164,737	898,603	945,383	735,949	-	-	-	-	-
Intergovernmental	10,490,457	12,457,418	9,836,174	10,453,862	11,392,786	9,868,433	9,428,098	8,417,583	5,767,804	5,421,909
Investment income	774,589	940,504	2,236,555	2,099,729	2,017,219	-	-	-	-	-
Charges for services	572,038	616,196	481,491	547,340	595,021	571,009	572,295	451,453	510,395	399,777
Parks and recreation	379,821	410,111	380,317	372,484	323,999	361,444	351,497	383,879	340,043	324,083
Rental Income	1,410,533	976,868	1,685,901	-	-	-	-	-	-	-
Miscellaneous	1,007,904	492,125	954,532	591,109	965,356	3,050,865	2,188,073	1,813,668	754,555	1,094,389
Total revenues	<u>67,044,390</u>	<u>66,876,264</u>	<u>66,318,873</u>	<u>66,589,341</u>	<u>67,370,293</u>	<u>64,300,023</u>	<u>59,049,170</u>	<u>52,552,839</u>	<u>40,063,873</u>	<u>38,122,478</u>
Expenditures										
General government	6,319,543	6,753,844	6,899,349	8,512,371	7,018,903	6,490,388	6,034,350	5,721,598	4,858,711	6,591,301
Public safety	23,911,824	24,774,100	23,200,660	23,276,993	21,382,962	19,849,913	17,481,667	15,716,344	14,079,630	12,068,648
Public works	7,330,975	7,590,188	7,862,753	6,885,983	7,369,126	7,518,741	6,504,418	5,204,488	4,935,979	4,716,384
Parks and recreation	5,591,502	4,986,858	5,412,954	5,758,676	5,107,121	4,274,028	3,913,462	3,722,246	3,698,588	3,281,851
Housing and community development	5,194,215	6,937,549	27,800,163	6,062,010	6,652,290	5,298,730	4,253,515	3,784,107	3,199,980	32,917,328
Community services	461,995	751,278	1,066,412	3,116,912	3,016,601	2,576,613	2,437,205	2,373,892	778,323	1,336,663
Miscellaneous	-	-	-	-	-	-	5,595	285,827	111,458	111,095
Capital outlay	5,879,013	5,675,679	12,407,497	10,561,509	9,324,923	6,254,064	9,846,885	10,198,474	3,547,072	2,936,024
Debt service:										
Principal	6,798,046	5,489,095	5,009,606	4,201,347	4,757,074	3,506,898	2,648,501	2,172,095	4,912,967	2,063,834
Interest and fiscal charges	6,145,566	6,655,188	7,277,785	4,500,337	3,403,076	3,403,726	3,576,060	3,206,406	2,866,115	1,931,663
Total Expenditures	<u>67,632,679</u>	<u>69,613,779</u>	<u>96,937,179</u>	<u>72,876,138</u>	<u>68,032,076</u>	<u>59,173,101</u>	<u>56,701,658</u>	<u>52,385,477</u>	<u>42,988,823</u>	<u>67,954,791</u>
Excess (deficiency) of revenues over (under) expenditures	(588,289)	(2,737,515)	(30,618,306)	(6,286,797)	(661,783)	5,126,922	2,347,512	167,362	(2,924,950)	(29,832,313)

See accompanying independent auditor's report

Other Financing Sources (Uses)

Transfers in	10,727,493	14,823,177	19,275,432	14,236,314	12,653,038	9,202,125	9,336,999	6,640,294	7,448,127	6,130,470
Transfers out	(13,105,332)	(17,011,260)	(22,144,018)	(16,816,345)	(15,186,551)	(11,448,126)	(10,893,858)	(8,148,010)	(10,360,452)	(8,429,858)
Issuance of debt	-	-	31,420,000	-	-	-	1,630,000	14,658,705	-	-
Premium on general obligation bonds	-	-	667,110	-	83,038	-	-	237,204	-	-
Discount on general obligation bonds	-	-	(8,009)	-	-	-	-	(1,643)	-	-
Capital lease proceeds	1,309,391	-	-	-	-	-	1,708,594	212,000	3,253,128	-
General Obligation note proceeds	-	-	-	-	-	-	-	1,730,000	386,000	164,500
General Obligation bond proceeds	-	-	-	-	14,682,962	-	-	-	-	32,436,841
Issuance of refunding debt	29,627,561	-	12,119,800	30,443,095	-	-	-	-	-	5,542,079
Payment to refunded bonds redeemed	-	-	(2,147,888)	-	-	-	-	-	-	-
Payments to refunded debt escrow agent	(29,627,561)	-	(9,971,912)	(13,803,815)	-	-	-	-	-	(5,542,079)
Other financing costs	-	-	-	(319,653)	-	-	-	-	-	-
Sale of capital assets	15,604	66,383	344,027	95,100	466,807	1,146,475	199,236	213,637	110,366	-
Total other financing sources (uses)	(1,052,844)	(2,121,700)	29,554,542	13,834,696	12,699,294	(1,099,526)	1,980,971	15,542,187	837,169	30,301,953
Net Change in fund balances	\$ (1,641,133)	\$ (4,859,215)	\$ (1,063,764)	\$ 7,547,899	\$ 12,037,511	\$ 4,027,396	\$ 4,328,483	\$ 15,709,549	\$ (2,087,781)	\$ 469,640
Debt service as a percentage of noncapital expenditures	22.78%	21.03%	15.55%	21.74%	18.28%	13.41%	12.75%	12.04%	18.76%	6.15%

(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.

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

Fiscal Year Ended June 30,	Total Gross Wages	Occupational Withholding Fees	Total Direct Tax Rate
2002	\$ 1,074,751,800	\$ 16,121,277	1.50%
2003	1,105,090,333	16,576,355	1.50%
2004	1,128,756,300	22,575,126	2.00%
2005	1,271,473,750	25,429,475	2.00%
2006	1,369,273,450	27,385,469	2.00%
2007	1,437,833,982	28,103,464	1.85% ¹
2008	1,528,058,865	28,269,089	1.85%
2009	1,506,249,500	27,865,616	1.85%
2010	1,517,902,824	28,081,202	1.85%
2011	1,559,791,267	28,856,139	1.85%

Source: City of Bowling Green, Department of Finance

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

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

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

<u>Fiscal Year</u>	<u>City of Bowling Green Direct Rate</u>	<u>Total Direct</u>
2002	1.50%	1.50%
2003	1.50%	1.50%
2004	2.00%	2.00%
2005	2.00%	2.00%
2006	2.00%	2.00%
2007	1.85%	1.85%
2008	1.85%	1.85%
2009	1.85%	1.85%
2010	1.85%	1.85%
2011	1.85%	1.85%

Source: City of Bowling Green, Department of Finance

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

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

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

Taxpayer	
<u>2011</u>	<u>2002</u>
Bowling Green Independent Schools	Bowling Green Independent Schools
Bowling Green Metalforming LLC	Commonwealth of Kentucky
Commonwealth Health Corporation	Country Oven Bakery
Country Oven Bakery	DESA International Inc
General Motors Corporation	General Motors Corporation
Sun Products Corporation	Graves Gilbert Clinic PSC
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 only.

General Motors previously listed at NAO Comp Oper-
North American Oper.

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

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income (b)	Per Capita (b)
	General Obligation Bonds	Lease Revenue Bonds	Special Assessment Bonds (a)	Notes	General Obligation Bonds	Lease Revenue Bonds	Notes			
				Payable and Capital Leases			Payable and Capital Leases			
2002	\$ 52,762,000	\$ 4,050,000	\$ -	\$ 7,286,937	\$ 7,043,394	\$ -	\$ 367,541	\$ 71,509,872	3.18%	1,430
2003	52,317,000	3,660,000	-	6,847,891	14,736,250	-	987,263	78,548,404	3.34%	1,511
2004	66,537,320	3,240,000	160,241	7,542,796	15,969,295	-	405,894	93,855,546	3.77%	1,805
2005	65,738,223	2,805,000	153,331	9,630,041	14,408,408	-	318,668	93,053,671	3.52%	1,789
2006	64,175,565	2,350,000	148,250	8,129,023	13,427,668	-	233,686	88,464,192	3.25%	1,701
2007	77,134,277	1,350,000	143,167	6,106,234	13,385,722	-	153,352	98,272,752	3.34%	1,890
2008	102,042,174	1,230,000	136,590	5,577,154	12,287,828	-	98,893	121,372,639	3.98%	2,248
2009	132,181,377	-	131,906	4,510,477	11,288,624	-	60,698	148,173,082	4.64%	2,694
2010	128,561,433	-	125,229	3,241,585	10,073,568	-	47,544	142,049,359	4.17%	2,492
2011	124,964,655	-	118,419	3,944,088	9,165,353	-	28,925	138,221,440	4.02%	2,383

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

(a) Warren County Water District bonds.

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

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

	Fiscal Year									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General bonded debt outstanding										
General obligation bonds	\$ 124,964,655	\$ 128,561,433	\$ 132,181,377	\$ 102,042,174	\$ 77,134,277	\$ 64,175,565	\$ 65,738,223	\$ 66,537,320	\$ 52,317,000	\$ 52,762,000
Lease revenue bonds	-	-	-	1,230,000	1,350,000	2,350,000	2,805,000	3,240,000	3,660,000	4,050,000
Special Assessment bonds	<u>118,419</u>	<u>125,229</u>	<u>131,906</u>	<u>136,590</u>	<u>143,167</u>	<u>148,250</u>	<u>153,331</u>	<u>160,241</u>	-	-
Total	<u>\$ 125,083,074</u>	<u>128,686,662</u>	<u>132,313,283</u>	<u>103,408,764</u>	<u>78,627,444</u>	<u>66,673,815</u>	<u>68,696,554</u>	<u>69,937,561</u>	<u>55,977,000</u>	<u>56,812,000</u>
Less: Amounts set aside to repay general debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,702)</u>	<u>(104,610)</u>	<u>(105,116)</u>	<u>(105,482)</u>	<u>(106,397)</u>	<u>(100,325)</u>	<u>(1,475,212)</u>
Net general bonded debt	<u>\$ 125,083,074</u>	<u>\$ 128,686,662</u>	<u>\$ 132,313,283</u>	<u>\$ 103,361,062</u>	<u>\$ 78,522,834</u>	<u>\$ 66,568,699</u>	<u>\$ 68,591,072</u>	<u>\$ 69,831,164</u>	<u>\$ 55,876,675</u>	<u>\$ 55,336,788</u>
Property Values	\$ 4,565,229,850	\$ 4,551,808,439	\$ 4,489,771,784	\$ 4,394,868,241	\$ 4,094,335,746	\$ 3,394,130,088	\$ 3,117,333,952	\$ 2,942,526,746	\$ 2,841,283,564	\$ 2,769,203,146
Percentage of estimated actual taxable value of property	2.74%	2.83%	2.95%	2.35%	1.92%	1.96%	2.20%	2.37%	1.97%	2.00%
Per capita (a)	2,194	2,258	2,406	1,914	1,510	1,280	1,319	1,343	1,075	1,107

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

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

Schedule 10
City of Bowling Green
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt</u>
Bowling Green Independent Schools	\$ 29,055,000	100.00%	\$ 29,055,000
Warren County	43,135,000	57.58%	24,835,471
Warren County Schools	146,262,000	49.64%	72,608,248
Bowling Green Municipal Utilities	67,381,774	100.00%	<u>67,381,774</u>
Subtotal, overlapping debt			193,880,494
City direct debt			<u>135,935,233</u>
Total direct and overlapping debt			<u><u>\$ 329,815,727</u></u>

Notes:

- (1) Gross debt, less reserves.
- (2) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the City of Bowling Green.
(Warren County ratio = City + Annex/All Districts; Warren County Schools = Annex/County + Annex)
- (3) City direct debt does not included non-tax supported debt.

Sources:

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

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

<u>Legal Debt Margin Calculation for Fiscal Year 2011</u>	
Assessed value	4,565,229,850
Debt Limit (10% of assessed value)	456,522,985
Debt applicable to limit:	
General Obligation bonds	134,248,427
Notes and Capital Leases payable	3,973,013
Less: Amount set aside for repayment of general obligation debt	-
Less: Non tax-supported debt	<u>(2,286,207)</u>
Total net debt applicable to limit	<u>135,935,233</u>
Legal debt margin	<u>\$ 320,587,752</u>

	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Debt Limit	\$ 456,522,985	\$ 455,180,844	\$ 448,977,178	\$ 439,486,824	\$ 409,433,575	\$ 339,413,009	\$ 311,733,395	\$ 321,124,611	\$ 306,400,447	\$ 303,272,181
Total net debt applicable to limit	<u>135,935,233</u>	<u>140,594,305</u>	<u>145,580,339</u>	<u>117,768,696</u>	<u>94,166,847</u>	<u>80,217,030</u>	<u>85,646,789</u>	<u>93,892,441</u>	<u>81,334,054</u>	<u>70,875,508</u>
Legal Debt Margin	<u>\$ 320,587,752</u>	<u>\$ 314,586,539</u>	<u>\$ 303,396,839</u>	<u>\$ 321,718,128</u>	<u>\$ 315,266,728</u>	<u>\$ 259,195,979</u>	<u>\$ 226,086,606</u>	<u>\$ 227,232,170</u>	<u>\$ 225,066,393</u>	<u>\$ 232,396,673</u>
Total net debt applicable to limit as a percentage of debt limit	29.78%	30.89%	32.42%	26.80%	23.00%	23.63%	27.47%	29.24%	26.55%	23.37%

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.

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

Fiscal Year	Stonehenge Sections I-V (a)					Cedar Grove Section IX (a)					Lovers Lane (b)			
	Special Assessment Collections	Debt Service			Special Assessment Collections	Debt Service			Special Assessment Collections	Debt Service				
		Principal	Interest	Coverage		Principal	Interest	Coverage		Principal	Interest	Coverage		
2002	\$ 93,659	\$ 15,000	\$ 73,691	1.06	\$ 27,250	\$ 5,000	\$ 20,250	1.08						
2003	93,540	16,000	72,571	1.06	26,913	5,000	19,913	1.08						
2004	92,565	16,000	71,596	1.06	26,575	5,000	19,575	1.08						
2005	115,120	24,000	86,151	1.05	26,238	5,000	19,238	1.08						
2006	114,776	25,000	84,808	1.05	25,900	5,000	18,900	1.08						
2007	112,572	29,000	81,468	1.02	29,997	10,000	18,563	1.05						
2008	111,571	29,000	83,125	1.00	29,513	10,000	17,888	1.06	16,150	6,273	9,877	1.00		
2009	117,482	33,000	85,712	0.99	29,238	10,000	19,213	1.00	16,150	6,577	9,574	1.00		
2010	126,701	34,000	83,840	1.08	29,632	10,000	18,538	1.04	15,581	6,896	9,255	0.96		
2011	107,345	40,000	82,560	0.88	28,003	10,000	17,863	1.01	15,385	7,229	8,921	0.95		

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

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

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

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Median Age (d)</u>	<u>School Enrollment (e)</u>	<u>Percentage of Workforce Unemployed (f)</u>
2002	50,000	\$ 2,252,222,000	\$ 24,133	29	20,257	4.5%
2003	52,000	2,350,211,000	24,957	29	15,514	4.5%
2004	52,000	2,489,642,000	26,056	29	15,944	4.3%
2005	52,000	2,644,620,000	27,218	29	15,469	5.5%
2006	52,000	2,723,959,000	28,035	29	15,791	5.2%
2007	52,000	2,941,885,397	29,737	29	16,502	4.6%
2008	54,000	3,051,745,000	29,849	29	16,251	4.6%
2009	55,000	3,195,505,000	30,802	29	16,107	8.0%
2010	57,000	3,410,173,000	31,993	29	17,917	9.9%
2011	58,000	3,438,236,000	31,640	28	18,157	9.0%

Sources: (a) Estimated population statistics obtained from the U.S Census Bureau Census 2010 (http://2010.census.gov/2010_census/popmap/).

(c) Personal Income data obtained from www.bea.gov (Bureau of Economic Analysis)

(c) Income Per Capita obtained from www.bea.gov (Bureau of Economic Analysis)

(d) U.S. Department of the Census American FactFinder (2010 Census) (<http://factfinder2.census.gov>)

(e) For public schools used article from www.bgdailynews.com and for private schools used www.greatschools.org. Bowling Green Board of Education, Warren County Board of Education, and all private schools. Western Kentucky University is not included.

(f) Bureau of Labor Statistics (www.bls.gov), figures not seasonally adjusted

Note: (1) Personal Income, and Per Capita Income are for the full calendar year before fiscal year end and figures are using Warren County population statistics.

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

Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Western Kentucky University	4,626	1	7.76%	4,168	1	7.75%
The Medical Center at BG	1,914	2	3.21%	1,653	2	3.07%
Union Underwear Co. LLC	1,632	3	2.74%	850	4	1.58%
Wal-Mart Associates Inc.	1,018	4	1.71%	----	----	----
Warren County Board of Education	958	5	1.61%	698	7	1.30%
Express Services Inc	931	6	1.56%			0.00%
Sun Products	917	7	1.54%	715	6	1.33%
Houchens Food Group Inc.	733	8	1.23%	622	8	1.16%
BG Metalforming LLC	665	9	1.12%	----	----	----
City of Bowling Green	633	10	1.06%	608	9	1.13%
General Motors	----	----	----	858	3	1.59%
Desa International Inc.	----	----	----	607	10	1.13%
Eagle Industries LLC & Subs	----	----	----	732	5	1.36%
Total	14,027		23.54%	11,511		21.40%

Source: City of Bowling Green, Department of Finance, southcentralky.com (Business & Industry), or call Chamber of Commerce (781-3200)

Bureau of Labor and Statistics (www.bls.gov)

Note: NAO Comp Oper-North America Oper is now listed as General Motors Corporation

Now calculate percentage of Total City Employment based on non-seasonally adjusted employment figure obtained on Bureau of Labor and Statistics website.

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

Function/Program	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government	42	41	45	45	44	44	46	46	41	43
Administration	7	7	6	6	6	4	4	4	4	4
Citizen's Assistance	-	-	6	7	7	9	9	9	7	9
Finance	18	18	18	17	17	17	19	20	20	20
Human Resources	6	6	5	6	6	6	6	6	5	5
Legal	2	2	2	2	2	2	2	2	-	-
Information Technology	9	8	8	7	6	6	6	5	5	5
Public Safety	269	263	276	265	260	257	247	239	234	224
Police										
Officers	110	104	114	111	107	103	97	95	90	90
Civilians	38	38	40	38	35	35	34	31	34	33
Fire										
Firefighters and officers	117	117	118	112	115	115	112	109	106	97
Civilians	4	4	4	4	3	4	4	4	4	4
Public Works	50	51	57	58	60	60	57	58	53	49
Parks and Recreation	57	61	60	60	58	60	60	58	57	57
Neighborhood & Community Services	21	21	22	22	26	24	22	23	21	20
Total	439	437	460	450	448	445	432	424	406	393

Source: City of Bowling Green Department of Finance

Note: Housing and Community Development was previously known as Community Development.

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

Function/Program	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Citizen's Information										
Anti-Litter presentations/events	7	8	7	28	50	23	10	-	-	-
Neighborhood Meetings conducted	71	72	91	97	84	91	70	65	65	47
Finance										
Tax bills sent	21,405	21,372	21,238	20,946	20,444	20,330	19,714	19,555	19,453	19,465
Business registrations received	835	819	776	967	1,072	1,134	1,351	1,193	1,141	1,083
Human Resources										
Job applicants	1,346	1,137	1,938	1,567	2,505	1,386	942	611	1,631	873
Position filled	216	178	204	224	147	185	132	122	111	116
Police										
911 Service calls	65,440	54,754	60,013	59,041	54,294	55,730	53,226	50,789	49,138	46,510
Animal control calls	3,176	3,202	3,283	3,615	3,990	4,900	4,867	524	501	451
Traffic stops	15,650	15,777	17,356	13,021	14,066	3,237	3,367	3,281	3,568	3,575
Fire										
Accident runs	4,836	4,517	4,586	4,552	2,475	2,292	2,741	3,161	4,231	4,223
Fire runs	285	258	294	499	534	405	578	648	497	404
Inspections	2,845	3,373	3,838	2,761	937	134	2,183	1,136	1,219	811
Public Works										
Street resurfacing (miles)	5	5	4	5	18	17	14	14	11	8
Potholes repaired	478	466	385	408	294	349	625	567	755	521
Parks and Recreation										
Fitness & Athletic participants	765,462	878,035	871,724	842,043	845,618	821,759	729,967	705,271	636,122	620,339
Visits to Community Center	271,722	214,184	223,628	176,998	298,315	110,929	109,599	120,000	126,998	192,383
Community Development										
Households receiving asst	723	765	791	688	579	663	616	628	602	600
Bldg/Electrical & Code inspections*	8,804	15,631	12,302	13,038	15,460	16,001	13,935	9,032	7,561	7,670

- Notes: (a) The Anti-Litter program was established in 2005.
(b) Beginning in 2002, Public Safety became the answering point for both landline and cell phone 911 calls in Warren County.
(c) Animal Control Program was developed in 2005, calls had previously been forwarded to the Sheriff's Department.
(d) Community Action volume is no longer tracked at the Bowling Green Community Center.

Source: Citizens Information & Assistance department compiled information from various City of Bowling Green departments.

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Police										
Police Stations	1	1	1	1	1	1	1	3	3	3
Substations	2	2	2	2	2	2	2	-	-	-
Fire										
Fire stations	7	7	6	5	5	5	5	5	5	5
Training centers	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	265	257	247	242	241	235	230	221	408	307
Sidewalks (miles)	104	95	94	90	88	106	106	207	207	207
Alleys (miles)	17	17	17	15	4	4	4	3	8	8
Parks and recreation										
Number of Parks	25	25	25	25	25	25	24	24	24	24
Acreage	970	970	970	970	970	944	886	886	886	881
Playgrounds	22	22	22	22	19	19	17	17	17	17
Baseball/Softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer fields	13	13	13	13	13	13	13	13	13	13
Community Centers	3	3	3	2	2	2	2	2	2	2
Community Development										
Building Permits Issued	1,515	1,571	1,523	2,082	2,400	2,787	2,765	2,488	2,331	2,061

Source: Various City of Bowling Green Departments