



COMMUNITY LED
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ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023



CITY OF BOWLING GREEN,
KENTUCKY



COMMUNITYSERVICEGROWTH

City of Bowling Green

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023



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

City of Bowling Green, Kentucky

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FINANCE DEPARTMENT

ERIN BALLOU, CMA, CPFO
Assistant Chief Financial Officer

MEGHAN VANMETER
Procurement Manager



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SEAN WEEKS, CPFO
Assistant Chief Financial Officer

DAVID L. LYNE
Occupational License Manager

KATIE E. SCHALLER-WARD
Assistant City Manager/CFO

October 30, 2023

Honorable Mayor Todd Alcott
Members of the Board of Commissioners
Residents of Bowling Green

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Bowling Green, "the City", for the fiscal year ended June 30, 2023. The ACFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and the reporting standards of the Governmental Accounting Standards Board (GASB). The ACFR includes all funds of the City and the component units.

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

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

The independent accounting firm of MCM CPA & Advisors LLP, Certified Public Accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2023 are free of any material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by the City; and evaluating the overall financial statement presentation. The independent auditor rendered an unmodified ("clean") opinion that the City's financial statements for the fiscal year ended June 30, 2023, are fairly presented in all material respects in conformity with GAAP. Their report is the first component in the Financial Section of this report.

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Additionally, MCM CPA & Advisors LLP included an audit of federal grants in order to meet the requirements of federal grantor agencies as outlined by the U.S. Office of Management and Budget's Uniform Administrative Requirements (2 CFR 200.501), Cost Principles, and Audit Requirements for Federal Awards, Uniform Guidance. 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. The Single Audit Report is included with this report.

PROFILE OF THE CITY

Bowling Green, the "Park City" of Kentucky, was established in 1798, and is located in the south-central part of Kentucky. The City occupies a land area of approximately 42.6 square miles, has an estimated population of 74,926 according to the U.S. Census, and serves as the retail, educational, medical, commercial, and social hub for south-central Kentucky and northern Tennessee. The broader workforce, which measures employable workers that are 18 years and older, is measured at approximately 485,000 for the area encompassing the ten county Barren River Area Development District plus the three closest Tennessee counties along the border.

The City operates under the City Manager form of government, one of the alternative forms of municipal government established under Kentucky Statutes. Under this form of government, a Mayor, who is elected for a term of four years, and four City Commissioners, who serve two years each, are all voted into office in non-partisan elections. The Mayor and the City Commissioners comprise the Board of Commissioners, "the Board", in which all legislative and executive authority of the City is vested. As such, the Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and ratifying the hiring of most City staff. The Board appoints a City Manager, who serves as the Chief Administrative Officer of the City and enforces City ordinances and policy as well as carrying out day-to-day operations. The City's workforce as of June 30, 2023, was comprised of 512 authorized full-time positions and 493 of those positions were occupied, with 62.1% of the employees dedicated to public safety.

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

In accordance with GASB Statement No. 61, "*The Financial Reporting Entity*", and based on the foregoing criteria, the City has presented the Bowling Green Police and Firefighters' Retirement Fund as a blended component unit 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, and the component unit is dependent upon the City financially and operationally. Bowling Green Municipal Utilities (BGMU) 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 Regional Airport, Bowling Green Independent School District, Housing Authority of Bowling Green, and other various related organizations providing services within the City do not meet the financial accountability criteria discussed above and, therefore, are excluded from this report.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager submits a proposed budget to the Board in May or no later than June 1 of each year. Under State statute, this budget must be balanced for each fund and total available funds must equal or exceed total anticipated expenditures. The Board then conducts a public meeting on the proposed budget. Prior to July 1, the budget is legally enacted through passage of an ordinance. During the year, the Assistant City Manager/Chief Financial Officer is authorized to transfer budgeted amounts between departments within any fund. However, the Board must approve any revisions that alter the total expenditures of any fund. During this fiscal year, there were four such budget amendments. With respect to procurement, any expense that exceeds \$50,000 also requires approval by the Board.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

The local economy is comprised of a well-balanced blend of service, manufacturing, retail, and other industries that support the City's main revenue source, employee withholding fees. Bowling Green is the home of Western Kentucky University (WKU), the City's largest employer with approximately 3,334 employees and a prime catalyst for the local economy. The University's total enrollment for the Fall 2022 semester including undergraduate and graduate students was 16,495, a slight decrease from the previous year. WKU houses one of the nation's top-rated high schools, the Gatton Academy for Mathematics and Sciences, which according to *Niche.com* ranks as the second best public high school in Kentucky. Other major employers include the General Motors Corvette assembly plant and two regional hospitals. In addition, countless local businesses prosper in the community proving that the entrepreneurial spirit is alive and well in the region.

Aggressive cooperative strategies are in place between the local governments, the Chamber of Commerce, the Economic Development Authority, and the Inter-Modal Transportation Authority (ITA) that continue to attract businesses and jobs to the community. The City consistently scores high in national rankings of preferred business locations and favorable environments for the creation and development of businesses due to rich economic, social, and cultural environments. *Site Selection Magazine* awarded the Bowling Green Area Chamber of Commerce the Mac Conway Award for Excellence in Economic Development for a third year, and for the tenth consecutive year ranked Bowling Green as second in the nation for total projects for metros among populations of less than 200,000, and fourth in the nation for projects per capita. The Bowling Green community has been recognized by numerous print and online publications, including National Geographic Magazine, Forbes, TIME.com, and Global Trade magazine, which ranked Bowling Green as number 2 for Best Cities in the US for Manufacturing.

During 2022, five economic development projects were announced in South Central Kentucky that are estimated to create 2,310 jobs and generate over \$2.28 billion in capital investments. The largest project is state-of-the-art gigafactory AESC that will produce electric vehicle batteries and is slated to open in 2025. AESC is projected to create 2,000 new, skilled jobs for the region and is one of the largest economic development projects in Kentucky's history. Three economic development projects have been announced within the first six months of Fiscal Year 2023, bringing an additional \$38.2 million in capital investment and 176 new jobs to the area.

Bowling Green's average unemployment rate during the past fiscal year has declined slightly compared to Fiscal Year 2022, which was 3.8%, ending the year below the State average and above the National average. Bowling Green began Fiscal Year 2023 with an unemployment rate of 4.3%, versus 3.9%, for the State and 3.5% nationally. By the end of the fiscal twelve months, the City's unemployment rate was 4.4%, versus 3.8%, for the State and 3.6% for the Nation. Bowling Green's unemployment rate during Fiscal Year 2023 averaged 3.7%, versus 3.9%, statewide and 3.6% across the United States.

Bowling Green grew revenue collections during Fiscal Year 2023. The payroll tax base posted a gain of approximately \$231.3 million, which increased employee withholding fees and net profit collections by \$4.0 million, or +6.0%, over Fiscal Year 2022 and contributed to total withholding and net profit receipts of \$70.3 million. The City's second most important revenue source, property taxes, outperformed FY2022 actual collections by \$1,063,000, or +6.1%, contributing to a total collection of nearly \$18,602,000. New business registrations issued during the fiscal year totaled 1,281.

The City has various abatement programs consisting of annexation incentives, payments-in-lieu-of-taxes (PILOT), historical moratoriums related to property taxes and a small business tornado relief program, as well as the Job Development Incentive Program (JDIP) related to employee withholdings. An additional abatement program utilized by the City within the WKU Gateway to Downtown Bowling Green Tax Increment Financing (TIF) District may be comprised of property taxes, employee withholdings, and net profits. A long-term benefit and goal of the City's annexation related abatement programs is expansion of the tax base, with an emphasis to commercial and industrial areas. The same is true for programs within the JDIP and the TIF District, these programs focus on job creation and economic development. Each abatement program has been designed with cyclical components to attract businesses and ultimately contribute to population growth, which should accelerate infrastructure development and amenities furthering the appeal of the City.

Management believes the local economy remains strong as the City continues to see growth with new and expanding business announcements. The City is committed to aggressively competing for jobs and building a skilled workforce, attracting jobs to the area by offering incentives to new businesses locating in the area and encouraging the expansion of existing businesses to grow the job base. Additional efforts have been initiated to partner with other organizations to more effectively address workforce development and recruitment efforts. Western Kentucky University continues to be a stabilizing force for the local economy along with the health care and manufacturing sectors.

Long-term Financial Planning

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

Relevant Financial Policies

The City maintains an adopted Financial Policies and Procedures that addresses various areas of operations such as revenue collection, banking services, investments, debt management, budget management, and fund balance reserves. The Fund Balance policy is included in the Financial Policies and prescribes a 25% minimum reserve balance in the General Fund. Segregation of duties and internal controls are also a common theme to achieve sound financial operations in the sections covering accounting, accounts payable, revenue collections, payroll, cash management, investments, fixed assets, and procurement card guidelines.

Major Initiatives

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

The Public Works Department is committed to improving the City's street, sidewalk, and stormwater infrastructure through on-going programs. The street overlay program was allocated a budget of \$2.0 million in FY2023 to resurface approximately 12.0 miles of roadway and to complete intersection, curb and gutter improvements at selected locations. In FY2024, this budget was set at \$2.0 million while projects for other road, intersection spot and roundabout improvements totaled an additional \$4.65 million. Fiscal Year 2023 marked the seventeenth year of the sidewalk improvement program, which has resulted in over 18 miles of new sidewalk construction. Other annually funded City construction programs include: Greenways expansion program with \$1.0 million of budget in four years and the Stormwater program with more \$6.1 million of funding in thirteen years to undertake large scale drainage improvements across the City.

The Public Works Department also oversees many new and on-going projects. Current, new projects include: College Street Pedestrian Bridge improvements, guaranteed energy savings projects for several facilities, City Hall Annex and Police facility renovations, and College Street storm drainage improvements. Additionally, emerging road projects in progress, such as: Cave Mill Road, Bluegrass Farms Boulevard, Greenhill Street extension, and Tomblinson Way roundabout.

The Parks and Recreation Department continued and completed several projects during Fiscal Year 2023. The netting at the Hobson Golf Course Driving Range was extended, the parking lot at Lampkin Park was improved, and an outdoor fitness center was installed at Lovers Lane Soccer Complex. Projects underway during FY2024 include the continued development for a new riverfront park area, on-going irrigation improvements at CrossWinds and Hobson Golf courses, pool repairs and painting at the Russell Sims Aquatic Center, golf cart replacements at both Paul Walker and Hobson Golf courses, development of a new soccer field on land owned by the Bowling Green Independent School District in the west end area as well as parking lot improvements at the Bowling Green Community Center.

Several pieces of large equipment were purchased during FY2023 for the Public Works, Parks, Police, and Fire departments, including eleven new and replacement police vehicles, two public transit buses, and a Caterpillar wheel loader, and were placed into service for a total cost of \$1,093,000. The new Fire Station No. 8 located in the Kentucky Transpark also began construction during FY2023 with an estimated total cost of \$4.3 million. The reconstruction of Fire Station No. 5 and construction of the Public Safety Training Center are slated to begin in FY2024 with an estimated cost of \$16.7 million.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bowling Green for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

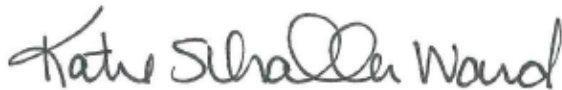
The GFOA has also given an Award for Outstanding Achievement in Financial Reporting to the City of Bowling Green for its Popular Annual Financial Report for the fiscal year ended June 30, 2022. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

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

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 recognitions to Erin Ballou, Assistant Chief Financial Officer, Sean Weeks, Assistant Chief Financial Officer, and to the staff of MCM CPA & Advisors LLP.

Respectfully submitted,

A handwritten signature in dark ink, reading "Katie Schaller-Ward". The signature is fluid and cursive, with the first name "Katie" and last name "Ward" being more prominent than the middle name "Schaller".

Katie Schaller-Ward
Assistant City Manager/Chief Financial Officer



Government Finance Officers Association

Certificate of
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**City of Bowling Green
Kentucky**

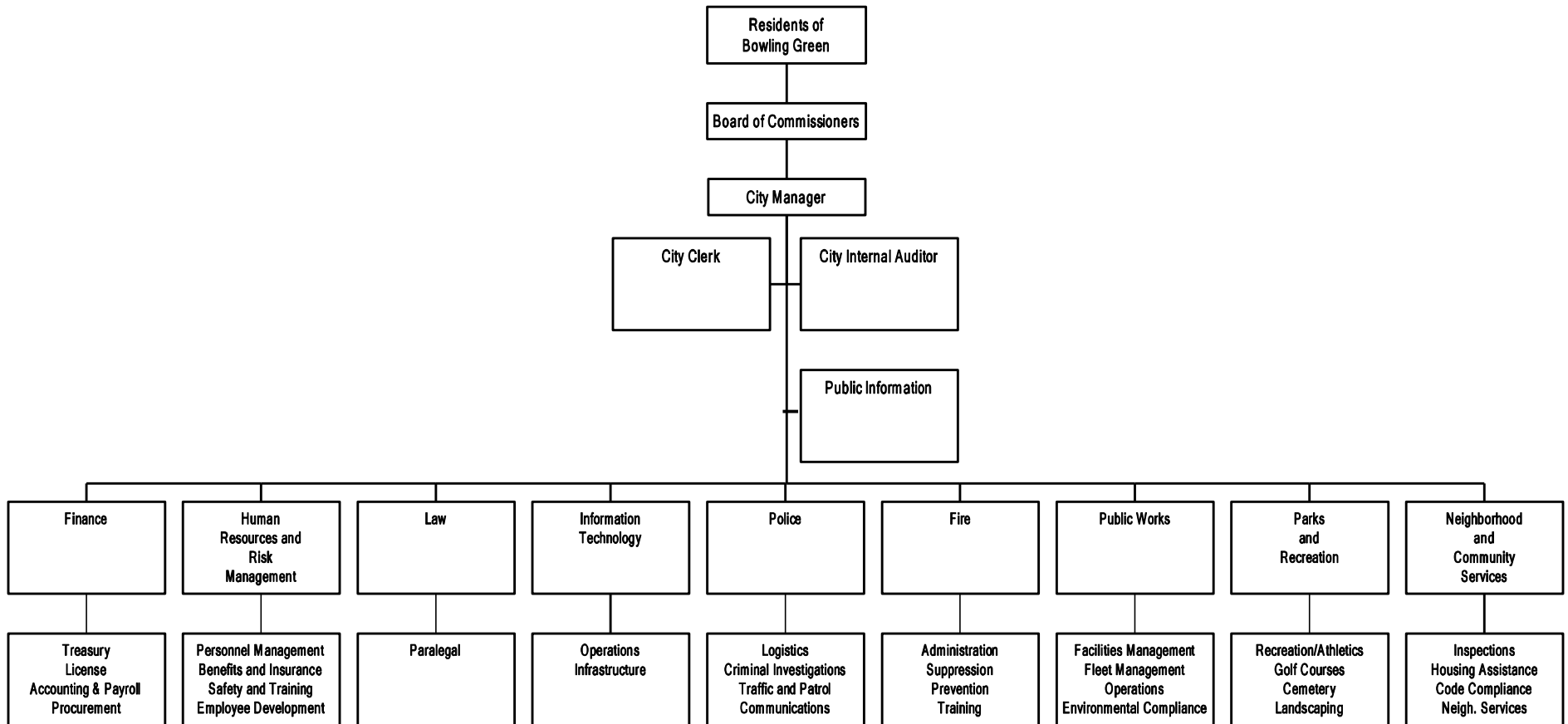
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

CITY OF BOWLING GREEN



**City of Bowling Green, Kentucky
Directory – Principal Officials
As of June 30, 2023**

Mayor and Commissioners

Todd Alcott	Mayor
Carlos Bailey	Commissioner
Dana Beasley-Brown	Commissioner
Melinda Hill	Commissioner
Sue Parrigin	Commissioner / Mayor Pro Tem

JEFF MEISEL, CPA, ICMA-CM – CITY MANAGER

Administration:

Ashley Jackson	City Clerk
Deborah Jenkins	City Internal Auditor

Finance:

Katie Schaller-Ward	Assistant City Manager/CFO
Erin Ballou, CMA, CPFO	Assistant Chief Financial Officer
Sean Weeks, CPFO	Assistant Chief Financial Officer
Meghan VanMeter	Procurement Manager

Human Resources and Risk Management:

Erin Hulsey	Director
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Law:

Hillary Hightower	City Attorney
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Information Technology:

Donnita Weeks	Director
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Public Safety:

Michael Delaney	Police Chief
Justin Brooks	Fire Chief

Public Works:

Andy Souza	Director
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Parks and Recreation:

Brent Belcher	Director
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Neighborhood and Community Services:

Brent Childers	Director
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Independent Auditor's Report

Honorable Todd Alcott, Mayor
and Members of the Board of Commissioners
City of Bowling Green

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Kentucky (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bowling Green as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. We did not audit the financial statements of the Policemen and Firefighters' Retirement Fund which reflects total assets of \$5,489,688 as of June 30, 2023, and total change in net position of (\$57,486) for the year ended June 30, 2023. We also did not audit the financial statements of Bowling Green Municipal Utilities which represents all of the assets and the revenues as of and for the year ended June 30, 2023, of the discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Policemen and Firefighters' Retirement Fund and Bowling Green Municipal Utilities is based solely on the reports of the other auditors. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

During the fiscal year ended June 30, 2023, the City implemented Government Accounting Standards ("GASB") Statement No. 96 - *SBITAs*. The City recorded a lease receivable and lease liability upon implementation of the standard utilizing the facts and circumstances that existed at that date. Therefore, the City's financial position as of June 30, 2022 was not impacted by the implementation of the standard.

Independent Auditor's Report (Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 23, budgetary comparison information on pages 83 through 84, pension and OPEB schedules on pages 86 through 92 and the Modified Approach for City Streets Infrastructure Capital Assets on pages 93 through 96 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual funds statements and schedules on pages 102 through 152 and the Schedule of Expenditures of Federal Awards on pages 187 and 188, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory section on pages 1 through 9 and the statistical section on pages 156 through 180 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Independent Auditor's Report (Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "MCM CPA & Advisors LLP". The signature is stylized, with the "MCM" being particularly prominent and the "CPA & Advisors LLP" written in a more standard but still cursive script.

Lexington, Kentucky
October 30, 2023

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, 2023. 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 and deferred outflows exceeded liabilities and deferred inflows at the close of the fiscal year by \$281.4 million (net position). This amount included \$73.9 million of resources restricted to specific projects by laws, regulations or contractual agreements. A deficit total of \$44.0 million of resources was unrestricted principally due to the reporting of pension and OPEB liabilities as required by GASB Statements 68 and 75.
- The City's total net position increased \$30.9 million this year, net position of governmental activities increased \$31.5 million and net position of business-type activities decreased by \$0.6 million. The governmental activities increase is a result of the purchase of capital assets and the early retirement of WKU outstanding debt through during Fiscal Year 2023. The decrease in business-type activities is due to on-going capital projects at the Convention Center.
- As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$156.5 million, an increase of \$4.8 million over the prior year. The increase is a result of growth in withholding fees and net profits from a strong local economy experiencing an increase in jobs. Of the total fund balances amount, \$12.1 million in the General Fund was unassigned and available for spending. The General Fund committed fund balance total of \$21.5 million represents the minimum balance set by the City's reserve balance policy, which equals the reserve balance as 25% of the adopted revenue budget.
- The City's governmental activities total assets increased by \$24.0 million primarily as a result of current year additions to capital assets for infrastructure and other improvement projects and increased cash from stronger than expected withholding and net profit collections, which is attributable to new and expanded businesses. Governmental activities deferred outflows of resources increased by \$1.3 million due to a net increase of outflows for pensions and OPEB. Business-type activity assets decreased by \$0.6 million due to the restroom improvements project.
- The City's governmental activities total liabilities and deferred inflows of resources decreased \$6.1 million due to the early retirement of WKU outstanding debt in the amount \$10.3 million.

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all the City's assets and liabilities as of June 30, 2023. Net position is the difference between assets and liabilities. Over time, increases or decreases in net position are one indicator of whether financial health is improving or deteriorating. Information on other factors, such as changes in the revenue structure and the condition of the City's assets, is also needed to assess the overall financial situation of the City.

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

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

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

Fund Financial Statements

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

- Governmental funds - Most of the City's basic services are reported in governmental funds. The statements provide a short-term view of general government operations and show how services are financed as well as the balances left at year end that are available for future spending. Funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The relationship between the governmental activities (reported in the Statement of Net Position and Statement of Activities) and the governmental funds is described in a reconciliation, which is presented immediately following the fund financial statements. Under accounting guidelines, the City considers the General Fund, Community Development Fund, Municipal Aid Fund, Fire Capital Improvements 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 Convention Center Fund to be a major proprietary fund.

The City as Trustee

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

Government-wide Financial Analysis

Net Position

The following table summarizes the City's financial position as of June 30, 2023. The City reported total primary government assets greater than liabilities by \$281.4 million, an increase of \$30.9 million over last year. The increase in net position is primarily a result of increased collections of wage withholding and net profit revenues alongside an increase in capital assets and cash and the early retirement of the WKU debt. Business-type activities decreased slightly as a result of on-going capital projects costs. A \$24.8 million increase in assets and deferred outflows of resources from the prior year is related to the purchase and donation of capital infrastructure assets and increased cash due to a strong local economy buoyed by new business starts and expansions, which are also drivers of an increase in net position. Of the \$281.4 million in net position, \$251.4 million, or 89.3%, was the net investment in capital assets and unrestricted net position equaled a deficit balance of \$44.0 million, or -15.6%. The net position of governmental activity funds totaled \$265.5 million, which was comprised of the net investment in capital assets totaling \$244.4 million, or 92.1%, and a deficit balance of \$52.8 million, or -19.9%, as unrestricted. The unrestricted net position of governmental funds included fund balances of the General Fund and various special revenue funds.

Summary of Net Position

June 30, 2023

(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 215.2	\$ 209.4	\$ 8.9	\$ 9.7	\$ 224.1	\$ 219.0
Capital and right to use assets	262.0	243.8	7.0	6.8	269.0	250.6
Total assets	<u>477.2</u>	<u>453.2</u>	<u>15.9</u>	<u>16.5</u>	<u>493.1</u>	<u>469.6</u>
Deferred outflows of resources	31.8	30.5	-	-	31.8	30.5
Long-term liabilities	221.8	215.1	-	-	221.8	215.1
Other liabilities	12.7	12.8	-	-	12.7	12.8
Total liabilities	<u>234.5</u>	<u>227.9</u>	<u>-</u>	<u>-</u>	<u>234.5</u>	<u>227.9</u>
Deferred inflows of resources	9.0	21.7	-	-	9.0	21.7
Net position:						
Net investment in capital assets	244.4	198.4	7.0	6.7	251.4	205.1
Restricted for:						
Debt service	5.4	33.9	-	-	5.4	33.9
Capital projects	50.5	41.7	-	-	50.5	41.7
Community development	16.7	16.8	-	-	16.7	16.8
Perpetual care	1.3	1.2	-	-	1.3	1.2
Unrestricted	(52.8)	(58.0)	8.8	9.7	(44.0)	(48.3)
Total net position	<u>\$ 265.5</u>	<u>\$ 234.0</u>	<u>\$ 15.8</u>	<u>\$ 16.4</u>	<u>\$ 281.4</u>	<u>\$ 250.5</u>

**Numbers may not total due to rounding*

The net position of the City's business-type activities totaled \$15.8 million. Of the net position total, \$7.0 million (44%) was net investment in capital assets and \$8.8 million (56%) was unrestricted.

Analysis of City Operations

The following table summarizes City operations for the fiscal year ended June 30, 2023. Governmental activities increased the City of Bowling Green's net position by \$31.5 million, accounting for over 101% of the total increase. The increase in net position is a result of increased capital asset and infrastructure acquisitions and increased revenue collections of property taxes and wage withholding fees. Business-type activities decreased the City's net position by less than \$0.6 million. The decrease in Business-type net position is due to an increase in expenses for the restroom improvement and energy savings projects at the Convention Center.

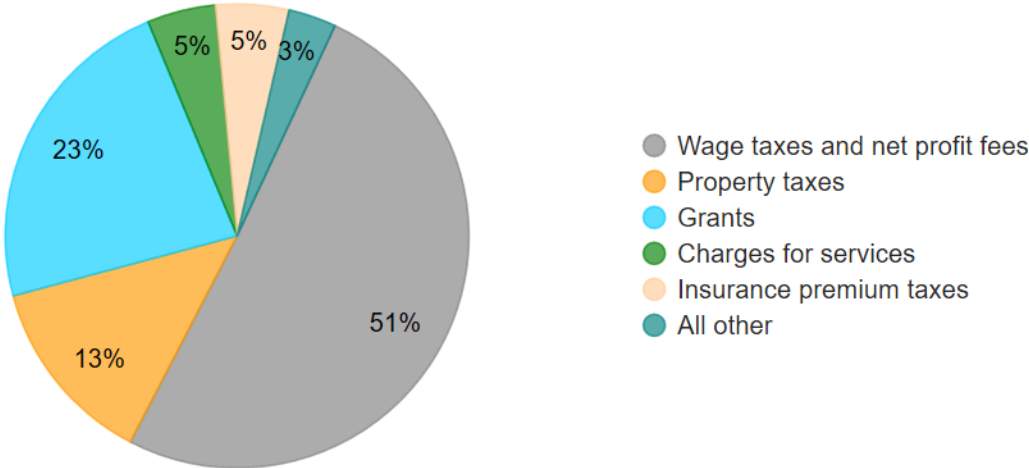
Statement of Activities June 30, 2023 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 6.7	\$ 4.2	\$ 0.2	\$ 0.1	\$ 6.9	\$ 4.3
Operating grants and contributions	20.0	19.9	-	-	20.0	19.9
Capital grants and contributions	12.2	18.7	-	-	12.2	18.7
General revenues						
Property taxes	18.6	17.5	-	-	18.6	17.5
Insurance premium taxes	6.2	5.6	-	-	6.2	5.6
Transient room taxes	-	-	0.8	0.7	0.8	0.7
Wage taxes and net profit fees	70.3	66.3	-	-	70.3	66.3
Other general revenues	4.7	0.8	-	(0.4)	4.7	0.4
Total revenues	<u>138.7</u>	<u>133.0</u>	<u>1.0</u>	<u>0.4</u>	<u>139.7</u>	<u>133.4</u>
Program Expenses						
General government	15.3	18.0	-	-	15.3	18.0
Public safety	38.1	32.0	-	-	38.1	32.0
Public works	14.5	13.8	-	-	14.5	13.8
Parks and recreation	11.2	8.8	-	-	11.2	8.8
Neighborhood and community services	7.9	8.3	-	-	7.9	8.3
Agency services	3.5	2.5	-	-	3.5	2.5
Interest expense	16.6	9.4	-	-	16.6	9.4
Convention Center	-	-	1.7	0.6	1.7	0.6
Total program expenses	<u>107.1</u>	<u>92.8</u>	<u>1.7</u>	<u>0.6</u>	<u>108.8</u>	<u>93.4</u>
Increase/decrease in net position before transfers	31.6	40.1	(0.7)	(0.2)	30.9	40.0
Transfers	(0.1)	(0.1)	0.1	0.1	-	-
Change in net position	<u>31.5</u>	<u>40.0</u>	<u>(0.6)</u>	<u>(0.1)</u>	<u>30.9</u>	<u>40.0</u>
Net position, beginning of year	234.0	194.0	16.4	16.5	250.5	210.5
Net position, end of year	<u>\$ 265.5</u>	<u>\$ 234.0</u>	<u>\$ 15.8</u>	<u>\$ 16.4</u>	<u>\$ 281.4</u>	<u>\$ 250.5</u>

*Numbers may not total due to rounding

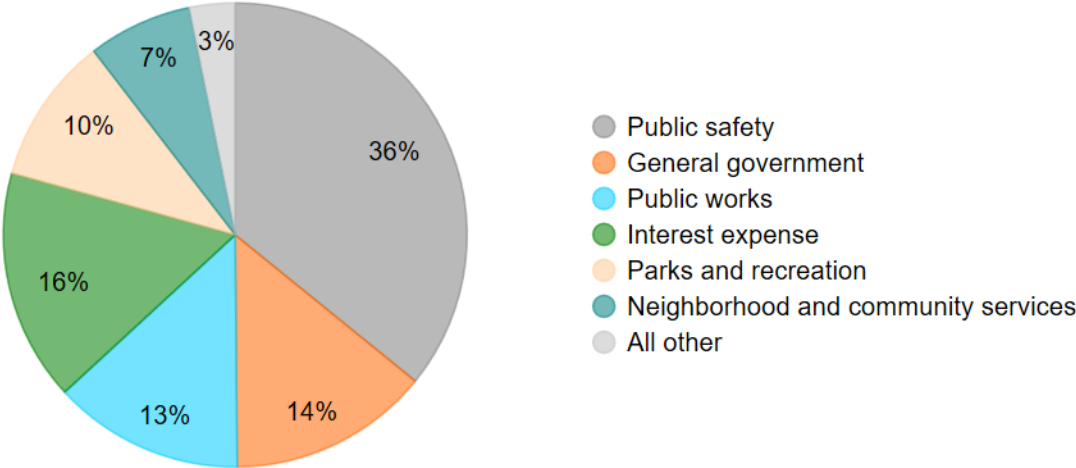
Revenues for the City's governmental activities totaled \$138.7 million at June 30, 2023, compared to \$133.0 million in the prior year. The increase is due to the aforementioned economic growth stemming from rising wages and net profits from strong job market along with new business starts and expansions, in addition to investment gains from interest rate increases. The increase in property taxes is due to new home, multi-family, and commercial construction and property value assessment increases. The City's largest source of revenue, wage taxes and net profit fees, totaled \$70.3 million, or 50.7%, of governmental revenue during FY2023. The second largest category of revenues, operating and capital grants, accounted for \$32.2 million, or 23.2%, of total revenue. Other revenue sources included property taxes (\$18.6 million), charges for services (\$6.7 million) and insurance premium taxes (\$6.2 million).

Governmental Funds Revenue Sources



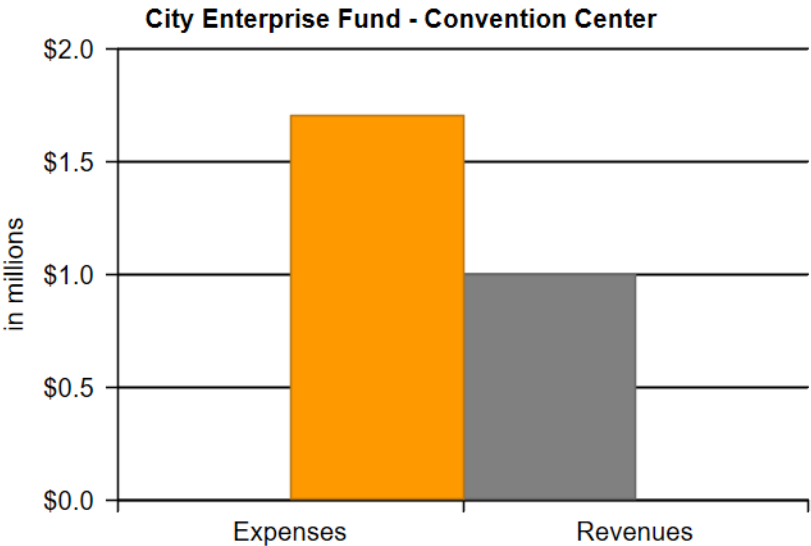
Current year expenses of the City's governmental activities totaled \$107.1 million, compared to \$92.8 million in the prior year. The primary cause for the increase in expenses was due to rising personnel costs and on-going repair and capital projects, such as for the citywide energy savings project and construction of a new fire station. The City's largest category of expenses in the current year was Public Safety, with a total of \$38.1 million, or about 35.6%, of total expenses. The City's second largest expense category, General Government, ended the fiscal year with expenses totaling \$15.3 million, or 14.3%, of total expenses during FY2023. Other expense categories include Public Works (\$14.5 million), Parks and Recreation (\$11.2 million), Neighborhood and Community Services (\$7.9 million), and interest expense (\$16.6 million).

Governmental Funds Expenditure Categories



Business-type Activities

Revenues for business-type activities totaled \$1.0 million during Fiscal Year 2023, compared to \$0.4 million last year. Of the \$1.0 million of revenues, \$0.2 million, or 20.0%, was collected as charges for services fees. Increases in Convention Center revenue are a result of fair market value adjustments to investments. Expenses for business-type activities totaled \$1.7 million during FY2023, which is an increase of \$1.1 million reported last year due construction projects at the Convention Center, such as for restroom improvements.



Funds of the City of Bowling Green

The City's governmental funds for the year ended June 30, 2023, reflected a combined ending total fund balance of \$156.5 million, an increase of \$4.8 million over the prior year. The increase in fund balance was a result of wage growth and an increased number jobs in the community. Property tax collections have increased from rising assessments and an increased volume of new home and commercial building activity. Insurance premiums tax collections have also increased due to the rising volume and value of premiums. Of the \$156.5 million total fund balance, \$12.1 million was unassigned in the General Fund and available for spending at the City's discretion. The remaining balance was comprised of non-spendable, assigned, committed, and restricted amounts; indicating that the funds were not available for spending, or that spending was otherwise restricted by State statute or by City ordinance, have been dedicated to pay outstanding contracts or purchase orders, or to fund future debt service payments, or intended to be used for specific purposes.

The total fund balance in the General Fund at June 30, 2023, was \$40.4 million, which represents an increase of \$1.2 million from the prior year. The increase in fund balance was mainly due to strong revenue collections due to factors previously mentioned. Of the \$40.4 million total fund balance, unassigned fund balance was \$12.1 million and reflected 12.8% of General Fund revenues, representing residual net resources that have not been restricted, committed or assigned to specific purposes. Committed fund balance was \$21.5 million and was the General Fund's minimum reserve balance equal to 25% of budgeted revenues. Assigned fund balance totaled \$2.8 million, or 3.0%, of General Fund revenues; non-spendable fund balance was \$3,658,179; and restricted fund balance was \$416,165. The fund balances for these categories represented prepaid items, inventories, long-term loan receivable, spending restricted to specific purposes, and funds reserved to pay contracts and purchase orders outstanding as of June 30, 2023.

The Community Development Fund is used to account for federal grants that fund various community development programs, such as: Community Development Block Grants, Housing Choice Vouchers, and Mainstream Vouchers.

The Municipal Aid Fund is 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, public transit, and law enforcement special pay programs.

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

The final major governmental fund, the Inter-Modal Transportation Authority, Inc. (ITA) Bond Fund, was used to account for the revenues and expenditures related to the ITA bond issues that funded the acquisition, construction, and expansion of the Kentucky Transpark. Total fund balance of the ITA Bond Fund was \$25.5 million as of June 30, 2023. Of the \$25.5 million total fund balance, \$1.5 million was assigned fund balance and \$23.9 million was restricted fund balance. The restricted fund balance represents the remaining unspent bond proceeds dedicated to the 2021 expansion of the Kentucky Transpark.

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Total net position in the proprietary fund, which consists solely of the Convention Center, equaled \$15.8 million as of June 30, 2023, compared to \$16.4 million last year. The loss in the Convention Center Fund net position was due to the increase in current year expenses from the on-going restroom improvement project and new energy savings project. Of the total net position, \$7.0 million represented the net investment in capital assets and \$8.8 million was unrestricted.

General Fund Budgetary Highlights

Over the course of the Fiscal Year, the Board of Commissioners approved revisions of the General Fund's budget four times in order to make adjustments for additional revenues collected for grants and donations not known when the budget was initially adopted. In all, the revenue budget increased by \$2,635,000, or +3.1%. The changes are briefly summarized below.

Original revenue estimates were changed by the following:

Grants	\$ 2,028,000
Contributions & donations	96,000
Charges for services	11,000
Transfers in	500,000

The comparison of actual revenue to the final amended revenue budget yielded significant budgetary variances for employee withholdings (\$3.9 million), permits (\$0.8 million), and net profits (\$2.4 million). Employee withholding returns show sustained growth in FY2023 due to continued population and economic base growth resulting from several new projects in the region, such as those at the Kentucky Tranpark. Net profit collections for the year outpaced FY2022 by \$30,000, which is the second time within five years that a record collection has been recorded. Lastly, permits for building, plan review, and electrical exceeded prior year collections due to numerous residential, commercial, and industrial property construction projects.

The total expenditure budget was increased by \$5,028,000, or 7.1%, during the fiscal year. The decrease was primarily due to the acceptance and appropriation of federal grant funds. Other major changes are:

General Government	\$ (416,000)
Fire	1,027,000
Police	140,000
Parks and Recreation	500,000
Neighborhood & Community Services	716,000
Agency Services	3,245,000
Public Works	(184,000)

The comparison of actual expenditures to the final amended expenditure budget resulted in significant budgetary variances in the following activities: Public Works (\$644,000), Parks and Recreation (\$955,000), General Government (-\$1,526,000), Public Safety (\$1,076,000), and Neighborhood & Community Services (\$208,000). The positive variances are a result of unspent budgeted projects and under-spending, while the negative variance is due to the implementation of GASB 96 for subscription-based information technology arrangements (SBITAs).

Capital and Right to Use Assets

The City's investment in capital and right to use assets totaled \$268.6 million as of June 30, 2023, which was an increase of \$18.0 million over the prior year. This investment includes land, buildings, infrastructure, improvements, vehicles, equipment, intangible, and right-to-use assets. For governmental activities, investments totaled \$261.6 million. Comparably, FY2022 had a capital asset investment total of \$243.9 million.

This year's major capital additions are shown below:

Street infrastructure improvements/additions	\$ 5,522,645
Sidewalk infrastructure improvements/additions	3,125,681
Building and land acquisitions	1,723,857
Stormwater infrastructure improvements/additions	904,268
Smallhouse Road multi-use path construction	789,067
Public Works vehicle and heavy equipment replacements	592,944
Parks & Recreation vehicle and equipment replacements	526,383
Public Safety apparatus and vehicle replacements	528,627
Public transit vehicle purchases	379,155
River Street bridge pedestrian connection	263,510

The following table summarizes the changes in net capital and right to use assets:

(Net of Depreciation/Amortization, stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 18.1	\$ 17.8	\$ 2.3	\$ 2.3	\$ 20.4	\$ 20.1
Infrastructure	154.2	145.2	-	-	154.2	145.2
Building	32.2	32.2	3.8	4.1	36.0	36.3
Improvements other than buildings	28.8	29.1	0.1	-	28.9	29.1
Vehicles, equipment and furniture	12.3	11.9	0.2	0.2	12.5	12.1
Construction in progress	12.8	5.2	0.6	0.1	13.4	5.3
Intangibles	3.1	2.4	-	-	3.1	2.4
Property held under financed purchase	0.1	0.1	-	-	0.1	0.1
Total *	\$ 261.6	\$ 243.9	\$ 7.0	\$ 6.7	\$ 268.6	\$ 250.6

**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 2023 found that 67% of streets and 89% of sidewalks met or exceeded this goal. The estimated amount needed to maintain City streets and sidewalks at the specified levels for FY2024 was \$2,000,000 and \$200,000, respectively, which was included in the FY2024 budget. Additional information on capital assets activity can be found in Note 3C.

Debt Administration

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

Prior to the issuance of GO bonds, mortgage revenue bonds were issued through various public corporations in order to finance public projects. For mortgage revenue bonds, the City entered into automatically annually renewable lease agreements with the corporations whereby lease payments from the City, combined with revenues generated by the operation of the facilities, were sufficient to meet debt service obligations. The underlying security for the bonds was the annually renewable lease agreements and the underlying mortgages on the property. Revenue bonds, where only the revenues from the operation of the facilities are pledged as security for the bonds, are now issued primarily to finance improvements to the sanitary water and sewer system. For additional detail on the City's debt transactions, please refer to Note 3F of this report.

At the end of the fiscal year, the City had \$78.9 million in bonds and notes outstanding, net of discounts and premiums.

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

Outstanding Debt at Year End

June 30, 2023
(in millions)

	Governmental Activities	
	2023	2022
General obligation & revenue bonds	\$ 71.4	\$ 85.6
Notes & financed purchase agreements	5.8	5.6
Compensated absences	2.3	2.1
Landfill post-closure costs	1.0	1.3
Lease and SBITA liabilities	1.4	0.1
Bond premiums, discounts, refunding loss	1.7	1.9
Total	<u>\$ 83.6</u>	<u>\$ 96.6</u>

**Numbers may not total due to rounding*

The City maintains bond ratings of "Aa1" from Moody's and "AA" from Standard & Poor's. Despite the provisions for the issuance of GO debt already discussed, legal limits remain on the total amount of GO indebtedness that may be incurred. The Kentucky Constitution provides that the total principal amount of city net indebtedness, which excludes self-supporting obligations, revenue bonds, special assessment debt, and non-tax supported debt (net debt applicable to limit), cannot exceed 10% of the value of taxable property in the city (\$779,008,394). Therefore, the current debt margin of the City is \$700.1 million (See Statistical Schedule 17).

Next Year's Budget

During the budget planning for FY2024, revenue growth projections remained steady with a slight reduction of 0.4% across all funds compared to the FY2023 adopted budget. The FY2024 adopted General Fund budget is balanced without utilization of fund balance.

The FY2024 adopted expenditure budget for all funds decreased by 4.2% from the FY2023 original budget and includes a 6.5% cost of living adjustment (COLA), a merit increase for employees, and an average of a 12% decrease in both hazardous and non-hazardous CERS employer paid contributions. The Capital Improvement Project (CIP) budget is \$27.6 million, which includes debt service, and is a 42.3% decrease from the \$47.8 million FY2023 CIP budget. The FY2024 budget continued funding the committed fund balance at 25% of the adopted General Fund revenue budget at \$24.0 million. The committed fund balance acts as the City's 'rainy day' account and can be accessed by a majority vote of the Board of Commissioners.

Improvements in community livability, traffic and roads, parks facilities, and technology enhancements are some of the highlights of the FY2024 capital budget. Improving traffic flow is a top priority and is addressed in the budget with \$4.65 million allocated for various road construction and improvement projects, including the extensions of Bluegrass Farms Boulevard and Greenhill Street, a new roundabout at Preston Miller Park, and completion of the Westen Avenue roundabouts construction. The City also continues investing in the BG Reinvestment/Local Strategy Area by leveraging 80% of the annual CDBG allocation and \$200,000 of local tax revenues to implement improvements in the fourth target area, which encompasses Census Tract 102.1.

The City continues to fund street overlay (\$2.0 million) and sidewalk reconstruction (\$200,000) programs in the FY2024 budget. Multi-year parks and recreation capital projects are also continuing in FY2024 and include: Riverfront Park Development (\$2.0 million), irrigation improvement projects (\$1.3 million), and improvements at Lampkin and Covington Woods parks (\$475,000).

Other initiatives in the FY2024 budget include funding to enhance public and employee safety related to a new fire station at the Kentucky Transpark, the reconstruction of the Northside Fire Station and construction of a public safety training facility, and the implementation of a first responder peer support team. The FY2024 budget furthers the City's efforts to meet the demands of a growing community.

In order to support growth the City is experiencing, the Board of Commissioners voted in May of 2023 to increase the occupational tax rate from 1.85% to 2.0%, effective January 1, 2024. This rate change will impact both employee wage withholding and business net profit rates. The rate increase will allow the City to continue to provide the quality services necessary to support a growing community next year and in the future.

Request for Information

This financial report was designed to provide a general overview of the City of Bowling Green's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Katie Schaller-Ward, Assistant City Manager/Chief Financial Officer, PO Box 430, Bowling Green, Kentucky, 42102-0430 or can be e-mailed to accounting@bgky.org.

City of Bowling Green, Kentucky
Statement of Net Position
June 30, 2023

	Primary Government			
	Governmental	Business-Type	Total	Component Unit
	Activities	Activities		
ASSETS				
Pooled cash and cash equivalents	\$ 80,538,955	\$ -	\$ 80,538,955	\$ -
Non-pooled cash and cash equivalents	28,239,211	641,854	28,881,065	34,963,943
Investments	53,873,402	5,676,740	59,550,142	-
Receivables (net):				
Accounts	1,794,566	32,359	1,826,925	12,509,741
Leases	233,835	-	233,835	1,491,887
Other	74,409	-	74,409	847,745
Accrued interest	33,836	708	34,544	-
Due from other governmental units	2,021,146	-	2,021,146	3,609,880
Notes receivable	3,379,869	2,500,000	5,879,869	-
Prepaid items	776,662	-	776,662	589,413
Prepaid rent	43,930,000	-	43,930,000	-
Inventories	343,285	-	343,285	2,595,620
Other assets	-	-	-	8,589,263
Restricted assets:				
Restricted cash - TVA	-	-	-	5,925,766
Investments	-	-	-	17,068,933
Net Pension Asset	410,033	-	410,033	-
Capital assets, net of accumulated depreciation:				
Non-depreciable	171,680,870	2,915,689	174,596,559	65,006,704
Depreciable	89,862,752	4,107,820	93,970,572	198,419,115
Total assets	<u>477,192,831</u>	<u>15,875,170</u>	<u>493,068,001</u>	<u>351,618,010</u>
DEFERRED OUTFLOWS OF RESOURCES				
Outflows for pensions	18,734,358	-	18,734,358	4,439,676
Outflows for OPEB	10,662,477	-	10,662,477	3,740,654
Deferred amounts from refunding debt	2,445,539	-	2,445,539	296,854
Total deferred outflows of resources	<u>31,842,374</u>	<u>-</u>	<u>31,842,374</u>	<u>8,477,184</u>
LIABILITIES				
Vouchers and accounts payable	2,687,022	39,337	2,726,359	9,189,914
Accrued payroll	1,930,344	431	1,930,775	-
Accrued interest payable	421,257	-	421,257	992,445
Insurance claims payable	1,010,529	-	1,010,529	-
Other current liabilities	-	-	-	2,774,875
Deposits	261,510	-	261,510	7,405,694
Non-current liabilities				
Due within one year				
Compensated absences	1,321,680	-	1,321,680	810,714
Leases & SBITAs payable	264,180	-	264,180	-
Bonds payable	3,990,000	-	3,990,000	6,340,011
Notes and financed purchase obligations	780,973	-	780,973	-
Landfill closure and post closure costs	35,999	-	35,999	-
Due in more than one year				
Compensated absences	998,408	-	998,408	450,858
Leases & SBITAs payable	1,093,507	-	1,093,507	-
Bonds payable, net	69,112,450	-	69,112,450	107,976,471
Notes and financed purchase obligations	5,042,932	-	5,042,932	-
Landfill closure and post closure costs	1,005,756	-	1,005,756	-
Advances from customers and TVA	-	-	-	90,856
Net pension liability	113,171,381	-	113,171,381	37,402,556
Net OPEB liability	31,380,711	-	31,380,711	10,209,082
Total liabilities	<u>234,508,639</u>	<u>39,768</u>	<u>234,548,407</u>	<u>183,643,476</u>
DEFERRED INFLOWS OF RESOURCES				
Inflows for pensions	327,003	-	327,003	519,745
Inflows for OPEB	8,425,306	-	8,425,306	3,847,421
Inflows for leases	231,156	-	231,156	1,469,856
Total deferred inflows of resources	<u>8,983,465</u>	<u>-</u>	<u>8,983,465</u>	<u>5,837,022</u>

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Net Position
June 30, 2023

Continued from previous page

NET POSITION

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Net investment in capital assets	244,405,119	7,023,509	251,428,628	159,086,714
Restricted for				
Debt service	5,436,323	-	5,436,323	12,923,531
Capital projects	50,504,135	-	50,504,135	-
Community development	16,658,089	-	16,658,089	-
Perpetual care - nonexpendable	1,110,658	-	1,110,658	-
Perpetual care - expendable	187,321	-	187,321	-
Unrestricted	(52,758,544)	8,811,893	(43,946,651)	(1,395,549)
Total net position	<u>\$ 265,543,101</u>	<u>\$ 15,835,402</u>	<u>\$ 281,378,503</u>	<u>\$ 170,614,696</u>

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Activities
For the Year Ended June 30, 2023

Function/Programs	Expenses	Program Revenues			Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES:								
General government	\$ 15,308,476	\$ 3,824,759	\$ 11,439,965	\$ 8,540,725	\$ 8,496,973	\$ -	\$ 8,496,973	\$ -
Public safety	38,106,362	261,176	2,374,899	531,769	(34,938,518)	-	(34,938,518)	-
Public works	14,470,184	86,513	1,387,913	2,213,081	(10,782,677)	-	(10,782,677)	-
Parks and recreation	11,216,954	2,563,482	-	56,416	(8,597,056)	-	(8,597,056)	-
Neighborhood and community services	7,917,093	-	4,756,062	825,671	(2,335,360)	-	(2,335,360)	-
Agency services	3,546,785	-	-	-	(3,546,785)	-	(3,546,785)	-
Interest expense	16,557,934	-	-	-	(16,557,934)	-	(16,557,934)	-
Total governmental activities	107,123,788	6,735,930	19,958,839	12,167,662	(68,261,357)	-	(68,261,357)	-
Business-type activities:								
Convention Center	1,733,726	187,497	-	-	-	(1,546,229)	(1,546,229)	-
Total business-type activities	1,733,726	187,497	-	-	-	(1,546,229)	(1,546,229)	-
Total primary government	\$ 108,857,514	\$ 6,923,427	\$ 19,958,839	\$ 12,167,662	\$ (68,261,357)	\$ (1,546,229)	\$ (69,807,586)	\$ -
COMPONENT UNIT								
Bowling Green Municipal Utilities	128,541,757	139,102,449	-	311,265	-	-	-	10,871,957
Total component unit	\$ 128,541,757	\$ 139,102,449	\$ -	\$ 311,265	\$ -	\$ -	\$ -	\$ 10,871,957
GENERAL REVENUES:								
Property taxes					18,601,804	-	18,601,804	-
Insurance premium taxes					6,185,188		6,185,188	
Transient room taxes					-	752,808	752,808	-
Wages and net profits					70,300,741	-	70,300,741	-
Investment gains (losses)					2,125,395	81,147	2,206,542	1,183,837
Gain on disposal of capital assets					124,337	-	124,337	5,800
Merchandising revenues					-	-	-	151,815
Miscellaneous					2,530,562	10,000	2,540,562	-
Total general revenues					99,868,027	843,955	100,711,982	1,341,452
Transfers					(100,000)	100,000	-	-
					99,768,027	943,955	100,711,982	1,341,452
Change in net position					31,506,670	(602,274)	30,904,396	12,213,409
Net position, beginning of year					234,036,431	16,437,676	250,474,107	158,401,287
Net position, end of year					\$ 265,543,101	\$ 15,835,402	\$ 281,378,503	\$ 170,614,696

See accompanying notes.

City of Bowling Green, Kentucky
Balance Sheet - Governmental Funds
June 30, 2023

	General Fund	Community Development	Municipal Aid	Fire Capital Improvements	ITA Bond	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Pooled cash and cash equivalents	\$ 20,467,999	\$ -	\$ 4,898,054	\$ 12,700,757	\$ 1,327,220	\$ 35,720,517	\$ 75,114,547
Non-pooled cash and cash equivalents	2,197,381	1,830,817	-	-	-	261,178	4,289,376
Restricted cash, investments, and accrued interest	-	-	-	-	23,949,835	-	23,949,835
Investments	15,502,291	533,937	1,632,075	-	189,571	33,363,025	51,220,899
Receivables (net of allowances for uncollectibles):							
Accounts receivable	184,275	19,881	1,216,559	323,595	-	50,256	1,794,566
Interest receivable	1,496	31	3	-	-	32,287	33,817
Lease receivable	233,835	-	-	-	-	-	233,835
Due from other governmental units	985,109	834,021	112,350	-	3,516	86,150	2,021,146
Notes receivable	3,379,869	-	-	-	-	-	3,379,869
Prepaid items	223,919	343,215	-	-	-	-	567,134
Inventories	54,390	-	-	-	-	-	54,390
Total assets	<u>\$ 43,230,564</u>	<u>\$ 3,561,902</u>	<u>\$ 7,859,041</u>	<u>\$ 13,024,352</u>	<u>\$ 25,470,142</u>	<u>\$ 69,513,413</u>	<u>\$ 162,659,414</u>
LIABILITIES							
Vouchers and accounts payable	440,918	682,973	29,219	825,199	-	593,263	2,571,572
Accrued payroll	1,868,973	18,218	11,802	-	-	-	1,898,993
Security deposits	261,510	-	-	-	-	-	261,510
Total liabilities	<u>2,571,401</u>	<u>701,191</u>	<u>41,021</u>	<u>825,199</u>	<u>-</u>	<u>593,263</u>	<u>4,732,075</u>
DEFERRED INFLOWS OF RESOURCES							
Inflows for leases	231,156	-	-	-	-	-	231,156
Unavailable revenue	-	-	1,211,559	-	-	-	1,211,559
Total deferred inflows of resources	<u>231,156</u>	<u>-</u>	<u>1,211,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,442,715</u>
FUND BALANCES							
Non-spendable:	3,658,179	-	-	-	-	-	3,658,179
Restricted	416,165	1,170,444	4,420,212	-	23,949,835	15,469,536	45,426,192
Committed	21,500,000	690,267	156,829	-	-	11,351,983	33,699,079
Assigned	2,764,836	1,000,000	2,029,420	12,199,153	1,520,307	42,098,631	61,612,347
Unassigned	12,088,827	-	-	-	-	-	12,088,827
Total fund balances	<u>40,428,007</u>	<u>2,860,711</u>	<u>6,606,461</u>	<u>12,199,153</u>	<u>25,470,142</u>	<u>68,920,150</u>	<u>156,484,624</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 43,230,564</u>	<u>\$ 3,561,902</u>	<u>\$ 7,859,041</u>	<u>\$ 13,024,352</u>	<u>\$ 25,470,142</u>	<u>\$ 69,513,413</u>	<u>\$ 162,659,414</u>

See accompanying notes.

City of Bowling Green, Kentucky
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2023

Fund balances - total governmental funds \$ 156,484,624

Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Governmental capital assets	336,929,311	
Less accumulated depreciation	<u>(77,637,365)</u>	259,291,946

Right to use lease and SBITA assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental right to use lease and SBITA assets	1,849,635	
Less accumulated amortization	<u>(557,814)</u>	1,291,821

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

8,338,704

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

74,409

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

43,930,000

Unavailable revenue is recorded in governmental funds for opioid settlement revenue that has been earned, but is not available, whereas revenue is recognized when earned in the statement of net position.

1,211,559

Net pension liability	(112,761,348)	
Net OPEB liability	(31,380,711)	
Net deferred inflows and outflows associated with pension	18,407,355	
Net deferred inflows and outflows associated with OPEB	2,237,171	
General obligation bonds	(71,380,000)	
Premiums, deferred charges and discounts on bond obligations	723,089	
Notes and financed purchase agreements	(5,823,905)	
Leases & SBITAs payable	(1,357,687)	
Accrued interest payable	(421,257)	
Accrued compensated absences	(2,280,914)	
Landfill postclosure care	<u>(1,041,755)</u>	<u>(205,079,962)</u>

Net position of governmental activities \$ 265,543,101

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2023

	General Fund	Community Development	Municipal Aid	Fire Capital Improvements	ITA Bond	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 17,754,967	\$ -	\$ 200,000	\$ -	\$ 57,861	\$ 588,976	\$ 18,601,804
Insurance premium taxes	2,970,419	-	-	-	-	3,214,769	6,185,188
Wage withholdings and net profits	66,612,307	-	-	-	-	3,688,434	70,300,741
License and permits	2,233,844	-	-	-	-	-	2,233,844
Intergovernmental	1,100,914	5,581,733	5,406,557	-	-	11,073,001	23,162,205
Investment income	108,161	16,299	35,561	-	882,975	963,945	2,006,941
Charges for services	868,773	-	102,886	-	-	70,672	1,042,331
Parks and recreation	2,528,156	-	-	-	-	-	2,528,156
Rent income	-	-	-	-	-	800	800
Miscellaneous	387,339	43,053	364,086	-	365,926	523,376	1,683,780
Total revenues	94,564,880	5,641,085	6,109,090	-	1,306,762	20,123,973	127,745,790
EXPENDITURES							
Current:							
General government	7,416,981	-	-	-	5,060,920	148,650	12,626,551
Public safety	38,006,470	-	2,144,717	305,441	-	2,006,774	42,463,402
Public works	8,231,277	-	3,814,873	-	-	1,307,078	13,353,228
Parks and recreation	9,106,179	-	-	-	-	1,466,394	10,572,573
Neighborhood and community services	3,218,761	5,121,679	-	-	-	730,106	9,070,546
Agency services	2,829,970	-	-	-	-	456,610	3,286,580
Capital outlay	1,765,492	9,939	409,627	2,394,978	-	10,412,433	14,992,469
Debt service:							
Principal	404,718	-	-	-	1,000,000	13,868,890	15,273,608
Interest	100,980	-	-	-	928,702	1,242,264	2,271,946
Total expenditures	71,080,828	5,131,618	6,369,217	2,700,419	6,989,622	31,639,199	123,910,903
Excess (deficiency) of revenues over (under) expenditures	23,484,052	509,467	(260,127)	(2,700,419)	(5,682,860)	(11,515,226)	3,834,887
Other financing sources (uses):							
Transfers in	975,000	-	1,592,053	13,555,260	1,196,850	15,426,053	32,745,216
Transfers out	(25,029,376)	(523,670)	-	-	-	(9,007,171)	(34,560,217)
Issuance of debt	-	-	-	925,105	-	-	925,105
Lease and SBITA liabilities issued	1,730,480	-	-	-	-	-	1,730,480
Proceeds from sale of capital assets	104,588	-	-	-	-	-	104,588
Total other financing sources (uses)	(22,219,308)	(523,670)	1,592,053	14,480,365	1,196,850	6,418,882	945,172
Net change in fund balances	1,264,744	(14,203)	1,331,926	11,779,946	(4,486,010)	(5,096,344)	4,780,059
Fund balances, beginning	39,163,263	2,874,914	5,274,535	419,207	29,956,152	74,016,494	151,704,565
Fund balances, ending	\$ 40,428,007	\$ 2,860,711	\$ 6,606,461	\$ 12,199,153	\$ 25,470,142	\$ 68,920,150	\$ 156,484,624

See accompanying notes.

City of Bowling Green, Kentucky
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of the Governmental Funds to the Statement of Activities
Year Ended June 30, 2023

Net change in fund balances - total governmental funds \$ 4,780,059

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

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	22,655,484	
Governmental depreciation expense	(6,287,500)	
Net sales and disposals of capital assets	<u>19,749</u>	16,387,733
Right to use lease and SBITA asset additions	1,757,867	
Right to use lease asset and SBITA amortization expense	<u>(497,941)</u>	1,259,926

Certain long-term receivables, such as for opioid settlements, are not available for the payment of current expenditures and therefore are not reported in the governmental funds. Payments are recorded as revenue in the governmental funds and reduction of the receivable in the statement of net position. 1,185,182

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal long-term debt consumes the current financial resources of government funds. Neither transaction has an effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the differences in the treatment of long-term and related items. 2,035,839

Principal and interest payments made in relation to 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 agreement. 8,006,895

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. 26,994

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

Compensated absences payable	(212,859)
Landfill postclosure care	301,966

The net pension expense is an actuarial calculation and does not require the use of current financial resources and it is excluded as an expenditure in governmental funds. Additionally, since the current year contributions to the pension plan will be included in the subsequent year's pension expense calculation, those contributions should not be considered in the government-wide statements. (2,817,654)

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. 552,589

Net change in net position - governmental activities \$ 31,506,670

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Net Position - Proprietary Funds
June 30, 2023

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Funds
	Convention Center	
ASSETS		
Current assets		
Pooled cash and cash equivalents	\$ -	\$ 5,424,408
Non-pooled cash and cash equivalents	641,854	-
Investments	5,676,740	2,652,503
Accounts receivable	32,359	-
Interest receivable	708	19
Notes receivable	2,500,000	-
Prepaid items	-	209,528
Inventories	-	288,895
Total current assets	8,851,661	8,575,353
Capital assets		
Land	2,290,764	-
Construction in progress	624,925	89,776
Buildings	11,286,224	797,539
Machinery and equipment	1,164,594	756,984
Improvements other than buildings	172,463	-
	15,538,970	1,644,299
Less: accumulated depreciation	(8,515,461)	(684,444)
Capital assets, net	7,023,509	959,855
Total noncurrent assets	7,023,509	959,855
Total assets	\$ 15,875,170	\$ 9,535,208
LIABILITIES		
Current liabilities		
Vouchers and accounts payable	39,337	115,450
Accrued payroll	431	31,351
Insurance claims payable	-	1,010,529
Current portion of compensated absences	-	22,316
Total current liabilities	39,768	1,179,646
Noncurrent liabilities		
Noncurrent portion of compensated absences	-	16,858
Total noncurrent liabilities	-	16,858
Total liabilities	39,768	1,196,504
NET POSITION		
Net invested in capital assets	7,023,509	959,855
Unrestricted	8,811,893	7,378,849
Total net position	\$ 15,835,402	\$ 8,338,704

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Funds
	Convention Center	
OPERATING REVENUES		
Transient room taxes	\$ 752,808	\$ -
Charges for services	187,497	2,056,741
Insurance premium taxes	-	8,450,443
Judgements and settlements	-	328,740
Contributions and donations	10,000	6,000
Miscellaneous	-	1,781
Total operating revenues	<u>950,305</u>	<u>10,843,705</u>
OPERATING EXPENSES		
Personnel services	11,697	935,134
Contractual services	169,810	1,118,664
Supplies	249	1,349,003
Utilities	-	38,628
Repairs and maintenance	1,146,011	197,589
Insurance premiums and claims	20,238	8,400,318
Depreciation	385,721	73,526
Miscellaneous	-	11,708
Total operating expenses	<u>1,733,726</u>	<u>12,124,570</u>
Operating income (loss)	(783,421)	(1,280,865)
NONOPERATING REVENUES (EXPENSES)		
Investment income	81,147	118,454
Total nonoperating expense	<u>81,147</u>	<u>118,454</u>
Loss before transfers	(702,274)	(1,162,411)
Transfers in	100,000	1,990,000
Transfers out	-	(275,000)
Total transfers	<u>100,000</u>	<u>1,715,000</u>
Net income (loss)	(602,274)	552,589
Net position, beginning of year	<u>16,437,676</u>	<u>7,786,115</u>
Net position, end of year	<u>\$ 15,835,402</u>	<u>\$ 8,338,704</u>

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Convention Center	Internal Service Funds
CASH FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 195,019	\$ 10,843,705
Other cash receipts	752,808	-
Payments to employees	(11,640)	(984,286)
Cash payments to suppliers	(1,296,971)	(3,019,287)
Claims paid	-	(7,862,393)
Net cash provided by (used in) operating activities	(360,784)	(1,022,261)
CASH FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	100,000	1,990,000
Transfers out	-	(275,000)
Net cash provided by noncapital financing activities	100,000	1,715,000
CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(645,138)	(172,923)
Net cash used in capital and related financing activities	(645,138)	(172,923)
CASH FROM INVESTING ACTIVITIES		
Interest losses	80,461	118,457
Purchase of investments	325,428	(109,332)
Loan made to others	(2,500,000)	-
Net cash provided by (used in) investing activities	(2,094,111)	9,125
Net increase (decrease) in cash and cash equivalents	(3,000,033)	528,941
Cash and cash equivalents at beginning of period	3,641,887	4,895,467
Cash and cash equivalents at end of period	\$ 641,854	\$ 5,424,408
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (783,421)	\$ (1,280,865)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	385,721	73,526
Changes in assets and liabilities:		
Inventories	-	(28,648)
Accounts receivable	(2,478)	-
Accounts payable	39,337	(360,900)
Prepaid items	-	85,853
Compensated absences	-	5,960
Accrued payroll	57	(55,112)
Insurance claims payable	-	537,925
Net cash provided (used) by operating activities:	\$ (360,784)	\$ (1,022,261)

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Fiduciary Net Position
June 30, 2023

	Pension Trust- Police & Firefighters' Retirement	Custodial Funds
ASSETS		
Pooled cash and cash equivalents	\$ -	\$ 260,225
Non-pooled cash and cash equivalents	118,968	-
Accrued interest receivable	15,621	-
Investments		
Corporate securities	1,321,460	-
Mutual funds	3,700,958	-
United States government securities	187	-
Kentucky local municipal bonds	332,494	-
Total investments	5,355,099	-
Total assets	\$ 5,489,688	\$ 260,225
LIABILITIES		
Due to other governmental units	-	258,188
Due to other taxing units - School Board	-	2,037
Total liabilities	-	260,225
NET POSITION		
Restricted for pensions	5,489,688	-
Restricted for individuals, organizations, and other governments	-	-
Total net position	\$ 5,489,688	\$ -

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2023

	Pension Trust- Police & Firefighters' Retirement	Custodial Funds
ADDITIONS		
Investment income	\$ 632,339	\$ 900
Property tax collections for other governments	-	15,757,579
Tourism tax collections for other organizations	-	2,258,425
TIF tax collections for other governments	-	82,430
Miscellaneous	-	12,428
Total additions	<u>632,339</u>	<u>18,111,762</u>
DEDUCTIONS		
Benefit payments	689,825	-
Payments of property tax to other governments	-	15,757,579
Payments on behalf of other governments	-	95,758
Payments of tourism tax to other organizations	-	2,258,425
Total deductions	<u>689,825</u>	<u>18,111,762</u>
Change in net position	(57,486)	-
Net position, beginning of year	<u>5,547,174</u>	<u>-</u>
Net position, end of year, restricted for pensions	<u>\$ 5,489,688</u>	<u>\$ -</u>

See accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

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**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

1. Blended Component Units

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

Fiduciary Fund Type

City of Bowling Green Police and Firefighters' Retirement Fund. Retired or disabled City public safety employees participate in the Police and Firefighters' Retirement Fund. The Fund functions for the benefit of these employees and surviving spouses and is administered by a Board of Trustees consisting of the Mayor, City Chief Financial Officer and retiree representative of the fire department, or active member if no retiree is able to serve.

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

Proprietary Fund Type

The Convention Center Fund. The Convention Center fund is used to account for the daily operations of a municipal convention center and trade show facility. The Convention Center is reported as an enterprise fund and does not issue its own separate financial statements.

2. Discretely Presented Component Units

The agency described below is included in the City's reporting entity because the City appoints the governing body and the agency is fiscally dependent on the City. The agency is reported as discretely presented component unit because the primary government is financially accountable and is able to impose its will on the organization or the component unit provides specific financial benefits or imposes specific financial burdens on the primary government. The component unit issues its own separate financial statements.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

2. Discretely Presented Component Units

Proprietary Fund Type

Bowling Green Municipal Utilities (BGMU). Board member appointments are made by the City's Board of Commissioners. 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 Board of Commissioners.

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

B. Related Organization

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

C. Joint Venture

The Inter-Modal Transportation Authority, Inc. (ITA) is a non-profit corporation organized for the purpose of acquiring and financing public projects and public facilities as an agent for the City and the County of Warren, Kentucky, jointly. In the year ended June 30, 2008, the City approved the issuance of General Obligation bonds (Series 2007 B&C) in the amount of \$27,415,000 to refinance the ITA's mortgage-backed bonds that were outstanding. The City entered into a ground lease with the Authority, providing for the City's acquisition of a leasehold estate in the project. The City, Warren County, and the Authority entered into a Contract, Lease & Option agreement in which the Authority and County shall lease back the project from the City in consideration of rental payments to be utilized by the City in support of the payment of principal and interest on the general obligation bonds. The City and Warren County have each pledged to evenly share any shortfalls towards payment of debt service on the outstanding bonds. In 2013, there was a significant land sale to the State for right-of-way use on the I-65 connector road. It generated approximately \$2.3 million that was used for a partial early redemption call on the 2007C bonds through 2018. Subsequently, during FY2016 the outstanding debt of the 2007B and 2007C bonds were partially refunded by General Obligation Refunding Bonds, Series 2016A&B in the total amount of \$15,300,000. In FY2021, the City issued an additional \$43,835,000 in General Obligation Bonds, Series 2021A&2021B, for an expansion to the existing Kentucky Transpark. The City will be responsible for 100% of the principal and interest payments for the first five years and afterward will share the cost evenly with Warren County.

During FY2023, the City and County made scheduled debt service contributions in the amount of \$1,928,702 on the Series 2016A&B and Series 2021A&B bonds. The separately audited financial statements of the ITA can be obtained from the City Clerk's office.

In FY2022, the City entered into a local agreement with Warren County and the ITA where the City and the County would share in the cost to acquire additional real property for the expansion of the Kentucky Transpark. The ITA would then reimburse both the City and County equally as funds become available. In October of 2022, the City transferred funds in the total amount of \$5,879,869 to the ITA. As of June 30, 2023, the full amount is shown as a note receivable in the General Fund (\$3,379,869) and the Convention Center Fund (\$2,500,000).

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basic Financial Statements

Government-wide and Fund Financial Statements

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

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

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

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

Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. With this measurement focus, all assets and all liabilities, including long-term assets, as well as long-term debt and obligations, are included in the Statement of Net Position. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

Since the Governmental fund statements are presented on a different measurement focus and basis of accounting than the Government-wide statements' governmental activities 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 activities column of the Government-wide presentation.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basic Financial Statements

Basis of Accounting and Financial Statement Presentation

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

The City's fiduciary funds are presented in the fund financial statements by type (pension and custodial). 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 are particularly important to financial statement users may also be reported as major. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

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

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

The **Community Development Fund** is used to account for federal grants that fund various community development programs, such as: Community Development Block Grants, Housing Choice Vouchers, and Mainstream Vouchers.

The **Municipal Aid Fund** is 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, public transit, and law enforcement special pay programs.

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

The **ITA Bond Debt Service Fund** is used to account for revenues received from payments made by the ITA and Warren County and expenditures related to bond issues that were used for refinancing the Kentucky Transpark debt in 2016 and expansion of the Kentucky Transpark in 2021.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Basis of Presentation

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

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

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

Fiduciary Funds are used to account for assets held on behalf of outside parties. Trust funds account for assets held by the City under the terms of a formal trust agreement. Fiduciary funds are as follows:

The City of Bowling Green Police and Firefighters' Retirement Fund, a closed 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.

Custodial funds generally are used to account for assets that the City holds on behalf of others as their agent and are custodial in nature. The funds could report financial position.

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 fund.

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

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

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

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.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Assets, Liabilities and Fund Equity

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

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

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

A note receivable in the amount of \$3,379,869 in the governmental funds and \$2,500,000 in the proprietary fund is recorded to account for an interest free loan made to the Inter-Modal Transportation Authority (ITA).

Lease Receivable - The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Interfund Receivables - In its course of 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, 2023, balances of interfund amounts receivable or payable have been recorded as "due to/from other funds". Any balances outstanding between the governmental activities and business-type activities are reported in the Government-wide financial statements as "internal balances."

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

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

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

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, traffic signals, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-wide financial statements. Land, building, and improvements expenditures for items having a useful life greater than two years and having a cost greater than \$25,000 are capitalized. Machinery and equipment expenditures for items having a useful life greater than two years and having a cost greater than \$7,500 are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value and recorded as donations at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Assets, Liabilities and Fund Equity

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

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

The City's infrastructure consists of the street and storm sewers systems. The street system consists of streets, rights-of-way, 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 more detail in Required Supplemental Information, immediately following these notes.

Right to Use Assets - The City has recorded right to use lease assets as a result of implementing GASB 87 and 96. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease or subscription liability plus any lease or subscription payments made prior to the term, less incentives, and plus any ancillary charges necessary to place the lease or subscription into service. The right to use assets are amortized on a straight-line basis over the life of the related lease or subscription.

Deferred Outflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has three items that meet this criterion: pension deferrals, OPEB deferrals, and deferred amounts from refunding debt.

Deferred Inflows of Resources - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The City has three items that meet the criterion for this category: pension deferrals, OPEB deferrals, and leases.

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 two years.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Assets, Liabilities and Fund Equity

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 \$40/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.

Retirement - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the City's participation in the County Employees' Retirement System (CERS) of the Kentucky Public Pension Authority (KPPA) have been determined on the same basis as reported by the KPPA. Benefits including refunds of employee contributions are recognized when due and payable in accordance with the benefit terms of the CERS plan. The liability was measured at June 30, 2022.

Postemployment Benefits Other Than Pensions (OPEB) - For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CERS' Insurance Fund and additions to/deductions from the Insurance Fund's fiduciary net position have been determined on the same basis as reported by the Insurance Fund. The Insurance Fund recognizes benefit payments when due and payable in accordance with benefit terms. The liability was measured at June 30, 2022.

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

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

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

Long-term liabilities include the following:

- Principal outstanding on general obligation bonds, notes and financed purchase obligations.
- Landfill closure and postclosure care liability is the established total current cost to place a final cover on the City's landfill sites and to perform certain maintenance and monitoring functions after closure.
- Lease liability is recorded for one agreement to lease certain improvements to land and is based on the present value of the lease payments expected to be paid during the lease term.
- Subscription liability is recorded for Subscription-Based Information Technology Arrangements (SBITA) and is based on the present value of the subscription payments expected to be paid during the subscription term.

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Assets, Liabilities and Fund Equity

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

- **Nonspendable fund balance** - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. The City reports nonspendable fund balance in the General Fund for prepaid items (\$223,919), inventories (\$54,391), and a long-term note receivable (\$3,379,869).
- **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. Restricted fund balances reported as of June 30, 2023 follows below:

Restricted for:	General Fund	Municipal Aid Fund	Community Development Fund	ITA Bond Fund	Other Nonmajor Governmental Fund	Total
Cemetery perpetual	\$ -	\$ -	\$ -	\$ -	\$ 1,110,658	\$ 1,110,658
Community development	416,165	2,231,875	1,170,444	-	14,225,162	18,043,646
Debt service	-	-	-	23,949,835	-	23,949,835
Lampkin park	-	-	-	-	49,219	49,219
Public safety grants	-	2,010,478	-	-	84,497	2,094,975
Streets and sidewalks	-	177,859	-	-	-	177,859
Restricted fund balance	<u>\$ 416,165</u>	<u>\$ 4,420,212</u>	<u>\$ 1,170,444</u>	<u>\$ 23,949,835</u>	<u>\$ 15,469,536</u>	<u>\$ 45,426,192</u>

- **Committed fund balance** - amounts constrained to specific purposes by the City itself, by Ordinance approved by the Board of Commissioners; to be reported as committed, amounts cannot be used for any other purpose unless the City takes action to remove or change the constraint. Stabilization funds in the General Fund are assessed each fiscal year and approved by the Board of Commissioners through an Ordinance and can only be appropriated through the same action; if stabilization funds are utilized, a plan to replenish the balance to the established funding level must be approved by Ordinance. Committed fund balances as of June 30, 2023 are:

Committed to:	General Fund	Municipal Aid Fund	Community Development Fund	Other Nonmajor Governmental Fund	Total
Economic stabilization	\$21,500,000	\$ -	\$ -	\$ -	\$21,500,000
Economic development	-	-	690,267	6,899,511	7,589,778
Police and fire improvements	-	156,829	-	3,265,941	3,422,770
Landfill	-	-	-	1,186,531	1,186,531
Committed fund balance	<u>\$21,500,000</u>	<u>\$ 156,829</u>	<u>\$ 690,267</u>	<u>\$ 11,351,983</u>	<u>\$33,699,079</u>

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Assets, Liabilities and Fund Equity

- **Assigned fund balance** - amounts the City intends to use for a specific purpose (such as encumbrances); intent can be expressed by the City or the City Manager, Assistant City Manager and/or Chief Financial Officer, or body to which the City delegates authority as established by the City's Fund Balance Policy included in the City's Financial Policies and Procedures approved by the Board of Commissioners.

Assigned to:	General Fund	Municipal Aid Fund	Community Development Fund	Fire Capital Improvements Fund	ITA Bond Fund	Other Nonmajor Governmental Fund	Total
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 1,520,307	\$ 3,916,016	\$ 5,436,323
General government services	195,951	-	1,000,000	-	-	4,073,999	5,269,950
Police and fire services	191,451	-	-	12,199,153	-	1,513,426	13,904,030
Parks and recreation	304,039	-	-	-	-	8,589,921	8,893,960
Neighborhood and community services	579,486	-	-	-	-	6,843,662	7,423,148
Other purposes	438,445	-	-	-	-	187,321	625,766
Public works services	1,055,464	2,029,420	-	-	-	16,974,286	20,059,170
Assigned fund balance	<u>\$ 2,764,836</u>	<u>\$ 2,029,420</u>	<u>\$ 1,000,000</u>	<u>\$ 12,199,153</u>	<u>\$ 1,520,307</u>	<u>\$ 42,098,631</u>	<u>\$ 61,612,347</u>

- **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 revenues 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 presentation.

H. Estimates

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

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Compliance with Finance Related Legal and Contractual Provisions

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

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 3. DETAIL NOTES ON ALL FUNDS

A. Cash and Investments

Primary Government

The City's bank balances at June 30, 2023, 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, 2023, are summarized and categorized in the table below.

Primary Government (except Fiduciary Funds)		
Investment Type	Fair Value	Weighted Average Maturity in Years
Certificate of deposit	\$ 1,387,249	0.531
Cash equivalents	14,968,759	N/A
Tax free mutual funds	12,239,922	N/A
U.S. agencies CMO	17,387	0.077
Taxable mutual funds	725,925	N/A
U.S. equity	2,976,338	N/A
Taxable bond funds	1,968,698	N/A
U.S. agencies bonds	19,721,888	0.679
U.S. agency treasury bills	2,637,697	N/A
Municipal bonds	2,906,279	0.408
	<u>\$ 59,550,142</u>	

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

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

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

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

The City has the following recurring fair value measurements as of June 30, 2023:

- Certificates of deposit, cash equivalents, U.S. Agencies Collateralized Mortgage Obligation (CMO), U.S. agencies bonds, and U.S. Agencies treasury bills total \$38,732,980 and are valued using quoted market prices (Level 1 inputs).
- Municipal bonds, tax free mutual funds, taxable mutual funds, taxable bond funds, U.S. and foreign equity, and U.S. and foreign real estate funds total \$20,817,162 using quoted prices for similar assets in active markets (Level 2 inputs).

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 3. DETAIL NOTES ON ALL FUNDS

A. Cash and Investments

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, 2023 are summarized and categorized in the tables below.

Bowling Green Municipal Utilities Water-Sewer Division				
Investment Type	Fair Value	Maturities in Years		
		Less than 1	1-5	
Fixed income funds	\$ 1,212,754	\$ 576,242	\$	636,512
U.S. treasury obligations	708,817	292,732		416,085
Money market account	22,127,200	22,127,200		-
Foreign fixed income funds	88,398	-		88,398
	<u>\$ 24,137,169</u>	<u>\$ 22,996,174</u>	<u>\$</u>	<u>1,140,995</u>

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

Carrying value	
Deposits	\$ 5,157,420
Investments	<u>24,137,169</u>
	<u>\$29,294,589</u>

Included in the following captions:

Cash and cash equivalents	\$13,550,884
Noncurrent cash and investments	15,117,175
Other short-term investments	<u>626,530</u>
	<u>\$29,294,589</u>

Bowling Green Municipal Utilities Electric Division			
Investment Type	Fair Value	Maturities in Years	
		Less than 1	
Money market account	<u>\$ 1,225,228</u>	<u>\$</u>	<u>1,225,228</u>

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 3. DETAIL NOTES ON ALL FUNDS

A. Cash and Investments

Component Units

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

Carrying value	
Deposits	\$ 18,652,669
Investments	<u>1,225,228</u>
	<u>\$ 19,877,897</u>

Included in the following captions:

Cash and cash equivalents	\$ 18,552,669
Investments and restricted funds	<u>1,325,228</u>
	<u>\$ 19,877,897</u>

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

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations.

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, 2023, Bowling Green Municipal Utilities was 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.

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

The Water/Sewer Division had the following assets measured at fair value on a recurring basis as of June 30, 2023.

Investments by Fair Value Level	June 30, 2023	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
U.S. treasury obligations	\$ 708,817	\$ -	\$ 708,817
Fixed income funds	1,212,754	1,212,754	-
Foreign fixed income funds	88,398	88,398	-
Money market accounts	22,127,200	22,127,200	-
Total investment by fair value	<u>\$ 24,137,169</u>	<u>\$ 23,428,352</u>	<u>\$ 708,817</u>

Police and Firefighters' Retirement Fund

Plan investments are presented at fair value, which is the amount that financial instruments could be exchanged in a current transaction between willing parties. Short-term investments are carried at cost, which approximates fair

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 3. DETAIL NOTES ON ALL FUNDS

A. Cash and Investments

Component Units

value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Other investments not having an established market are recorded at estimated fair value. All fair values are determined by external consultants. The City of Bowling Green Police and Firefighters' Retirement Fund investments are measured and reported at fair value and are classified according to the following hierarchy:

Level 1 - Investments reflect prices quoted in active markets.

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

Level 3 - Investments reflect prices based upon unobservable sources.

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

Investments by Fair Value Level	June 30, 2023	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Corporate securities	\$ 1,321,460	\$ 150,564	\$ 1,170,896
Mutual funds	3,700,958	3,700,958	-
Kentucky local municipal bonds	332,494	-	332,494
United States government securities	187	187	-
Total investments by fair value	<u>\$ 5,355,099</u>	<u>\$ 3,851,709</u>	<u>\$ 1,503,390</u>

Approximately 25% of the net assets held in trust for pension benefits are invested in corporate securities and 69% are invested in mutual funds. The fund has the following investments whose market value exceeds 5% of the plan's fiduciary net position: American Fundamental Investors Class A FD#10 (16.39%), American Growth Fund of America Class A FD#05 (15.01%), The Investment Company of America Class A FD#4 (17.26%), and American Funds Washington Mutual Investors Class A (18.95%).

The Retirement Fund adopted an Investment Policy Statement on August 19, 2020, and is in compliance with the Kentucky Revised Statutes. The policy includes statement of purpose, investment goals and objectives, investment guidelines for the fund, performance index, designated officers and City officials authorized to direct the investment and oversight of fund assets, and additional guidelines. Any changes to the investment plan would need to be approved by the Board of Trustees and be in compliance with Kentucky Revised Statutes.

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 Police and Firefighters' Retirement Fund and are shown on the following page.

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 3. DETAIL NOTES ON ALL FUNDS

A. Cash and Investments

Component Units

Investment Type	Investment Maturities (In Years)				
		Less than 1	1-5	6-10	More than 10
U.S. government	\$ 187	\$ 187	\$ -	\$ -	\$ -
Corporate securities	1,321,460	98,971	1,056,630	76,685	89,174
Kentucky municipal bonds	332,494	15,000	188,440	124,383	4,671
Mutual funds	3,700,958	3,700,958	-	-	-
Total	\$ 5,355,099	\$ 3,815,116	\$ 1,245,070	\$ 201,068	\$ 93,845

Rate of Return - For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments calculated as the internal rate of return on pension plan investments, net of pension plan investment expense was 12.15%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the financial institution, the fund will not be able to recover the value of its cash equivalents. At June 30, 2023, \$2,955,099 of the Fund's carrying amounts for cash investments were uninsured, but held in the Fund by the corresponding financial advisor's trust department and insured by the FDIC.

B. Unrestricted Assets

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

C. Capital and Right to Use Assets

Capital and right to use asset activity for the year ended June 30, 2023, follows on the next page. The right to use lease and subscription assets are discussed in the Leases and Subscription-Based Information Technology Arrangements (SBITA) sections of this note. The right to use assets are amortized on a straight-line basis over the terms of the related leases and subscriptions.

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 3. DETAIL NOTES ON ALL FUNDS

C. Capital and Right to Use Assets

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Primary Government				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 17,821,843	\$ 325,900	\$ (55,000)	\$ 18,092,743
Infrastructure	132,316,392	8,648,326	(191,711)	140,773,007
Construction in progress	5,213,583	10,626,973	(3,025,436)	12,815,120
Total capital assets, not being depreciated	<u>155,351,818</u>	<u>19,601,199</u>	<u>(3,272,147)</u>	<u>171,680,870</u>
Capital assets, being depreciated:				
Stormwater infrastructure	15,804,110	904,268	-	16,708,378
Buildings	56,241,430	1,456,215	(4,813)	57,692,832
Improvements other than buildings	53,221,934	1,526,701	(259,787)	54,488,848
Intangibles	3,775,331	9,673	-	3,785,004
Vehicles, equipment and furniture	31,636,177	2,862,287	(587,415)	33,911,049
Property held under capital lease	306,633	-	-	306,633
Total capital assets, being depreciated/amortized	<u>160,985,615</u>	<u>6,759,144</u>	<u>(852,015)</u>	<u>166,892,744</u>
Right to use assets, being amortized:				
Intangible right to use, buildings	58,909	-	(58,909)	-
Intangible right to use, improvements other than buildings	91,768	-	-	91,768
Intangible right to use, subscriptions	-	1,757,867	-	1,757,867
Total right to use assets, being amortized	<u>150,677</u>	<u>1,757,867</u>	<u>(58,909)</u>	<u>1,849,635</u>
Less accumulated depreciation/amortization:				
Stormwater infrastructure	(2,985,096)	(296,415)	-	(3,281,511)
Buildings	(24,017,502)	(1,452,966)	4,813	(25,465,655)
Intangible right to use, buildings	(13,090)	(4,364)	17,454	-
Improvements other than buildings	(24,170,697)	(1,592,406)	49,793	(25,713,310)
Intangible right to use, improvements other than buildings	(64,237)	(4,588)	-	(68,825)
Intangibles	(1,480,547)	(488,529)	-	(1,969,076)
Intangible right to use, subscriptions	-	(488,989)	-	(488,989)
Vehicles, equipment and furniture	(19,690,451)	(2,524,722)	557,371	(21,657,802)
Property held under capital lease	(228,473)	(5,986)	-	(234,459)
Total accumulated depreciation/amortization	<u>(72,650,093)</u>	<u>(6,858,965)</u>	<u>629,431</u>	<u>(78,879,627)</u>
Total capital assets, being depreciated/amortized, net	<u>88,486,199</u>	<u>1,658,046</u>	<u>(2,098,269)</u>	<u>89,862,752</u>
Governmental activities, capital assets, net	<u>\$ 243,838,017</u>	<u>\$ 21,259,245</u>	<u>\$ (3,553,640)</u>	<u>\$ 261,543,622</u>

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 3. DETAIL NOTES ON ALL FUNDS

C. Capital and Right to Use Assets

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,290,764	\$ -	\$ -	\$ 2,290,764
Construction in progress	77,700	547,225	-	624,925
Total capital assets, not being depreciated	<u>2,368,464</u>	<u>547,225</u>	<u>-</u>	<u>2,915,689</u>
Capital assets, being depreciated:				
Buildings	11,286,224	-	-	11,286,224
Improvements other than buildings	74,550	97,913	-	172,463
Vehicles, equipment and furniture	1,164,594	-	-	1,164,594
Total capital assets, being depreciated	<u>12,525,368</u>	<u>97,913</u>	<u>-</u>	<u>12,623,281</u>
Less accumulated depreciation:				
Buildings	(7,153,907)	(322,847)	-	(7,476,754)
Improvements	(44,375)	(13,506)	-	(57,881)
Vehicles, equipment and furniture	(931,458)	(49,368)	-	(980,826)
Total accumulated depreciation	<u>(8,129,740)</u>	<u>(385,721)</u>	<u>-</u>	<u>(8,515,461)</u>
Total capital assets, being depreciated, net	<u>4,395,628</u>	<u>(287,808)</u>	<u>-</u>	<u>4,107,820</u>
Business-type activities, capital assets, net	<u>\$ 6,764,092</u>	<u>\$ 259,417</u>	<u>\$ -</u>	<u>\$ 7,023,509</u>

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

Governmental activities	
General government	\$ 1,042,642
Public safety	2,479,527
Public works	1,247,808
Parks and recreation	1,613,605
Neighborhood and community services	<u>475,383</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 6,858,965</u>
Business-type activities	
Convention Center	<u>\$ 385,721</u>

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 3. DETAIL NOTES ON ALL FUNDS

C. Capital and Right to Use Assets

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Bowling Green Municipal Utilities				
Capital assets, not being depreciated:				
Land	\$ 2,012,653	\$ -	\$ -	\$ 2,012,653
Construction in progress	54,011,737	15,005,451	(6,023,137)	62,994,051
Total capital assets, not being depreciated	56,024,390	15,005,451	(6,023,137)	65,006,704
Capital assets, being depreciated:				
Transmission plant	2,798,215	151,775	(11,231)	2,938,759
Distribution plant	99,194,737	3,850,667	(1,622,321)	101,423,083
Structures and improvements, nodes	483,722	36,584	-	520,306
General plant	15,844,572	157,541	(778)	16,001,335
Water plant	107,727,233	5,145,552	-	112,872,785
Sewer plant	130,353,826	509,545	-	130,863,371
Equipment	9,678,945	1,248,332	(10,075)	10,917,202
Overhead conductors and devices	6,841,476	192,734	(179,577)	6,854,633
Trucks and autos	3,806,575	-	(299,986)	3,506,589
Office equipment	1,885,974	45,062	-	1,931,036
Office additions	65,716	-	-	65,716
Total capital assets, being depreciated	378,680,991	11,337,792	(2,123,968)	387,894,815
Less accumulated depreciation	(179,779,479)	(12,424,210)	2,727,989	(189,475,700)
Total capital assets, being depreciated, net	198,901,512	(1,086,418)	604,021	198,419,115
Bowling Green Municipal Utilities, capital assets, net	\$ 254,925,902	\$ 13,919,033	\$ (5,419,116)	\$ 263,425,819

D. Interfund Transfers

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

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

	Transfers Out				Total
	General	Nonmajor Governmental	Community Development	Internal Service	
General Fund	\$ 500,000	\$ 475,000	\$ -	\$ -	\$ 975,000
ITA Bond	-	1,196,850	-	-	1,196,850
Municipal Aid Fund	1,592,053	-	-	-	1,592,053
Fire Capital Improvements Fund	9,250,000	3,781,590	523,670	-	13,555,260
Convention Center	-	100,000	-	-	100,000
Internal Service Funds	1,715,000	-	-	275,000	1,990,000
Nonmajor Governmental Funds	11,972,323	3,453,731	-	-	15,426,054
Totals	\$ 25,029,376	\$ 9,007,171	\$ 523,670	\$ 275,000	\$ 34,835,217

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 3. DETAIL NOTES ON ALL FUNDS

E. Leases and Subscription-Based Information Technology Arrangements (SBITAs)

Lease Receivable - As of June 30, 2023, the City has five lease receivables in which it is acting as Lessor. The lease receivables are valued at the present value of the lease payments using the individual discount rates. The City's capitalization threshold is \$25,000 for the term of the lease.

In August 2020, the City entered into a lease with Bluegrass Ingredients. Under the lease, Bluegrass Ingredients pays the City for the use of fifteen parking spaces at a cost of \$35 each or a total of \$525 per month for thirty-six months, which is expected to be renewed for ten one-year terms. The lease revenue is measured at the present value of the future rent payments expected to be received during the lease term at a discount rate of 1.95%. In Fiscal Year 2023, the City recognized \$5,518 of lease revenue and \$1,206 of interest revenue under the lease.

In June 2022, the City entered into a lease with a local accounting firm to lease fifteen parking spots. The accounting firm pays the City for the use of the parking spaces at a cost of \$35 each or a total of \$525 per month for twelve months, which is expected to be renewed for four terms. The lease revenue is measured at the present value of the future rent payments expected to be received during the lease term at a discount rate of 3.09%. In Fiscal Year 2023, the City recognized \$5,756 of lease revenue and \$889 of interest revenue under the lease.

In March 2023, the City entered into three lease agreements with tenants to lease units located at 319 E 10th Avenue. The tenants pay the City for the use of the living and office space units at a cost of \$600 for living space or \$2,500 for commercial office space for a total of \$3,700 per month for twelve months, which is expected to be renewed for three terms. The lease revenue is measured at the present value of the future rent payments expected to be received during the lease term at a discount rate of 3.09%. In Fiscal Year 2023, the City recognized \$13,904 of lease revenue and \$1,668 of interest revenue under the lease.

Future minimum lease payments and net present value of these minimum lease payments included in the measurement of the lease receivable as of June 30, 2023, are as follows:

Fiscal Year Ending	Principal	Interest	Total
2024	\$ 50,989	\$ 6,011	\$ 57,000
2025	52,522	4,478	57,000
2026	54,105	2,896	57,001
2027	40,872	1,325	42,197
2028	5,612	689	6,301
2029-2033	29,735	1,762	31,497
	<u>\$ 233,835</u>	<u>\$ 17,161</u>	<u>\$ 250,996</u>

Lease Liability - The City, as a lessee, has entered into two agreements to lease certain improvements to land and buildings and recognizes a lease liability and right to use asset for said leases. The lease liabilities are based on the present value of the lease payments expected to be paid during the lease term. The right to use assets are valued at the lease liability in addition to accumulated amortization expense recognized throughout the life of the leases. The City's capitalization threshold is \$25,000 for the term of the lease.

The first agreement was originally executed in 1988 to lease a portion of the CrossWinds Golf Course property from the Bowling Green - Warren County Airport (Airport). The lease had a twenty year term and was renewed in July 2008 for an additional twenty year term set to expire in June 2028. The lease liability is based upon an annual lease payment of \$6,100, which is adjusted every five years based on the Consumer Price Index (CPI) Report for the prior five year period. At the inception of the current lease term in 2008, the CPI rate was 2.88% and is the discount rate used to measure the lease liability. As a result of the lease, the City has recorded a right to use asset with a net book value of \$22,943 as of June 30, 2023. The right to use asset activity is reflected in the Capital Asset section of this note.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 3. DETAIL NOTES ON ALL FUNDS

E. Leases and Subscription-Based Information Technology Arrangements (SBITAs)

The second agreement was executed in July 2020 to lease a storage building and was subsequently terminated in February of 2023. The lease had a three year term and was expected to continue for at least two additional terms. The lease liability was based upon an annual lease payment of \$7,200, with no variable payment components, and a discount rate of 1.95%. At the termination of the lease, the City has removed the right to use asset as of June 30, 2023. The right to use asset activity is reflected in the Capital Asset section of this note.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, are as follows:

Fiscal Year Ending	Principal	Interest	Total
2024	\$ 5,293	\$ 807	\$ 6,100
2025	5,445	655	6,100
2026	5,602	498	6,100
2027	5,763	337	6,100
2028	5,932	171	6,103
	<u>\$ 28,035</u>	<u>\$ 2,468</u>	<u>\$ 30,503</u>

Subscription Liability - The City has entered into various subscription based information technology arrangement (SBITAs) agreements and six qualify under GASB Statement No. 96, which was adopted in the current period, and the City's \$25,000 capitalization threshold. The subscription liabilities are based on the present value of the subscription payments expected to be paid during the subscription term. The right to use assets are valued at the subscription liability in addition to accumulated amortization expense recognized throughout the life of the subscriptions.

The agreements have terms from three to ten years with payments made on an annual basis. The agreements have an assumed interest rate of 3.25%. As of June 30, 2023, the value of the subscription assets was \$1,757,867 and had accumulated amortization of \$488,989. The right to use asset activity is reflected in the Capital Asset section of this note.

The future minimum subscription obligations and the net present value of these minimum subscription payments as of June 30, 2023, are as follows:

Fiscal Year Ending	Principal	Interest	Total
2024	\$ 258,887	\$ 43,214	\$ 302,101
2025	284,443	34,800	319,243
2026	190,879	25,555	216,434
2027	103,813	19,352	123,165
2028	111,086	15,978	127,064
2029-2033	380,544	25,267	405,811
	<u>\$ 1,329,652</u>	<u>\$ 164,166</u>	<u>\$ 1,493,818</u>

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 Position. The table on the following page reports all City long-term debt as of June 30, 2023.

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 3. DETAIL NOTES ON ALL FUNDS

F. Long-term Debt

Primary Government:

	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
Governmental Activities					
General obligation and revenue bonds					
General Obligation Bond, Series 2012A	Refinance GO Series 2004A	\$ 6,320,000	2.0%-3.0%	June 1, 2024	\$ 915,000
General Obligation Bond, Series 2012B	Refinance GO Series 2004B	1,400,000	1.0%-3.3%	June 1, 2024	150,000
General Obligation Bond, Series 2015A	Refinance portion of GO Series 2007A	9,245,000	2.25%-3.0%	December 1, 2032	7,565,000
General Obligation Bond, Series 2016A	Refinance portion of GO Series 2007B	12,040,000	2.05%	September 1, 2023	650,000
General Obligation Bond, Series 2016B	Refinance GO Series 2007C	3,260,000	3.09%	September 1, 2023	80,000
General Obligation Bond, Series 2016C	Refinance portion of Series 2008A & 2008B	24,545,000	3.0%-4.0%	June 1, 2038	18,820,000
General Obligation Bond, Series 2021A	Kentucky Transpark expansion, construction of infrastructure	38,060,000	1.5%-5.0%	September 1, 2046	38,060,000
General Obligation Bond, Series 2021B	Kentucky Transpark expansion, property acquisition	5,775,000	1.375%-2.0%	September 1, 2029	5,140,000
					<u>71,380,000</u>
Premiums, deferred charges and discounts on bond obligations					<u>1,722,450</u>
Total general obligation bonds					<u>\$ 73,102,450</u>
Notes and financed purchases from direct borrowings and placements					
FirstBank	2018 Fire Trucks	\$ 3,531,163	2.99%	March 29, 2028	\$ 1,895,980
JP Morgan Chase	2019 Fire Trucks	1,531,518	1.95%	December 4, 2029	1,102,699
JP Morgan Chase	2022 Fire Trucks	2,091,238	1.96%	February 28, 2032	1,900,121
Cogent Bank	2023 Fire Trucks	925,105	3.09%	September 15, 2032	925,105
Total notes and financed purchases from direct borrowings and placements					<u>5,823,905</u>
Other Long-Term Liabilities					
Compensated absences					2,320,088
Landfill					<u>1,041,755</u>
					<u>3,361,843</u>
Total long-term governmental liabilities					<u>\$ 82,288,198</u>

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 3. DETAIL NOTES ON ALL FUNDS

F. Long-term Debt

Changes in Long-term Liabilities

Long-term liability activity for the primary government for the year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023	Amounts Due in One Year
Governmental Activities:					
General obligation and revenue bonds	\$ 85,565,000	\$ -	\$ (14,185,000)	\$ 71,380,000	\$ 3,990,000
Notes and financed purchases from direct borrowings and placements	5,582,460	925,105	(683,660)	5,823,905	780,973
Adjustments for deferred amounts:					
Discount on bonds payable	(58,307)	5,300	-	(53,007)	-
Premium on bonds payable	1,973,627	-	(198,170)	1,775,457	-
Total bonds, notes, leases payable	93,062,780	930,405	(15,066,830)	78,926,355	4,770,973
Lease liabilities	79,868	-	(51,833)	28,035	5,293
Subscription liabilities	-	1,730,480	(400,828)	1,329,652	258,887
Compensated absences	2,101,269	1,620,529	(1,401,710)	2,320,088	1,321,680
Landfill postclosure care	1,343,721	-	(301,966)	1,041,755	35,999
Total governmental activities	<u>\$ 96,587,638</u>	<u>\$ 4,281,414</u>	<u>\$ (17,223,167)</u>	<u>\$ 83,645,885</u>	<u>\$ 6,392,832</u>

Internal Service funds predominately serve the governmental funds. Accordingly, long-term liabilities are included as part of the above totals for governmental activities. At year end, \$39,174 of internal service fund compensated absences is included in the above amounts. Landfill postclosure liabilities are liquidated by the Landfill Closure special revenue fund and governmental compensated absences are liquidated by the General Fund.

The City's outstanding note from direct borrowings and placements totaling \$5,823,905 contains a default provision where the financing agreement would be terminated and all related indebtedness would be due and payable. Collateral for this note includes: one 2018 Pierce Rescue Engine with equipment and machinery, one 2018 Pierce 95' Mid-Mount Aerial Platform Engine with machinery and equipment, and four 2018 Pierce Engines with equipment and machinery.

Component Unit

Long-term liability activity for the component unit for the year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023	Amounts Due in One Year
Component Unit:					
General obligation and revenue bonds					
Water-Sewer Division					
Revenue bonds payable	\$ 109,890,927	\$ -	\$ (5,682,215)	\$ 104,208,712	\$ 5,800,011
Electric Division					
Revenue bonds payable	7,915,000	-	(530,000)	7,385,000	540,000
General Services Division					
Notes payable	89,192	-	(89,192)	-	-
Less: unamortized bond discount	(23,976)	2,147	-	(21,829)	-
Plus: unamortized bond premium	2,932,674	-	(188,075)	2,744,599	-
	<u>\$ 120,803,817</u>	<u>\$ 2,147</u>	<u>\$ (6,489,482)</u>	<u>\$ 114,316,482</u>	<u>\$ 6,340,011</u>

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 3. DETAIL NOTES ON ALL FUNDS

F. Long-term Debt

Changes in Long-term Liabilities

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

Fiscal Year	Governmental Activities			
	General Obligation and Revenue Bonds		Notes and Financed Purchase Agreements	
	Interest	Principal	Interest	Principal
2024	\$ 1,815,052	\$ 3,990,000	\$ 145,076	\$ 780,973
2025	1,705,775	2,280,000	124,884	801,348
2026	1,629,857	2,350,000	104,310	821,736
2027	1,546,601	3,105,000	83,182	842,866
2028	1,452,313	3,230,000	61,522	863,308
2029-2033	5,843,876	16,805,000	100,672	1,713,674
2034-2038	3,538,215	16,445,000	-	-
2039-2043	1,775,205	11,930,000	-	-
2044-2048	481,859	11,245,000	-	-
	<u>\$ 19,788,753</u>	<u>\$ 71,380,000</u>	<u>\$ 619,646</u>	<u>\$ 5,823,905</u>

Principal requirements for component unit debt is as follows:

Fiscal Year	Bowling Green Municipal Utilities Water-Sewer Division	Bowling Green Municipal Utilities Electric Division	Total
2024	\$ 5,800,011	\$ 540,000	\$ 6,340,011
2025	5,917,015	555,000	6,472,015
2026	5,954,914	575,000	6,529,914
2027	6,108,728	595,000	6,703,728
2028	6,275,302	615,000	6,890,302
2029-2033	31,137,604	3,405,000	34,542,604
2034-2038	20,851,324	1,100,000	21,951,324
2039-2043	10,808,539	-	10,808,539
2044-2048	9,268,305	-	9,268,305
2049-2050	2,086,970	-	2,086,970
	<u>\$ 104,208,712</u>	<u>\$ 7,385,000</u>	<u>\$ 111,593,712</u>

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

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

1. \$6,320,000 General Obligation Bonds, Series 2012A, issued for the purpose of refinancing Series 2004A General Obligation Bonds.
2. \$1,400,000 General Obligation Bonds, Series 2012B, issued for the purpose of refinancing Series 2004B General obligation Bonds.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 3. DETAIL NOTES ON ALL FUNDS

F. Long-term Debt

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

3. \$9,245,000 General Obligation Bonds, Series 2015A, issued for the purpose of refinancing a portion of Series 2007A General Obligation Bonds
4. \$15,300,000 General Obligation Bonds, Series 2016A&B, issued for the purpose of refinancing a portion of Series 2007B&C General Obligation Bonds. The refunding was undertaken in FY2016 and resulted a net present value savings or benefit of \$1,216,517 or approximately 8.2%. The aggregate difference between the refunding debt and the refunded debt was \$470,000; with \$14,830,000 as the refunded principal.
5. \$24,545,000 General Obligation Bonds, Series 2016C, issued to refinance a portion of Series 2008A & 2008B General Obligation Bonds. The refunding was completed in FY2016 and resulted in a net present value savings or benefit of \$3,072,159 or about 12.72%. The aggregate difference between the refunding debt and the refunded debt was \$395,000; with \$24,150,000 as the refunded principal.
6. \$38,060,000 General Obligation Bonds, Series 2021A, issued to fund infrastructure costs to complete an expansion at the Kentucky Transpark.
7. \$5,775,000 General Obligation Bonds, Series 2021B, issued to fund property acquisition for the expansion of the Kentucky Transpark.

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 Series 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 & 2011 for \$29,580,000 for the purpose of refinancing \$27,595,000 of the Series 2002B and Series 2002C Bonds.

On August 5, 2022, the City's outstanding debt totaling \$10,315,000 for General Obligation Bonds, Series 2010, was fully refunded by Western Kentucky University (WKU). WKU approved "FB-4 Approval of refinancing of existing Athletic Debt to upgrade facilities" on June 10, 2022. This action also refunded the City's outstanding General Obligation Bonds, Series 2010, related to Diddle Arena and terminated the agreement with the City of Bowling Green.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 3. DETAIL NOTES ON ALL FUNDS

F. Long-term Debt

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 Series 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 Bonds 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.

This agreement was terminated with WKU's action to approve "FB-4 Approval of refinancing of existing Athletic Debt to upgrade facilities" on June 10, 2022, which fully refunded the City's outstanding debt totaling \$10,315,000 for General Obligation Bonds, Series 2010.

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 fee, and net profit fee revenues produced within the boundaries of the District to the Warren County Downtown Economic Development Authority (the Authority), a Chapter 58 agency designated to administer and oversee the project. These incremental revenues are dedicated for debt service payments on various projects within the TIF District. The State also pledged 80% of incremental revenues within the District under the condition that the project reach \$200 million in eligible projects, which was later amended to \$150 million by the State General Assembly in June 2009.

During 2009, the City issued \$25 million in general obligation bonds to fund the construction of a ballpark for a Single A baseball team in Bowling Green located inside the TIF District. The bond proceeds included funding for infrastructure and capitalized interest and were placed into a construction fund account. The construction of the ballpark, including the bidding of the project and all construction oversight, was performed by the Authority. Draws totaling \$23 million for construction were requested through the City from the bond construction account and distributed to the contractor monthly. The other \$2 million was set aside for capitalized interest and cost of issuance.

Title to the ballpark, along with all assets, liabilities, and equity of the Single Purpose Entity (SPE) was transferred to the Authority on June 30, 2017. This transfer occurred after the dissolution of the aforementioned SPE, which was initially created to provide and hold new market tax credits in return for additional borrowings to fund other TIF construction. With the achievement of reaching the \$150 million capital investment threshold, the State began distributing 80% of State withholdings, individual, corporate, sales and property taxes generated from within the TIF boundaries to the Authority for further distribution to various block developments for debt service.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 3. DETAIL NOTES ON ALL FUNDS

F. Long-term Debt

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, 2023, \$27,065,000 of bonds outstanding is considered defeased.

Landfill Closure and Postclosure Care Cost

Landfill closure and post-closure costs are accounted for in the Landfill Closure Special Revenue Fund. As of June 30, 2023, the cash, investments and funds receivables from other governments available totaled \$1,186,531.

In Fiscal Year 2005, the Environmental and Environment Cabinet (EEC) announced a program under which the Commonwealth might assume responsibility for many aspects of landfill closure currently funded by local jurisdictions. However, under the provisions of the enabling legislation (HB 174 Kentucky Pride Fund, KRS 224.43-505) it appears that jurisdictions may well retain the bulk of costs to maintain landfill sites (e.g. sampling, pumping, transportation and disposal of leachate, erosion control, mowing, etc). Under current assumptions and projections the Landfill Closure Special Revenue Fund is sufficiently capitalized through 2039, 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, 2023, is \$1,041,755. The actual cost may differ due to inflation, changes in technology or applicable laws and regulations, the extent of any damage to landfill caps caused by weather and erosion, the magnitude of site improvements or corrections required by state inspectors to achieve closure, or other unforeseeable circumstances (e.g. acts of nature).

Glen Lily Road Landfill

The City's Glen Lily Road landfill was closed in 1981. On March 30, 1990, the City and Commonwealth of Kentucky Natural Resources and Environmental Protection Cabinet (the Cabinet) entered into an agreed order stipulating remedial measures to be taken by the City. To finance the Glen Lily Road landfill closure and post-closure costs, the City issued \$2,950,000 Bowling Green Municipal Project Corporation Lease Revenue Bonds, Series 1991, dated April 1, 1991. To date, landfill closure cap construction is complete and the City performs annual monitoring, testing and reporting. In 2010, the City entered into a Memorandum of Agreement with the Kentucky Division of Waste Management (KYDWM) and HB174 funds were used for 6.1 acres of improvements at the landfill to decrease the production of leachate. Further, the groundwater monitoring program was deemed compliant and complete.

The City has submitted a closure application for Glen Lily which has not been approved to date, owing to the EEC 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 2051. A two year post-closure care period will follow the date upon which the City receives acceptance of any closure application, if the application is processed in accordance with precedent. A thirty year closure period will commence once the two year post-closure period has been approved. Glen Lily is further categorized as a superfund site.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 3. DETAIL NOTES ON ALL FUNDS

F. Long-term Debt

Landfill Closure and Postclosure Care Cost

Butler County Landfill

The City submitted a closure plan for its Butler County landfill in May 1991. The site ceased receiving solid waste in June 1992. The closure plan was approved by the State in 1996. The facility met closure standards for a residential landfill rather than a contained landfill. Drawing upon funds from the Landfill Closure Special Revenue Fund, established from proceeds of the 1991 bond issue, the City added a leachate collection system and a passive methane gas venting system. Construction of the landfill cap was completed in Fiscal Year 1995 and the City received a permit for closure construction in 1996. A quality assurance/quality control report was submitted on November 15, 1996. The original closure permit expired in July 1997, and a new permit extending to 2002 was issued. The City submitted quarterly and annual inspections and reports to the cabinet. In 2004, consultants Kamp, Dresser and McKee were engaged to assist in development of a plan to effect final closure of the landfill. In 2005, the City completed the third year of a three-year closure care period. However, the State has not granted final closure to date. From 2012-2016, the KYDWM used HB174 funds to design and construct a leachate consolidation system as well as improve the cap to decrease leachate production rates. Beginning in 2017, the City worked with the HB174 program to design and implement a Phase II of landfill improvements to further decrease leachate production as well as provide for permanent low cost leachate disposal options. In 2019, Phase II of the landfill improvements were separated into smaller components for construction again. The City secured \$450,000 in reimbursable costs for construction of only the force main sewer component of Phase II. The work was completed in June 2020 at an actual cost of around \$250,000. The City continues to monitor and care for the landfill, submit required reports, and dispose of the leachate generated. It is assumed that the City will incur landfill maintenance costs at least through 2051.

Old Louisville Road

Landfill closure cap construction is complete and the City performs annual monitoring, testing and reporting. The City is considering a project for some compatible recreational use of the landfill area.

Responding to Cabinet directives, in September 2000, the City awarded a project to install a leachate collection system at the Old Louisville Road landfill. The project cost was \$521,955 and was completed in December 2001. The City anticipated a decision from the Cabinet on the closure application in July 2002. However, the Cabinet has not acted on the application. In 2010, the Cabinet, through HB174, deemed the groundwater monitoring program at the landfill compliant and complete and removed the groundwater monitoring wells at the site. In order to move the closure process forward, the City must restrict the deed for the property that remains with the Kentucky Transportation Cabinet. In 2016, the City delivered a new survey to the Kentucky Transportation Cabinet and a decision to restrict the deed appropriately and transfer the property to the City was fulfilled in 2019. The City continues to monitor and care for the landfill, submit required reports, and assume that maintenance costs will be incurred at least through 2052. A two year post-closure and thirty year closure period will follow the date upon which the State should grant closure if the application is processed in accordance with precedent.

Hobson Grove

Hobson Grove is an inactive landfill operated as a municipal solid waste disposal beginning in 1960 and operated through 1974, serving residential and commercial solid waste haulers from Warren County incorporated and unincorporated areas. The site covers approximately 150 acres and is primarily bound by the Barren River to the north, Jennings Creek to the west, the Hobson Golf Course to the south, and Church Avenue to the east. The western portion of the property is owned by the City. The east/southeastern portion of the property, owned by Bowling Green Municipal Utilities (BMGU), has been redeveloped with a wastewater treatment facility on top of the historical disposal area. The landfill was an area fill type with only two feet of final cover applied.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 3. DETAIL NOTES ON ALL FUNDS

F. Long-term Debt

Landfill Closure and Postclosure Care Cost

When the landfill responsibilities were given over to the staff that is now the Environmental Compliance Division, there were no paper records associated with the site and the oral records indicated that the site was a pre-regulatory town dump and was not associated with any permits. A Stage 1 Study was conducted in 2018 by Neel Schaffer Engineering for the KYDWM. That report determined that the site was permitted and is a closed pre-RCRA subtitle D site. The requirements for closure mirror those of the Butler County site. Currently the KYDWM has indicated to City staff to take no action regarding the site until further notice from their agency. It is unknown at this time what the City's ongoing liabilities for this site are, if any.

G. Net Position

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

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

Note 4. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During Fiscal Year 1995, the City established the Employee Health Care Fund (EHCF) (an internal service fund) to account for and finance employee medical costs relating to the City's employee self-insured medical benefit plan. The EHCF provides coverage for up to \$250,000 for each claim. The City purchases commercial insurance for claims in excess of coverage provided.

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

Beginning Fiscal Year 2012, the City established the Property & Casualty (P&C) Fund to account for and finance participation in the Kentucky League of Cities Insurance Services (KLCIS) General Insurance Trust. The P&C Fund provides payment for premiums for all insurance coverage types except workers' compensation. The fund also makes payment on any claim that falls within a City selected per occurrence deductible. KLCIS provides coverage for losses exceeding the chosen deductible level and reinsures through commercial companies at various higher limits. In FY2014, the City selected a \$50,000 deductible for General Liability, a \$1,000 deductible for Buildings and Contents Coverage, and a \$0 deductible for Law Enforcement Liability, Public Officials Liability, and Auto Liability. Additionally, the City has chosen to self-insure a portion of its fleet for collision coverage.

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

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 4. RISK MANAGEMENT

Changes in the balances of claims liabilities during Fiscal Years 2023 and 2022 follows:

	Health Care	Workers' Compensation	Property and Casualty
Liability at June 30, 2021	\$ 455,759	\$ 18,944	\$ 59,470
Claims and changes in estimates FY2022	6,090,500	112,297	507,621
Claims paid FY2022	(6,121,345)	(104,203)	(546,439)
Liability at June 30, 2022	424,914	27,038	20,652
Claims and changes in estimates FY2023	6,432,706	135,215	293,125
Claims paid FY2023	(5,929,056)	(134,221)	(259,844)
Liability at June 30, 2023	<u>\$ 928,564</u>	<u>\$ 28,032</u>	<u>\$ 53,933</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, 2023, of \$5,206,758. 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 \$572,743 per year on a recurring basis. One-twelfth of the annual charge is billed to the City monthly along with the charge for electric service. Similar arrangements have been in effect in prior years.

C. Construction Commitments

The City has active construction projects as of June 30, 2023. At year end, the City had the following commitments on construction contracts:

Project	Remaining Commitment
Fire station construction projects	\$ 19,847,615
River street pedestrian bridge project	2,211,467
Road construction projects	1,951,732
Intersection improvement projects	1,683,624
Parks construction projects	874,535
Riverfront park construction project	402,546
Street resurfacing construction project	215,940
Convention center restroom project	121,275
Downtown transit center rehabilitation project	28,125
Sidewalk construction project	27,391

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 5. COMMITMENTS AND CONTINGENCIES

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, 2023, may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

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

The City agreed to sublease parking facilities in the structure connected to the above-referenced project from the sub-developer, who in-turn subleases the parking garage from Warren County. In May 2012, an Agreement on Sharing of Revenues was executed between the City, County, and the Warren County Downtown Economic Development Authority that outlined the revenue streams from the TIF district pledged to cover the IRB debt. The City's parking sublease agreement is the final line of revenue pledged, following: (1) lease revenues from the building, (2) 80% of State TIF revenues from Blocks 4A, 5, 8, and 10 in the TIF District, (3) 80% of TIF revenues generated by the key tenant of the building, and (4) any debt service reserve funds available from the permanent financing issue scheduled each December. Due to the performance related aspect of the sublease, this agreement does not qualify as a reportable lease under GASB 87.

In March 2015, the City agreed to assign all State TIF revenues to the County and to adjust City base revenues in specific blocks within the TIF District. In exchange for the adjusted base revenues, the County will provide an annual, renewable lease to fund City debt service shortfalls. The City also agreed to convert the annual, renewable parking sublease to a General Obligation (G.O.) sublease as part of the permanent bond issue that closed in January 2016. The City considers the previous risk of funding debt shortfalls eliminated with the reassignment of the City's share of State TIF revenues to the County, and the County's pledge to reimburse the City for any shortfalls on debt service of the IRB financing. At the end of the bond term (30 years), the County will receive title to the ballpark.

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 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, 2023, there were five series of special assessment bonds outstanding with an aggregate principal balance of \$624,000.

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 6. THE SINGLE AUDIT ACT

The U.S. Office of Management and Budget's Uniform Administrative Requirements (2 CFR 200.501), Cost Principles, and Audit Requirements for Federal Awards, which replaced Circular No. A133 for *Audits of States, Local Governments and Non-Profit Organizations*, requires non-federal entities that expend \$750,000 or more a year in federal awards to have an audit performed in accordance with the provisions of the guidance. The Single Audit report is issued in the Annual Comprehensive Financial Report after the Statistical Section beginning on page 180.

Note 7. DEFINED BENEFIT PENSION PLANS

A. The Police and Firefighters' Retirement Fund (PFRF)

Plan description. The PFRF is a single-employer defined benefit pension plan administered by a Board of Trustees consisting of the Mayor, Assistant City Manager/CFO, and one retiree or active member if no retirees are available to serve from the Fire Department. PFRF was established to provide retirement and disability benefits for retiring, disabled, or deceased personnel and their surviving spouse. Benefits are determined by Kentucky Revised Statutes Sections 95.851 to 95.884. On August 1, 1988, the plan was closed to new entrants and current active duty police and firemen of the City were given the choice of remaining in this plan or transferring into the County Employees Retirement System (CERS). The PFRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the City Clerk's Office, Bowling Green, Kentucky.

Plan membership. As of June 30, 2023, the plan consisted of the following:

Active employees	0
Retirees and disabled participants	8
Widow participants	17
Terminated vested employees	0

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

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

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

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

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 7. DEFINED BENEFIT PENSION PLANS

A. The Police and Firefighters' Retirement Fund (PFRF)

children in her care; the payments cease if the widow remarries; and the payments are increased by fifty percent for the first minor child and twenty-five percent for each additional child, with a maximum of seventy-five percent of the member's average salary.

There are eight retiree participants receiving annuities and seventeen participants receiving widows' annuities.

Contributions. The Retirement Fund's funding policy provided for employee contributions of eight percent of their annual salary. A member reserve was established for member contributions and earnings allocations. As there are no longer any active members, members made no contribution for the year ended June 30, 2023.

The City of Bowling Green (City) only contributes amounts required to fund current service costs and interest on unfunded past service costs as determined by actuarial valuations in compliance with Kentucky Revised Statutes. The City is not required to make an annual contribution. For Fiscal Year 2023, the City made no contribution and the Board of Trustees approved a cost-of-living adjustment (COLA) of 3.0%. The City's General Fund covers the administrative costs of the Plan, approximately \$20,000 during Fiscal Year 2023. There are no assets legally reserved for purposes other than the payment of Plan member benefits.

In future years, cost of living increases will be considered based upon the Plan's Funding Policy, which was adopted on September 7, 2016. The Policy states that when the funded ratio is maintained at 95% or above, as measured by the 0% cost of living actuarial calculation, the Board of Trustees will consider a cost of living adjustment.

Net Pension Liability

The City's net pension liability (asset) was measured as of July 1, 2023, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date. The components of net pension liability (asset) at June 30, 2023 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at 7/1/2022	<u>\$ 5,444,073</u>	<u>\$ 5,530,437</u>	<u>\$ (86,364)</u>
Charges for the Year			
Interest	304,225	-	304,225
Benefit changes	49,647	-	49,647
Liability losses (gains)	(60,177)	-	(60,177)
Changes of assumptions	16,091	-	16,091
Contributions - Employee	-	-	-
Contributions - Members	-	-	-
Net Investment Income	-	633,455	(633,455)
Benefits paid	<u>(689,825)</u>	<u>(689,825)</u>	<u>-</u>
Net Change	<u>(380,039)</u>	<u>(56,370)</u>	<u>(323,669)</u>
Balances at 6/30/2023	<u>\$ 5,064,034</u>	<u>\$ 5,474,067</u>	<u>\$ (410,033)</u>

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 7. DEFINED BENEFIT PENSION PLANS

A. The Police and Firefighters' Retirement Fund (PFRF)

Net Pension Liability

Actuarial assumptions. The total pension liability as of July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Asset valuation method	Market value adjusted for accruals
Inflation	None
COLAs	Average of the cost-of-living adjustments made over the prior five years, rounded to the nearest 1.0%. For July 1, 2023 valuation, this result is 2.0% per annum.
Investment rate of return	6.0% per annum
Mortality	Non-Disabled Lives: IRS generational mortality tables (Post Commencement Rates only) with mortality improvements after year 2006 under Project Scale MP-2021 (male and female scales). Disabled Lives: Rates published in IRS Revenue Ruling 96-7 (Disablement prior to 1/1/1995).

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

Asset Class	Long Term Expected Real Rate of Return
Inflation (CPI)	2.23%
US equity	3.51%
Non-US equity	4.36%
Fixed income	2.58%
Cash	0.27%

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

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

	1% Decrease (5.0%)	Current Discount Rate (6.0%)	1% Increase (7.0%)
<i>City of Bowling Green's net pension liability (asset)</i>	\$ (96,684)	\$ (410,033)	\$ (690,387)

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 7. DEFINED BENEFIT PENSION PLANS

A. The Police and Firefighters' Retirement Fund (PFRF)

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

Pension expense. For the year ended June 30, 2023, the City recognized pension credit of \$(55,798) for the Police and Firefighter's Retirement Plan. The City also recognized a pension expense of \$11,621,535 for the County Employees Retirement Systems (CERS), for total net pension expense of \$11,565,737.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 606,888	\$ (645,451)
Change of assumptions	-	-
Experience losses (gains)	-	-
Total	<u>\$ 606,888</u>	<u>\$ (645,451)</u>

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

Year Ended June 30th:	
2024	\$ (59,773)
2025	(51,468)
2026	137,486
2027	(64,808)
	<u>\$ (38,563)</u>

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

B. The County Employees Retirement System (CERS)

General Information about the Pension Plan

Plan description. Employees of the City of Bowling Green are provided a defined benefit pension plan through the County Employees Retirement System (CERS), a cost-sharing multiple-employer defined pension plan administered by the Kentucky Public Pensions Authority (KPPA). The CERS pension plan has two categories: Non-Hazardous for general employees and Hazardous for sworn police and fire employees. The KPPA is the successor to Kentucky Retirement Systems and was created by State statute under Kentucky Revised Statute Section 61.645 as amended by House Bill 484 and House Bill 9 of the 2020 and 2021 regular sessions, respectively, of the Kentucky General Assembly. These amendments transferred governance of the CERS to a separate nine member board of trustees. The CERS Board of Trustees is responsible for the proper operation and administration of the CERS. The KPPA issues a publicly available financial report that can be obtained by writing to Kentucky Public Pensions Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502)564-4646.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 7. DEFINED BENEFIT PENSION PLANS

B. The County Employees Retirement System (CERS)

General Information about the Pension Plan

Benefits provided. Kentucky Revised Statute Section 61.645 establishes the benefit terms and can be amended only by the Kentucky General Assembly. The chief legislative body may adopt the benefit terms permitted by statute, there are currently three benefit Tiers. Tier 1 members are those participating in the plan before 9/1/2008, Tier 2 are those that began participation 9/1/2008 through 12/31/2013, and Tier 3 are those members that began participation on or after 1/1/2014.

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

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

Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, the COLAs were limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. No COLA has been granted since July 1, 2011.

Contributions. Contributions for employees are established in the statutes governing the KPPA and may only be changed by the Kentucky General Assembly. Non-Hazardous employees contribute 5% and Hazardous employees contribute 8% of salary if they were plan members prior to September 1, 2008. Non-Hazardous and Hazardous employees that entered the plan after September 1, 2008, are required to contribute 6% and 9%, respectively, of their annual creditable compensation. The additional 1% is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E). The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023 total employer contributions for the City were \$12,450,239 based on a rate of 26.79% for Non-Hazardous and 49.59% for Hazardous members through covered payroll. The contribution rate of 26.79% for Non-Hazardous is comprised of amounts for pension and insurance benefits, 23.40% or \$2,995,894 was dedicated to pensions and 3.39% or \$434,020 was allocated to insurance. The total contribution rate of 49.59% for Hazardous consists of 42.81% or \$7,787,056 toward pension benefits and 6.78% or \$1,233,269 for insurance benefits. The total City contribution in FY2023 for the pension benefits portion was \$10,782,950.

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 7. DEFINED BENEFIT PENSION PLANS

B. The County Employees Retirement System (CERS)

General Information about the Pension Plan

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

Net Pension Liability

The City's net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the measurement date using generally accepted actuarial principles.

Actuarial assumptions. The total pension liability as of the measurement date of June 30, 2022 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30 percent
Salary increases	3.30 percent to 10.30 percent for CERS non-hazardous; 3.55 percent to 19.05 percent for CERS hazardous
Payroll Growth Rate	2.0 percent
Investment rate of return	6.25 percent

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-Hazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table on the following page.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 7. DEFINED BENEFIT PENSION PLANS

B. The County Employees Retirement System (CERS)

Net Pension Liability

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Equity	60.00%	
Public equity	50.00%	4.45%
Private equity	10.00%	10.15%
Fixed Income	20.00%	
Core fixed income	10.00%	28.00%
Cash	0.00%	-0.91%
Specialty credit/high yield	10.00%	2.28%
Inflation Protected	20.00%	
Real estate	7.00%	3.67%
Real Return	13.00%	4.07%
Expected Real Return	100.00%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

Discount rate. The projection of cash flows used to determine the discount rate of 6.25 percent for CERS Non-hazardous and CERS Hazardous assumes the local employers would contribute with required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 8 (passed in 2018), over the remaining 29 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic nominal real rates of return for each major asset class are summarized in the KPPA financial report.

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the City calculated using the discount rate of 6.25 percent, as well as the net pension liability (asset) if calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
<i>City of Bowling Green's net pension liability</i>			
Hazardous	\$ 100,627,381	\$ 80,782,144	\$ 67,619,424
Nonhazardous	40,482,523	32,389,237	25,695,411
Total	\$ 141,109,904	\$ 113,171,381	\$ 93,314,835

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 7. DEFINED BENEFIT PENSION PLANS

B. The County Employees Retirement System (CERS)

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

Pension expense. For the year ended June 30, 2023, the City recognized pension expense of \$11,621,535 for CERS. City also recognized a pension credit of \$(55,798) for the Police and Firefighter's Retirement Plan, for total net pension expense of \$11,565,737.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following table:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 2,696,186	\$ -
Net difference between expected and actual experience	2,350,795	(288,440)
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,904,425	-
Contributions subsequent to the measurement date of June 30, 2022	10,782,950	-
Total	<u>\$ 18,734,356</u>	<u>\$ (288,440)</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2022", will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30th:	
2023	\$ 2,653,542
2024	1,856,844
2025	149,103
2026	3,003,477
	<u>\$ 7,662,966</u>

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

Note 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan description. Employees of the City are provided hospital and medical insurance through the Kentucky Public Pensions Authority's County Employees' Retirement Insurance Fund (Insurance Fund), a cost-sharing multiple-employer defined benefit OPEB plan. The KPPA was created by State statute under Kentucky Revised Statute Section 61.645. The CERS Board of Trustees is responsible for operation and administration of CERS. The KPPA issues a publicly available financial report that can be obtained by writing to Kentucky Public Pension Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502)564-4646.

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

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

Contributions. Contribution requirements of the participating employers are established and may be amended by the CERS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2023, was 6.85% of covered payroll. Contributions to the Insurance Fund from the City were \$2,123,028, including implicit subsidy of \$455,739, for the year ended June 30, 2023. Employees that entered the plan prior to September 1, 2008, are not required to contribute to the Insurance Fund. Employees that entered the plan after September 1, 2008, are required to contribute 1% of their annual creditable compensation which is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E).

The City's proportion of the collective net OPEB liability and OPEB expense was determined using the employers' actual contributions for Fiscal Year 2021. This method is expected to be reflective of the employers' long-term contribution effort. At June 30, 2021, the City's proportion was 0.4480% of the Non-hazardous plan and 2.6462% of the Hazardous plan.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date to the measurement date using generally accepted actuarial principles.

Actuarial assumptions. The total OPEB liability as of June 30, 2022, was determined using the following assumptions:

Inflation	2.30 percent
Payroll growth rate	2.00 percent
Salary increases	3.30 percent to 10.30 percent, varies by service for CERS non-hazardous; 3.55 percent to 19.05 percent, varies by service for CERS hazardous
Investment rate of return	6.25 percent
Healthcare cost trend rates (Pre-65)	Initial trend starting at 6.20 percent in 2023, and gradually decreasing to ultimate trend rate of 4.05 percent over a period of 13 years.
Healthcare cost trend rates (Post-65)	Initial trend starting at 9.0 percent in 2023, and gradually decreasing to an ultimate trend rate of 4.05 percent over a period of 13 years.

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Net OPEB Liability

The single discount rate used to calculate the total liability within each plan has changed since the prior year. The assumed rate increase in health care costs was reviewed during the June 30, 2021, valuation process and was updated to better reflect the plans' anticipated long-term health costs. There were no other material plan provision changes.

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-Hazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Public equity	50.00%	4.45%
Private equity	10.00%	10.15%
Fixed Income	20.00%	
Core bonds	10.00%	0.28%
Speciality credit/high yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	20.00%	
Real estate	7.00%	3.67%
Real return	13.00%	4.07%
Expected Real Return	100.00%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

Discount rate. The discount rate used to measure the total OPEB liability was 5.70% for Non-hazardous and 5.61% for Hazardous employees. The discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance future benefit payments of current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan.

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Net OPEB Liability

However, the cost associated with the implicit employer subsidy was not included in the calculation of the retirement plan's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the retirement plan's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

Changes in the Net OPEB Liability

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

	1% Decrease (4.70%)	Discount Rate (5.70%)	1% Increase (6.70%)
<i>City of Bowling Green's net OPEB liability</i>			
<i>Non-hazardous</i>	\$ 11,818,988	\$ 8,840,986	\$ 6,379,170
	1% Decrease (4.61%)	Discount Rate (5.61%)	1% Increase (6.61%)
<i>City of Bowling Green's net OPEB liability</i>			
<i>Hazardous</i>	31,318,275	22,539,725	15,409,903
Total net OPEB Liability	<u>\$ 43,137,263</u>	<u>\$ 31,380,711</u>	<u>\$ 21,789,073</u>

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

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
<i>City of Bowling Green's net OPEB liability</i>			
Non-hazardous	\$ 6,573,076	\$ 8,840,986	\$ 11,564,317
Hazardous	15,739,207	22,539,725	30,829,191
Total	<u>\$ 22,312,283</u>	<u>\$ 31,380,711</u>	<u>\$ 42,393,508</u>

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

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$4,253,023. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between expected and actual experience	\$ 1,387,948	\$ (3,362,372)
Changes of assumptions	5,160,800	(5,030,439)
Net difference between projected and actual earnings on OPEB plan investments	1,181,517	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	809,185	(32,495)
Contributions subsequent to the measurement date of June 30, 2022	2,123,028	-
Total	<u>\$ 10,662,478</u>	<u>\$ (8,425,306)</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2022", will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year ended June 30th:	
2023	\$ 422,023
2024	315,980
2025	(674,943)
2026	690,310
2027	(639,226)
	<u>\$ 114,144</u>

Note 9. DEFINED CONTRIBUTION PLANS

On December 5, 1995, the City's Board of Commissioners adopted Municipal Order No. 1995-268 extending participation in ICMA Retirement Corporation's Section 457 deferred compensation plan to all eligible City employees as a voluntary retirement supplement. On May 7, 2019, the Board of Commissioners adopted Municipal Order No. 2019-66 that executed a Joinder Agreement setting out terms of participation in the ICMA and limiting use to only current account holders. 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 a 457 option, 457 Roth option, and a 401(k) option.

Investments are managed by MissionSquare Retirement (formerly ICMA-RC), plan administrator, with various investment options. The choice of 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 457 plan are up to \$22,500 per year for regular contributions and \$7,500 for catch-up contributions. The limits for the Roth plan are up to \$6,500 per year for regular contributions and \$1,000 for catch-up contributions. During the fiscal year ended June 30, 2023, employee contributions for both plans totaled \$186,994.

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 9. DEFINED CONTRIBUTION PLANS

On December 5, 1995, the City's Board of Commissioners also adopted Municipal Order No. 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. On May 7, 2019, by Municipal Order 2019-66, the City began offering 457 and Roth IRA options. 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. The Kentucky Deferred Compensation plan offers the following options: 401(k), 401(k) Roth IRA, Roth IRA, and a 457.

Participating employees can defer a maximum of \$22,500 for regular contributions and \$7,500 for catch-up contributions for the 401(k) plan. The Roth plan has a maximum of \$7,500 for regular contributions and \$1,000 dollars for the catchup contributions. Benefits are available upon termination of employment, retirement, death or for hardship withdrawal. Employee contributions for all Kentucky Deferred Compensation 401(k) and 457 plans totaled \$636,864 for the fiscal year ended June 30, 2023.

Note 10. TAX ABATEMENTS

As of June 30, 2023, the City provides tax abatement through six programs: Job Development Incentive Program, Property Tax Annexation Program, TIF Occupational Tax Program, Historical Moratorium Property Tax Program, Payments-in-Lieu-of-Taxes (PILOT) Program, and Tornado Relief Program.

Job Development Incentive Program (JDIP) provides a credit of 1% of employee withholding fees from gross wages generated from new and/or expanded businesses for a period of 10 years. The credit is offered to businesses engaged in one or more of the following activities: manufacturing, agribusiness, regional and national headquarters (regardless of the underlying business activity), or nonretail service or technology activities. To qualify for the incentive, a business must create at least 10 new, full-time jobs for Kentucky residents, incur eligible costs of at least \$100,000, pay minimum wages defined by county, and provide minimum employee benefits. The abatement is equal to 1% of employee withholding fees and is reported on a monthly basis. Abated taxes of participating companies can be recaptured for a number of reasons, including: failure to report or pay employee tax withholdings; failure to satisfy projected schedule of withholdings; failure to pay any tax, license fee, penalty or other charge or obligation to the City; failure to comply with any terms or conditions per Chapter 18 and Chapter 11 of City Code of Ordinances and/or incentive program agreement; material misrepresentation of any statement or fact on incentive application; abandoning or closing of business for a period of thirty (30) days; or default declared by the State Economic Development Cabinet on Kentucky Business Incentive (KBI) agreement.

Property Tax Annexation Program provides a rebate of City property taxes paid on annexed property for a period not to exceed five years to aid in covering development costs. The rebate period shall begin no later than 10 years from the date of annexation. To be eligible for the property tax abatement program, the proposed property to be annexed must be: 1) adjacent or contiguous to the City limits and is urban in character and suitable for development for urban purposes without unreasonable delay; 2) adjacent to City limits, particularly in areas likely to result in job creation; and 3) in nine specific target areas to the current City limits or close to such area(s). Abated taxes may be recaptured if a participating company: fails to comply with City ordinances, rules, or regulations, or any terms of the Economic Development Annexation Incentive Agreement; or abandons or closes any businesses constructed on the property being annexed for a period of thirty (30) consecutive days.

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

**City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023**

Note 10. TAX ABATEMENTS

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

Payments-in-Lieu-of-Taxes (PILOT) Program abates City property taxes for an agreed upon period of time. Eligible participants must be located within the geographic boundaries of the City, County, and school district(s) and the investment by the participant must generate new employment in the area. The abatement is in the form of a suspension of payment (or portion thereof) for a specified period of time, which is tied to Industrial Revenue Bond (IRB) issuance not to exceed the IRB payment period. The abated amount is equal to the annually assessed fair cash value of the project as determined by the Warren County Property Valuation Administrator (PVA). The land is held by Warren County as part of the IRB issuance and is thereby removed from the City tax roll, but still assessed for partial payments. Abated taxes may be recaptured on a sliding scale if agreed upon job creation and capital investment thresholds are not met at a certain percentage.

Small Business Tornado Relief Program provides up to 100% rebate of the City only portion of property taxes and/or City net profit to provide relief to small businesses negatively affected by the December 2021 tornados for a period of five years. Eligible property must be: 1) located within the City limits; 2) a commercial property registered with the City on or before December 11, 2021; 3) current on all taxes and fees owed; 4) in the designated area as prescribed by GIS mapping; 5) have no more than 50 full-time equivalent (FTE) employees; and 6) not in receipt of other City incentive payments. Abated taxes of the participating entities may be recaptured if the business moves outside of the designated area and all future rebates would be reduced by 50%. The other instance in which abated taxes may be recaptured is if a company is delinquent on a given tax year within the five year rebate period, then that specific delinquent year would be ineligible for rebate.

A ten year summary of tax abatements is presented below:

Fiscal Year	JDIP withholdings	Annexed property taxes	TIF occupationals	Moratoriums	Payments-in- lieu-of-taxes (PILOT)	Tornado relief abatement	Amount of Taxes Abated
2014	\$ 1,325,519	\$ -	\$ 13,466	\$ 820	\$ 69,010	\$ -	\$ 1,408,815
2015	1,620,628	-	14,375	6,982	101,043	-	1,743,028
2016	1,591,215	-	45,038	7,775	114,279	-	1,758,307
2017	1,685,886	-	156,496	7,775	179,684	-	2,029,841
2018	2,196,373	216	148,483	10,917	184,107	-	2,540,096
2019	2,372,874	215	180,956	13,377	210,121	-	2,777,543
2020	1,478,600	625	241,660	3,399	231,369	-	1,955,653
2021	1,391,245	27,986	248,358	2,011	283,695	-	1,953,295
2022	1,605,770	71,528	328,582	-	605,324	-	2,611,204
2023	1,756,724	74,306	403,745	2,885	342,132	53,195	2,632,987
Total	<u>\$ 17,024,834</u>	<u>\$ 174,876</u>	<u>\$ 1,781,159</u>	<u>\$ 55,941</u>	<u>\$ 2,320,764</u>	<u>\$ 53,195</u>	<u>\$ 21,410,769</u>

Note 11. SUBSEQUENT EVENTS

The City has evaluated subsequent events and determined there are none to report.

City of Bowling Green, Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 12. IMPLEMENTATION OF GASB 96

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The provisions of this Statement were effective for fiscal years beginning after June 15, 2022. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, or an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended.

The City implemented GASB Statement No. 96, *Leases*, for the period ending June 30, 2023. The beginning fund balance adjustment was calculated to decrease equity by \$11,388 to implement six subscriptions. Due to the immaterial nature of the adjustment, the City incorporated the prior year entries within the FY2023 financial statements as current year activity.

Note 13. RECENT PRONOUNCEMENTS

In June of 2022, GASB Statement No. 101, *Compensated Absences*, was issued. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2024. The Statement will replace the existing Statement No. 16, *Accounting for Compensated Absences*, and will align recognition and measurement guidance for all types of compensated absences under a unified model, resulting in greater consistency and improved comparability. The City is reviewing this Statement and will implement in an upcoming reporting period. The City is currently evaluating the impact that will result from adopting this Standard and is therefore unable to disclose the effects that this Standard may have on the City's financial position and the results of its operations when the Statement is adopted.

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

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2023**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES				
Taxes				
Real estate	\$ 12,250,000	\$ 12,250,000	\$ 12,355,734	\$ 105,734
Personal property	2,000,000	2,000,000	2,139,467	139,467
Insurance premium	2,800,000	2,800,000	2,970,419	170,419
Motor vehicle and boat	1,275,000	1,275,000	1,482,265	207,265
Payment in lieu of taxes	185,000	185,000	226,886	41,886
Franchise	1,290,000	1,290,000	1,428,178	138,178
Other taxes	16,150	16,150	16,151	1
Penalties and Interest	94,000	94,000	106,286	12,286
Total taxes	19,910,150	19,910,150	20,725,386	815,236
Licenses and permits				
Occupational:				
Employees' withholding	49,395,000	49,395,000	53,334,976	3,939,976
Net profits	10,303,000	10,303,000	12,741,691	2,438,691
Other fees	435,000	435,000	535,640	100,640
Special licenses	250,000	250,000	263,700	13,700
Permits	1,140,000	1,140,000	1,970,144	830,144
Total licenses and permits	61,523,000	61,523,000	68,846,151	7,323,151
Intergovernmental				
Federal grants	-	1,189,526	143,705	(1,045,821)
State grants	-	816,614	935,209	118,595
Local grants	-	22,000	22,000	-
Total intergovernmental	-	2,028,140	1,100,914	(927,226)
Charges for services				
School tax collection fees	290,000	290,000	349,011	59,011
Other general government fees	5,000	5,000	6,046	1,046
Public safety fees	103,000	114,350	128,486	14,136
Cemetery lot sales	112,540	112,540	138,271	25,731
Cemetery fees	169,000	169,000	161,965	(7,035)
Other	53,500	53,500	94,449	40,949
Total charges for services	733,040	744,390	878,228	133,838
Parks and recreation	2,070,360	2,070,360	2,519,281	448,921
Miscellaneous				
Investment income	206,750	206,750	108,161	(98,589)
Parking violations fees	5,000	5,000	2,465	(2,535)
Contributions and donations	37,350	133,226	130,423	(2,803)
Judgements and settlements	24,500	24,500	21,464	(3,036)
Other	190,500	190,500	232,407	41,907
Total miscellaneous	464,100	559,976	494,920	(65,056)
Total revenues	\$ 84,700,650	\$ 86,836,016	\$ 94,564,880	\$ 7,728,864

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2023**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
General government				
Legislative	\$ 238,522	\$ 240,172	\$ 229,267	\$ 10,905
Executive	1,176,302	1,193,383	1,153,977	39,406
Finance	1,856,159	1,884,915	1,872,594	12,321
Human resources	1,366,144	1,271,388	1,198,095	73,293
Law	420,230	363,855	351,767	12,088
Information technology	3,060,381	2,758,646	4,447,505	(1,688,859)
Administrative services	456,330	445,345	430,166	15,179
Total general government	8,574,068	8,157,704	9,683,371	(1,525,667)
Public safety				
Police	20,840,395	20,980,936	20,118,224	862,712
Fire	17,074,754	18,101,715	17,888,246	213,469
Total public safety	37,915,149	39,082,651	38,006,470	1,076,181
Public works				
Public works administration	1,516,303	1,652,332	1,389,756	262,576
Highway and streets	3,424,194	3,642,684	3,482,716	159,968
Building and plant	3,627,073	3,037,384	2,834,205	203,179
Environmental Compliance	496,805	547,550	529,400	18,150
Total public works	9,064,375	8,879,950	8,236,077	643,873
Parks and recreation				
Parks	2,856,634	2,860,230	2,767,800	92,430
Recreation	1,348,609	1,838,283	1,244,149	594,134
Athletics	658,971	616,650	603,664	12,986
Community centers	1,201,171	1,271,347	1,265,093	6,254
Golf Courses	1,939,000	1,967,045	1,790,243	176,802
Other parks	1,557,750	1,508,151	1,435,230	72,921
Total parks and recreation	9,562,135	10,061,706	9,106,179	955,527
Neighborhood & Community Services	2,710,507	3,427,005	3,218,761	208,244
Agency services				
Agency services	1,135,466	4,721,786	1,230,137	3,491,649
Intergovernmental	2,269,000	1,927,423	1,599,833	327,590
Total agency services	3,404,466	6,649,209	2,829,970	3,819,239
Total expenditures	71,230,700	76,258,225	71,080,828	5,177,397
Excess of revenues over expenditures	13,469,950	10,577,791	23,484,052	12,906,261
Other financing sources (uses)				
Transfers in	1,159,350	1,659,350	975,000	(684,350)
Transfers out	(14,769,300)	(25,029,794)	(25,029,376)	418
Proceeds from sale of capital assets	140,000	140,000	104,588	(35,412)
Lease & SBITA liabilities issued	-	-	1,730,480	1,730,480
Total other financing sources (uses)	(13,469,950)	(23,230,444)	(22,219,308)	1,011,136
Net change in budgetary fund balances	-	(12,652,653)	1,264,744	13,917,397
Fund balances, beginning of year	39,163,263	39,163,263	39,163,263	-
Fund balances, end of year	\$ 39,163,263	\$ 26,510,610	\$ 40,428,007	\$ 13,917,397

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Notes to Required Supplementary Information on Budgetary Accounting and Control
Year Ended June 30, 2023

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

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

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

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

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

The following funds had purchase orders outstanding at June 30, 2023, as follows:

General fund	\$ 1,706,399
Convention center	1,417,751
Community development	163,741
Municipal aid	2,817,892
Fire capital	10,077,090
Nonmajor governmental	18,690,552
Internal service	220,105
	<u>\$ 35,093,530</u>

See accompanying independent auditor's report.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014*
TOTAL PENSION LIABILITY										
Interest on TPL	\$ 304,225	\$ 292,866	\$ 315,148	\$ 352,806	\$ 391,233	\$ 395,370	\$ 440,360	\$ 490,156	\$ 499,000	\$ 582,820
Change of benefit terms	49,647	203,614	52,002	-	-	-	-	(82,559)	(42,390)	-
Differences between expected & actual experience in measurement of the TPL	(60,177)	123,692	(21,228)	(261,919)	(226,371)	60,187	(359,520)	170,136	241,872	(1,495,216)
Changes of assumptions about future economic or demographic factors or other inputs	16,091	256,823	(29,273)	(11,659)	(59,933)	263,562	-	(536,108)	46,957	-
Benefit payments	<u>(689,825)</u>	<u>(685,129)</u>	<u>(691,450)</u>	<u>(725,077)</u>	<u>(769,371)</u>	<u>(810,168)</u>	<u>(854,877)</u>	<u>(891,272)</u>	<u>(894,710)</u>	<u>(894,455)</u>
Net change in total pension liability	(380,039)	191,866	(374,801)	(645,849)	(664,442)	(91,049)	(774,037)	(849,647)	(149,271)	(1,806,851)
Total pension liability - beginning	<u>\$ 5,444,073</u>	<u>\$ 5,252,207</u>	<u>\$ 5,627,008</u>	<u>\$ 6,272,857</u>	<u>\$ 6,937,299</u>	<u>\$ 7,028,348</u>	<u>\$ 7,802,385</u>	<u>\$ 8,652,032</u>	<u>\$ 8,801,303</u>	<u>\$ 10,608,154</u>
Total pension liability - ending (a)	<u>\$ 5,064,034</u>	<u>\$ 5,444,073</u>	<u>\$ 5,252,207</u>	<u>\$ 5,627,008</u>	<u>\$ 6,272,857</u>	<u>\$ 6,937,299</u>	<u>\$ 7,028,348</u>	<u>\$ 7,802,385</u>	<u>\$ 8,652,032</u>	<u>\$ 8,801,303</u>
PLAN FIDUCIARY NET PENSION										
Contributions from City	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,500	\$ 400,000	\$ 400,000	\$ 400,000
Plan net investment income	633,455	(623,408)	1,296,377	410,937	373,726	(583,269)	633,921	359,902	284,522	918,180
Benefit payments	(689,825)	(685,129)	(691,450)	(725,077)	(769,371)	810,168	(854,877)	(891,272)	(894,710)	(894,455)
Plan administrative expense	<u>-</u>	<u>-</u>	<u>1,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	(56,370)	1,308,537	603,587	(314,140)	(395,645)	226,899	(38,456)	(131,370)	(210,188)	423,725
Plan fiduciary net position - beginning	<u>\$ 5,530,437</u>	<u>\$ (6,838,974)</u>	<u>\$ 6,235,387</u>	<u>\$ 6,549,527</u>	<u>\$ 6,945,172</u>	<u>\$ 7,172,071</u>	<u>\$ 7,210,527</u>	<u>\$ 7,341,897</u>	<u>\$ 7,552,085</u>	<u>\$ 7,128,360</u>
Plan fiduciary net position - ending (b)	<u>\$ 5,474,067</u>	<u>\$ (5,530,437)</u>	<u>\$ 6,838,974</u>	<u>\$ 6,235,387</u>	<u>\$ 6,549,527</u>	<u>\$ 6,945,172</u>	<u>\$ 7,172,071</u>	<u>\$ 7,210,527</u>	<u>\$ 7,341,897</u>	<u>\$ 7,552,085</u>
City net pension (asset) liability (a)-(b)	\$ (410,033)	\$ (86,364)	\$ (1,586,767)	\$ (608,379)	\$ (276,670)	\$ (7,873)	\$ (143,723)	\$ 591,858	\$ 1,310,135	\$ 1,249,218
Plan fiduciary net position as a percentage of the total pension liability	108.10 %	(101.59)%	130.21 %	110.81 %	104.41 %	100.11 %	102.04 %	92.41 %	84.86 %	85.81 %
Covered payroll	-	-	-	-	-	-	-	-	-	-
NPL as % of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See accompanying independent auditor's report

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

	2023	2022	2021	2020	2019	2018	2017	2015
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	80,415	\$ 311,021
Contributions in relation to the actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	182,500	\$ 400,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(102,085)	\$ (88,979)
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Notes to Schedule

Valuation date:	July 1, 2023
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Asset valuation method	Market value adjusted for accruals
Salary scale	Not applicable
Disability, withdrawal, & retirement rates	Not applicable
Rate of investment return	6.0% per annum
Cost of living adjustment	Average cost of living adjustments made over the last five years, rounded to the nearest 1.00%. For July 1, 2023, this is equal to 2.00%.
Eligible dependents	It is assumed that there are no eligible dependent children or parents.
Mortality	Non-disabled lives: IRS Generational Mortality tables (Post Commencement Rates only) with projected mortality improvements after year 2006 under Projection Scale MP-2021 (male & female scales). Disabled Lives: Rates published in IRS Revenue Ruling 96-7 (Disablement prior to 1/1/1995).

See accompanying independent auditor's report.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return	12.15 %	(9.57)%	21.88 %	6.60 %	5.67 %	8.57 %	9.15 %	5.02 %	3.85 %	12.70 %

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

See accompanying independent auditor's report

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total net pension liability for county employees retirement systems	\$ 10,280,470,000	\$ 9,037,944,000	\$ 10,684,945,000	\$ 9,795,753,000	\$ 8,508,761,726	\$ 8,090,585,976	\$ 6,639,559,678	\$ 5,834,631,445	\$ 4,446,199,755
City's proportion of the net pension liability (asset)	1.1008 %	1.0760 %	1.0374 %	1.0138 %	0.9974 %	1.0106 %	0.9421 %	0.9646 %	0.9719 %
City's proportionate share of the net pension liability (asset)	\$ 113,171,381	\$ 97,251,312	\$ 110,845,575	\$ 99,305,777	\$ 84,867,783	\$ 81,761,120	\$ 62,552,116	\$ 56,301,098	\$ 43,211,000
City's covered payroll	\$ 29,676,795	\$ 26,850,219	\$ 26,180,855	\$ 25,150,362	\$ 24,087,904	\$ 24,380,227	\$ 22,635,432	\$ 22,529,147	\$ 22,141,166
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	381.35 %	362.20 %	423.38 %	394.85 %	352.33 %	335.36 %	276.35 %	249.00 %	195.16 %
Total pension plan's fiduciary net position	\$ 10,681,820,000	\$ 11,480,060,000	\$ 9,407,031,000	\$ 9,573,629,000	\$ 9,367,300,000	\$ 8,905,233,231	\$ 8,151,568,466	\$ 8,519,001,523	\$ 8,615,148,614
Total pension plan's pension liability	\$ 20,962,290,000	\$ 20,518,004,000	\$ 20,091,976,000	\$ 19,368,969,000	\$ 17,876,062,000	\$ 16,995,819,207	\$ 14,791,128,144	\$ 14,353,632,968	\$ 13,061,349,369
Total pension plan's fiduciary net position as a percentage of the total pension liability	50.96 %	55.95 %	46.82 %	49.43 %	52.40 %	52.40 %	55.11 %	59.35 %	65.96 %

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

Additional years will be reported as incurred.

Note: The County Employees Retirement System measurement date is 12 months prior to the City's Financial Statements; the 2023 measurement date is 6/30/2022.

See accompanying independent auditor's report.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined pension contribution	\$ 10,782,950	\$ 8,471,567	\$ 6,850,497	\$ 6,673,673	\$ 5,321,680	\$ 4,555,520	\$ 4,497,839	\$ 3,837,246	\$ 3,905,623	\$ 4,021,011
Contributions in relation to the actuarially determined pension contribution	10,782,950	8,471,567	6,850,497	6,673,673	5,321,680	4,555,520	4,497,839	3,837,246	3,905,623	4,021,011
Pension contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 30,974,188	\$ 29,676,795	\$ 26,850,219	\$ 26,180,855	\$ 25,150,362	\$ 24,087,904	\$ 24,380,227	\$ 22,635,432	\$ 22,529,147	\$ 22,141,165
Pension Contributions as a percentage of covered payroll	34.81 %	28.55 %	25.00 %	25.00 %	21.16 %	18.91 %	18.45 %	16.95 %	17.34 %	18.16 %

Notes:

Valuation Date	Actuarially determined contribution rates for 2022 were calculated based on the June 30, 2020, actuarial valuation.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining amortization period	30 years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.
Inflation	2.30%
Salary Increase	3.30 to 19.05%, varies by service.
Investment Rate of Return	6.25%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

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

See accompanying independent auditor's report.

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

	2023	2022	2021	2020	2019	2018
Total net OPEB liability for county employees retirement systems	\$ 2,825,300,000	\$ 2,723,009,000	\$ 3,338,801,000	\$ 2,421,815,000	\$2,488,439,571	\$ 2,837,013,635
City's proportion of the net OPEB liability	1.110704 %	1.081083 %	1.025541 %	1.000000 %	1.002143 %	1.042340 %
City's proportionate share of the net OPEB liability	\$ 31,380,711	\$ 29,437,971	\$ 34,240,768	\$ 25,735,785	\$ 24,937,728	\$ 29,571,323
City's covered payroll	\$ 29,676,795	\$ 26,850,219	\$ 26,180,855	\$ 25,150,361	\$ 24,087,904	\$ 24,380,227
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	105.74 %	109.00 %	130.00 %	102.00 %	103.53 %	121.29 %
Total pension plan's fiduciary net position	\$ 4,602,655,000	\$ 4,874,625,000	\$ 3,902,730,000	\$ 3,910,225,000	\$3,695,108,000	\$ 3,401,537,049
Total pension plan's OPEB liability	\$ 7,427,955,000	\$ 7,597,634,000	\$ 7,241,531,000	\$ 6,332,040,000	\$3,183,547,000	\$ 6,238,550,680
Total pension plan's fiduciary net position as a percentage of the total OPEB liability	61.96 %	64.16 %	53.89 %	61.00 %	59.76 %	54.52 %

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

Additional years will be reported as incurred.

Note: The County Employer's Retirement System measurement date is 12 months prior to the City's Financial Statements; the 2023 measurement date is 6/30/2022.

See accompanying independent auditor's report.

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

	2023	2022	2021	2020	2019	2018	2017
Actuarially determined OPEB contribution	\$ 2,123,028	\$ 2,370,685	\$ 2,278,766	\$ 2,041,342	\$ 2,119,645	\$ 1,805,316	\$ 1,664,002
Contributions in relation to the actuarially determined OPEB contribution	<u>2,123,028</u>	<u>2,370,685</u>	<u>2,278,766</u>	<u>2,041,342</u>	<u>2,119,645</u>	<u>1,805,316</u>	<u>1,664,002</u>
OPEB contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 30,974,188	\$ 29,676,795	\$ 26,850,219	\$ 26,180,855	\$ 25,150,362	\$ 24,087,904	\$ 24,380,227
OPEB contributions as a percentage of covered payroll	6.85 %	7.99 %	8.49 %	7.80 %	8.43 %	7.49 %	6.83 %

Notes:

Valuation Date	Actuarially determined contribution rates for 2022 were calculated based on the June 30, 2020, actuarial valuation.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 Years, Closed at June 30, 2019; gains/losses incurring after June 30, 2019 will be amortized over separate closed 20-year amortization bases.
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between market value of assets and the expected actuarial value of assets is recognized.
Inflation	2.30%
Salary Increase	3.30% to 19.05%, varies by service.
Investment Rate of Return	6.25%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Healthcare Rate Trends	
Pre-65	Initial trend starting at 6.25% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2021 premiums were known at the the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial Trend starting at 6.30% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the the time of the valuation and were incorporated into the liability measurement.

Note: This schedule is intended to present a 10-year trend per GASB 75. Additional Years will be reported as incurred.

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Modified Approach for City Streets Infrastructure Capital Assets
Year Ended June 30, 2023

Modified Approach for City Streets Infrastructure Capital Assets

As allowed by GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, the City has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the City 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 May of 2023.

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:

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

Established Condition Level

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

Functional Classification	Minimum OCI
Local	67.0
Collector	69.0
Arterial	72.0
Alley	25.0

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

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Modified Approach for City Streets Infrastructure Capital Assets (Continued)
Year Ended June 30, 2023

Assessed Conditions

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

<u>Year</u>	<u>Percentage</u>
2023	67%
2022	71%
2021	74%
2020	74%
2019	72%
2018	79%*
2017	87%
2016	97%
2015	97%
2014	98%

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

Budgeted and Estimated Costs to Maintain

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

<u>Fiscal Year</u>	<u>Estimated Spending</u>	<u>Actual Spending</u>
2023-2024	\$ 2,000,000	\$ -
2022-2023	\$ 2,000,000	\$ 1,932,991
2021-2022	\$ 1,500,000	\$ 1,627,643
2020-2021	\$ 1,500,000	\$ 1,460,603
2019-2020	\$ 2,000,000	\$ 2,308,049
2018-2019	\$ 2,000,000	\$ 1,969,625
2017-2018	\$ 2,350,000	\$ 2,390,174
2016-2017	\$ 2,000,000	\$ 2,696,980
2015-2016	\$ 1,300,000	\$ 886,796
2014-2015	\$ 1,000,000	\$ 1,826,000

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.

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Modified Approach for City Streets Infrastructure Capital Assets (Continued)
Year Ended June 30, 2023

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 currently conducted on the entire sidewalk network on a four-year cycle. The most recent assessment was completed in September of 2022.

In 2020, the City revised its sidewalk inspection and condition assessment approach due to the concrete sidewalk's inherent longevity and ability to retain structural integrity in the presence of aesthetic defects. The condition calculation was revised to focus the assessment on the presence of potential trip hazards rather than aesthetic defects. The purpose of this approach is to emphasize the detection and elimination of potential pedestrian hazards based upon the annual inspection of a representative sample of City maintained sidewalks.

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:

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

Established Condition Level

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

Assessed conditions

The sidewalk management system indicates that 89% of city-maintained sidewalks had an OCI value greater than or equal to the minimum rating of 76.0 as of June 30, 2023.

Budgeted and Estimated Costs to Maintain

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

Fiscal Year	Estimated Spending	Actual Spending
2023-2024	\$ 200,000	\$ -
2022-2023	\$ 100,000	\$ 141,398
2021-2022	\$ 100,000	\$ 21,460
2020-2021	\$ 100,000	\$ 118,779
2019-2020	\$ 100,000	\$ 310,903
2018-2019	\$ 100,000	\$ 28,200
2017-2018	\$ 100,000	\$ 20,130
2016-2017	\$ 100,000	\$ 94,463
2015-2016	\$ 100,000	\$ 249,176
2014-2015	\$ 100,000	\$ 215,000

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Modified Approach for City Streets Infrastructure Capital Assets (Continued)
Year Ended June 30, 2023

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.

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.

Fire Improvement Fund

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

Job Development Incentive Fund

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

Parks Development Fund

This fund is used to collect property tax receipts and occupational fees from the Hartland Planned Community Development area. All funding is disbursed to other funds for Parks and Recreation Department expenses.

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, that targets habitual juvenile offenders with the assistance of the courts, social services, and the local schools. This fund also receives federal funding, such as the federal CARES Act, for public safety costs.

Radio System 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, among others.

Police Improvement Fund

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

Lampkin Park Trust Fund

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

Homeland Security Fund

This fund is used to account for expenditures funded indirectly through the U.S. Department of Homeland Security.

Special Taxing District Fund

This fund is used to account for revenue received from the City's annual Tax Increment Financing District (TIF) distribution that represents 20% of the calculated incremental revenues and revenue received as the City's portion from ITA wage taxes.

American Rescue Plan Act Fund

This fund is used to account for federal grant revenue and expenditures funded through the American Rescue Plan Act of 2021.

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

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

Greenways Development Fund

This fund was created to account for the construction of greenway trails throughout the City. Funding is provided through grants and General Fund support.

Equipment Replacement Fund

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

Road Construction Fund

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

Riverfront Park Development Fund

This fund is used to account for the development of the existing riverfront park area with funding provided by General Fund.

Sidewalk Improvement Fund

This fund is used to account for costs associated with the improvement and construction sidewalks and multi-use greenway paths. Funding has been provided by the General Fund.

Stormwater Infrastructure Improvement Fund

This fund tracks expenditures related to the improvement of existing and new storm drainage infrastructure. Funding has been provided from the General Fund.

Municipal Facilities Fund

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

Technology Capital Improvement Fund

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

Smallhouse Road Construction Fund

This fund tracks revenues and expenditures associated with improvements to Smallhouse and Cavemill roads. Funding has been primarily supplied through the General Fund and state appropriations.

Parks Capital Improvement Fund

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

800 Trunking Radio Systems Improvement Fund

This fund is used to account for the improvement of the existing Radio System. Funding has been provided from the General Fund and other local governments.

Downtown Development Fund

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

Police Capital Improvements Fund

This fund is used to account for Police Department capital projects and equipment costs. These projects are funded by the General Fund and Special Revenue Funds.

Bluegrass Farms Boulevard Extension Fund

This fund tracks revenues and expenditures associated with the extension of Bluegrass Farms Boulevard. The project is funded by the General Fund and by a private developer.

See accompanying independent auditor's report.

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

WKU Athletics

This 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. In 2022, WKU fully refunded the outstanding debt totaling \$10,315,000.

Debt Service

This fund is used to account for the accumulation of resources and payments made for principal and interest on long-term debt in the governmental funds.

TIF District

This fund is used to account for debt service payments for the General Obligation Bond originally issued to provide funding for the construction of Bowling Green's Single A baseball park.

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

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

Cemetery Perpetual Trust Fund

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

City of Bowling Green, Kentucky
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Nonmajor Permanent Fund- Cemetery Perpetual	Total Nonmajor Governmental Funds
ASSETS					
Pooled cash and cash equivalents	\$ 8,518,668	\$ 25,515,677	\$ 1,546,245	\$ 139,927	\$ 35,720,517
Non-pooled cash and cash equivalents	261,178	-	-	-	261,178
Investments	16,460,959	13,374,243	2,369,771	1,158,052	33,363,025
Receivables (net of allowances for uncollectibles):					
Accounts receivable	50,256	-	-	-	50,256
Interest receivable	10,826	21,461	-	-	32,287
Due from other governmental units	14,034	72,116	-	-	86,150
Total assets	<u>\$ 25,315,921</u>	<u>\$ 38,983,497</u>	<u>\$ 3,916,016</u>	<u>\$ 1,297,979</u>	<u>\$ 69,513,413</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Vouchers and accounts payable	\$ 24,448	\$ 568,815	\$ -	\$ -	\$ 593,263
Total liabilities	<u>24,448</u>	<u>568,815</u>	<u>-</u>	<u>-</u>	<u>593,263</u>
Fund balances					
Restricted	13,936,931	421,947	-	1,110,658	15,469,536
Committed	11,351,983	-	-	-	11,351,983
Assigned	2,559	37,992,735	3,916,016	187,321	42,098,631
Total fund balances	<u>25,291,473</u>	<u>38,414,682</u>	<u>3,916,016</u>	<u>1,297,979</u>	<u>68,920,150</u>
Total liabilities and fund balances	<u>\$ 25,315,921</u>	<u>\$ 38,983,497</u>	<u>\$ 3,916,016</u>	<u>\$ 1,297,979</u>	<u>\$ 69,513,413</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2023

	Fire Improvement	Job Development Incentive	Parks Development	Landfill Closure	Local Law Enforcement Block Grant	Radio System	Police Improvement
ASSETS							
Pooled cash and cash equivalents	\$ 1,915,872	\$ 2,633,513	\$ -	\$ 261,797	\$ -	\$ 57,707	\$ 240,122
Non-pooled cash and cash equivalents	261,178	-	-	-	-	-	-
Investments	755,171	3,885,294	-	923,137	-	-	94,797
Receivables (net of allowances for uncollectibles):							
Accounts receivable	-	-	-	-	-	17,400	-
Interest receivable	1,105	8,124	-	1,597	-	-	-
Due from other governmental units	-	-	-	-	-	-	14,034
Total assets	<u>\$ 2,933,326</u>	<u>\$ 6,526,931</u>	<u>\$ -</u>	<u>\$ 1,186,531</u>	<u>\$ -</u>	<u>\$ 75,107</u>	<u>\$ 348,953</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Vouchers and accounts payable	\$ 2,424	\$ 17,500	\$ -	\$ -	\$ -	\$ 4,524	\$ -
Total liabilities	<u>2,424</u>	<u>17,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,524</u>	<u>-</u>
Fund balances							
Restricted	13,914	3,214	-	-	-	70,583	-
Committed	2,916,988	6,506,217	-	1,186,531	-	-	348,953
Assigned	-	-	-	-	-	-	-
Total fund balances	<u>2,930,902</u>	<u>6,509,431</u>	<u>-</u>	<u>1,186,531</u>	<u>-</u>	<u>70,583</u>	<u>348,953</u>
Total liabilities and fund balances	<u>\$ 2,933,326</u>	<u>\$ 6,526,931</u>	<u>\$ -</u>	<u>\$ 1,186,531</u>	<u>\$ -</u>	<u>\$ 75,107</u>	<u>\$ 348,953</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Balance Sheet - Nonmajor Special Revenue Funds (Continued)
June 30, 2023

	Lampkin Park Trust	Homeland Security	American Rescue Plan Act	Special Taxing Districts	Total Nonmajor Special Revenue Funds
ASSETS					
Pooled cash and cash equivalents	\$ 49,219	\$ -	\$ 3,000,000	\$ 360,438	\$ 8,518,668
Non-pooled cash and cash equivalents	-	-	-	-	261,178
Investments	-	-	10,802,560	-	16,460,959
Receivables (net of allowances for uncollectibles):					
Accounts receivable	-	-	-	32,856	50,256
Interest receivable	-	-	-	-	10,826
Due from other governmental units	-	-	-	-	14,034
Total assets	<u>\$ 49,219</u>	<u>\$ -</u>	<u>\$ 13,802,560</u>	<u>\$ 393,294</u>	<u>\$ 25,315,921</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Vouchers and accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 24,448
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,448</u>
Fund balances					
Restricted	49,219	-	13,800,001	-	13,936,931
Committed	-	-	-	393,294	11,351,983
Assigned	-	-	2,559	-	2,559
Total fund balances	<u>49,219</u>	<u>-</u>	<u>13,802,560</u>	<u>393,294</u>	<u>25,291,473</u>
Total liabilities and fund balances	<u>\$ 49,219</u>	<u>\$ -</u>	<u>\$ 13,802,560</u>	<u>\$ 393,294</u>	<u>\$ 25,315,921</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Balance Sheet - Nonmajor Capital Projects Funds
June 30, 2023

	Greenways Development	Equipment Replacement	Road Construction	Riverfront Park Development	Sidewalk Improvement	Stormwater Infrastructure Improvement	Municipal Facilities	Technology Capital Improvement
ASSETS								
Pooled cash and cash equivalents	\$ 716,907	\$ 2,496,740	\$ 1,390,044	\$ 2,485,526	\$ 2,393,839	\$ 1,100,769	\$ 1,497,140	\$ 3,882,238
Investments	-	473,253	3,439,175	3,988,341	94,651	189,301	-	189,301
Receivables, net of allowance for uncollectible:								
Interest receivable	-	-	19	21,442	-	-	-	-
Due from other governmental units	56,415	-	-	-	-	-	-	-
Total assets	<u>\$ 773,322</u>	<u>\$ 2,969,993</u>	<u>\$ 4,829,238</u>	<u>\$ 6,495,309</u>	<u>\$ 2,488,490</u>	<u>\$ 1,290,070</u>	<u>\$ 1,497,140</u>	<u>\$ 4,071,539</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Vouchers and accounts payable	\$ 3,123	\$ -	\$ 547,891	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>3,123</u>	<u>-</u>	<u>547,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances								
Restricted	421,947	-	-	-	-	-	-	-
Assigned	348,252	2,969,993	4,281,347	6,495,309	2,488,490	1,290,070	1,497,140	4,071,539
Total fund balances	<u>770,199</u>	<u>2,969,993</u>	<u>4,281,347</u>	<u>6,495,309</u>	<u>2,488,490</u>	<u>1,290,070</u>	<u>1,497,140</u>	<u>4,071,539</u>
Total liabilities and fund balances	<u>\$ 773,322</u>	<u>\$ 2,969,993</u>	<u>\$ 4,829,238</u>	<u>\$ 6,495,309</u>	<u>\$ 2,488,490</u>	<u>\$ 1,290,070</u>	<u>\$ 1,497,140</u>	<u>\$ 4,071,539</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Balance Sheet - Nonmajor Capital Projects Funds (Continued)
June 30, 2023

	Smallhouse Road Construction	Parks Capital Improvements	800 Trunking Radio Systems Improvements	Downtown Development	Bluegrass Farms Blvd	Police Capital Improvements	Total Nonmajor Capital Projects Funds
ASSETS							
Pooled cash and cash equivalents	\$ 1,414,455	\$ 3,826,327	\$ 1,371,450	\$ 2,828,442	\$ 111,800	\$ -	\$ 25,515,677
Investments	94,651	4,763,594	141,976	-	-	-	13,374,243
Receivables, net of allowance for uncollectible:							
Interest receivable	-	-	-	-	-	-	21,461
Due from other governmental units	15,701	-	-	-	-	-	72,116
Total assets	<u>\$ 1,524,807</u>	<u>\$ 8,589,921</u>	<u>\$ 1,513,426</u>	<u>\$ 2,828,442</u>	<u>\$ 111,800</u>	<u>\$ -</u>	<u>\$ 38,983,497</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Vouchers and accounts payable	\$ 15,701	\$ -	\$ -	\$ -	\$ 2,100	\$ -	\$ 568,815
Total liabilities	<u>15,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,100</u>	<u>-</u>	<u>568,815</u>
Fund balances							
Restricted	-	-	-	-	-	-	421,947
Assigned	1,509,106	8,589,921	1,513,426	2,828,442	109,700	-	37,992,735
Total fund balances	<u>1,509,106</u>	<u>8,589,921</u>	<u>1,513,426</u>	<u>2,828,442</u>	<u>109,700</u>	<u>-</u>	<u>38,414,682</u>
Total liabilities and fund balances	<u>\$ 1,524,807</u>	<u>\$ 8,589,921</u>	<u>\$ 1,513,426</u>	<u>\$ 2,828,442</u>	<u>\$ 111,800</u>	<u>\$ -</u>	<u>\$ 38,983,497</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Balance Sheet - Nonmajor Debt Service Funds
June 30, 2023

	WKU Athletics	Debt Service	TIF District	Total Nonmajor Debt Service Funds
ASSETS				
Pooled cash and cash equivalents	\$ -	\$ -	\$ 1,546,245	\$ 1,546,245
Investments	-	-	2,369,771	2,369,771
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,916,016</u>	<u>\$ 3,916,016</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Assigned	<u>-</u>	<u>-</u>	<u>3,916,016</u>	<u>3,916,016</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>3,916,016</u>	<u>3,916,016</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,916,016</u>	<u>\$ 3,916,016</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Nonmajor Permanent Fund- Cemetery Perpetual	Total Nonmajor Governmental Funds
REVENUES					
Property taxes	\$ 588,976	\$ -	\$ -	\$ -	\$ 588,976
Insurance premium taxes	3,214,769	-	-	-	3,214,769
Wage withholdings and net profits	3,688,434	-	-	-	3,688,434
Judgements and settlements	21,594	-	-	-	21,594
Intergovernmental	146,461	506,919	10,419,621	-	11,073,001
Investment income	728,385	211,404	9,179	14,977	963,945
Charges for services	70,672	-	-	-	70,672
Rent income	800	-	-	-	800
Contributions and donations	358,062	87,645	-	-	445,707
Miscellaneous	180	22,120	-	33,775	56,075
Total revenues	<u>8,818,333</u>	<u>828,088</u>	<u>10,428,800</u>	<u>48,752</u>	<u>20,123,973</u>
EXPENDITURES					
Current:					
General government	-	148,650	-	-	148,650
Public safety	1,902,195	104,579	-	-	2,006,774
Public works	31,833	1,275,245	-	-	1,307,078
Parks and recreation	-	1,466,394	-	-	1,466,394
Neighborhood and community services	260,205	469,901	-	-	730,106
Agency services	456,610	-	-	-	456,610
Capital outlay	399,036	10,013,397	-	-	10,412,433
Debt service:					
Principal	-	-	13,868,890	-	13,868,890
Interest	-	-	1,242,264	-	1,242,264
Total expenditures	<u>3,049,879</u>	<u>13,478,166</u>	<u>15,111,154</u>	<u>-</u>	<u>31,639,199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,768,454</u>	<u>(12,650,078)</u>	<u>(4,682,354)</u>	<u>48,752</u>	<u>(11,515,226)</u>
Other financing sources (uses):					
Transfers in	871,785	9,862,735	4,691,533	-	15,426,053
Transfers out	<u>(8,932,862)</u>	<u>(74,309)</u>	<u>-</u>	<u>-</u>	<u>(9,007,171)</u>
Total other financing sources (uses)	<u>(8,061,077)</u>	<u>9,788,426</u>	<u>4,691,533</u>	<u>-</u>	<u>6,418,882</u>
Net change in fund balances	<u>(2,292,623)</u>	<u>(2,861,652)</u>	<u>9,179</u>	<u>48,752</u>	<u>(5,096,344)</u>
Fund balances, beginning	<u>27,584,096</u>	<u>41,276,334</u>	<u>3,906,837</u>	<u>1,249,227</u>	<u>74,016,494</u>
Fund balances, ending	<u>\$ 25,291,473</u>	<u>\$ 38,414,682</u>	<u>\$ 3,916,016</u>	<u>\$ 1,297,979</u>	<u>\$ 68,920,150</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds
Year Ended June 30, 2023

	Fire Improvement	Job Development Incentive	Parks Development	Landfill Closure	Local Law Enforcement Block Grant	Radio System	Police Improvement
REVENUES							
Property taxes	\$ -	\$ 96,186	\$ 492,790	\$ -	\$ -	\$ -	\$ -
Insurance premium taxes	3,214,769	-	-	-	-	-	-
Wage withholdings and net profits	-	1,493,216	1,717,933	-	-	-	-
Judgements and settlements	21,594	-	-	-	-	-	-
Intergovernmental	-	-	-	-	118,971	-	-
Investment income	10,869	188,040	-	32,942	-	-	359
Charges for services	-	-	-	-	-	-	70,672
Rent income	-	-	-	800	-	-	-
Contributions and donations	-	-	-	-	-	349,128	-
Miscellaneous	-	-	-	-	-	-	180
Total revenues	<u>3,247,232</u>	<u>1,777,442</u>	<u>2,210,723</u>	<u>33,742</u>	<u>118,971</u>	<u>349,128</u>	<u>71,211</u>
EXPENDITURES							
Current:							
Public safety	1,122,828	-	-	-	118,971	549,229	83,677
Public works	-	-	-	31,833	-	-	-
Neighborhood and community services	-	260,205	-	-	-	-	-
Agency services	-	-	-	-	-	-	-
Capital outlay	<u>174,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,697</u>	<u>14,000</u>
Total expenditures	<u>1,297,167</u>	<u>260,205</u>	<u>-</u>	<u>31,833</u>	<u>118,971</u>	<u>559,926</u>	<u>97,677</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,950,065</u>	<u>1,517,237</u>	<u>2,210,723</u>	<u>1,909</u>	<u>-</u>	<u>(210,798)</u>	<u>(26,466)</u>
Other financing sources (uses):							
Transfers in	650,000	-	-	-	-	221,785	-
Transfers out	<u>(2,260,289)</u>	<u>(1,196,850)</u>	<u>(2,210,723)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,000,000)</u>
Total other financing sources (uses)	<u>(1,610,289)</u>	<u>(1,196,850)</u>	<u>(2,210,723)</u>	<u>-</u>	<u>-</u>	<u>221,785</u>	<u>(3,000,000)</u>
Net change in fund balances	339,776	320,387	-	1,909	-	10,987	(3,026,466)
Fund balances, beginning	<u>2,591,126</u>	<u>6,189,044</u>	<u>-</u>	<u>1,184,622</u>	<u>-</u>	<u>59,596</u>	<u>3,375,419</u>
Fund balances, ending	<u>\$ 2,930,902</u>	<u>\$ 6,509,431</u>	<u>\$ -</u>	<u>\$ 1,186,531</u>	<u>\$ -</u>	<u>\$ 70,583</u>	<u>\$ 348,953</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds (Continued)
Year Ended June 30, 2023

	Lampkin Park Trust	Homeland Security	American Rescue Plan Act	Special Taxing Districts	Total Nonmajor Special Revenue Funds
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 588,976
Insurance premium taxes	-	-	-	-	3,214,769
Wage withholdings and net profits	-	-	-	477,285	3,688,434
Judgements and settlements	-	-	-	-	21,594
Intergovernmental	-	27,490	-	-	146,461
Investment income	-	-	496,175	-	728,385
Charges for services	-	-	-	-	70,672
Rent income	-	-	-	-	800
Contributions and donations	8,934	-	-	-	358,062
Miscellaneous	-	-	-	-	180
Total revenues	<u>8,934</u>	<u>27,490</u>	<u>496,175</u>	<u>477,285</u>	<u>8,818,333</u>
EXPENDITURES					
Current:					
Public safety	-	27,490	-	-	1,902,195
Public works	-	-	-	-	31,833
Neighborhood and community services	-	-	-	-	260,205
Agency services	-	-	456,610	-	456,610
Capital outlay	-	-	200,000	-	399,036
Total expenditures	<u>-</u>	<u>27,490</u>	<u>656,610</u>	<u>-</u>	<u>3,049,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,934</u>	<u>-</u>	<u>(160,435)</u>	<u>477,285</u>	<u>5,768,454</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	871,785
Transfers out	-	-	-	(265,000)	(8,932,862)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(265,000)</u>	<u>(8,061,077)</u>
Net change in fund balances	8,934	-	(160,435)	212,285	(2,292,623)
Fund balances, beginning	<u>40,285</u>	<u>-</u>	<u>13,962,995</u>	<u>181,009</u>	<u>27,584,096</u>
Fund balances, ending	<u>\$ 49,219</u>	<u>\$ -</u>	<u>\$ 13,802,560</u>	<u>\$ 393,294</u>	<u>\$ 25,291,473</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
Year Ended June 30, 2023

	Greenways Development	Equipment Replacement	Road Construction	Riverfront Park Development	Sidewalk Improvement	Stormwater Infrastructure Improvement	Municipal Facilities	Technology Capital Improvement
REVENUES								
Intergovernmental	\$ 506,919	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	1,835	131,061	57,396	366	734	-	735
Contributions and donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	22,120
Total revenues	<u>506,919</u>	<u>1,835</u>	<u>131,061</u>	<u>57,396</u>	<u>366</u>	<u>734</u>	<u>-</u>	<u>22,855</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	148,650
Public safety	-	104,579	-	-	-	-	-	-
Public works	-	-	1,029,567	-	70,497	-	111,236	-
Parks and recreation	-	3,788	-	89,362	-	-	-	-
Neighborhood and community services	469,901	-	-	-	-	-	-	-
Capital outlay	<u>69,795</u>	<u>1,495,848</u>	<u>5,060,035</u>	<u>-</u>	<u>-</u>	<u>2,758</u>	<u>1,198,857</u>	<u>527,271</u>
Total expenditures	<u>539,696</u>	<u>1,604,215</u>	<u>6,089,602</u>	<u>89,362</u>	<u>70,497</u>	<u>2,758</u>	<u>1,310,093</u>	<u>675,921</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,777)</u>	<u>(1,602,380)</u>	<u>(5,958,541)</u>	<u>(31,966)</u>	<u>(70,131)</u>	<u>(2,024)</u>	<u>(1,310,093)</u>	<u>(653,066)</u>
Other financing sources (uses):								
Transfers in	700,000	1,577,490	1,950,000	-	900,000	200,000	1,350,000	574,307
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>700,000</u>	<u>1,577,490</u>	<u>1,950,000</u>	<u>-</u>	<u>900,000</u>	<u>200,000</u>	<u>1,350,000</u>	<u>574,307</u>
Net change in fund balances	667,223	(24,890)	(4,008,541)	(31,966)	829,869	197,976	39,907	(78,759)
Fund balances, beginning	<u>102,976</u>	<u>2,994,883</u>	<u>8,289,888</u>	<u>6,527,275</u>	<u>1,658,621</u>	<u>1,092,094</u>	<u>1,457,233</u>	<u>4,150,298</u>
Fund balances, ending	<u>\$ 770,199</u>	<u>\$ 2,969,993</u>	<u>\$ 4,281,347</u>	<u>\$ 6,495,309</u>	<u>\$ 2,488,490</u>	<u>\$ 1,290,070</u>	<u>\$ 1,497,140</u>	<u>\$ 4,071,539</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds (Continued)
Year Ended June 30, 2023

	Smallhouse Road Construction	Parks Capital Improvements	800 Trunking Radio Systems Improvements	Downtown Development	Bluegrass Farms Blvd	Police Capital Improvements	Total Nonmajor Capital Projects Funds
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	506,919
Investment income	368	18,359	550	-	-	-	211,404
Contributions and donations	57,645	30,000	-	-	-	-	87,645
Miscellaneous	-	-	-	-	-	-	22,120
Total revenues	<u>58,013</u>	<u>48,359</u>	<u>550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>828,088</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	148,650
Public safety	-	-	-	-	-	-	104,579
Public works	57,645	-	-	-	6,300	-	1,275,245
Parks and recreation	-	1,373,244	-	-	-	-	1,466,394
Neighborhood and community services	-	-	-	-	-	-	469,901
Capital outlay	685,187	973,646	-	-	-	-	10,013,397
Total expenditures	<u>742,832</u>	<u>2,346,890</u>	<u>-</u>	<u>-</u>	<u>6,300</u>	<u>-</u>	<u>13,478,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(684,819)</u>	<u>(2,298,531)</u>	<u>550</u>	<u>-</u>	<u>(6,300)</u>	<u>-</u>	<u>(12,650,078)</u>
Other financing sources (uses):							
Transfers in	-	2,100,723	129,215	265,000	116,000	-	9,862,735
Transfers out	-	-	-	-	-	(74,309)	(74,309)
Total other financing sources (uses)	<u>-</u>	<u>2,100,723</u>	<u>129,215</u>	<u>265,000</u>	<u>116,000</u>	<u>(74,309)</u>	<u>9,788,426</u>
Net change in fund balances	(684,819)	(197,808)	129,765	265,000	109,700	(74,309)	(2,861,652)
Fund balances, beginning	<u>2,193,925</u>	<u>8,787,729</u>	<u>1,383,661</u>	<u>2,563,442</u>	<u>-</u>	<u>74,309</u>	<u>41,276,334</u>
Fund balances, ending	<u>\$ 1,509,106</u>	<u>\$ 8,589,921</u>	<u>\$ 1,513,426</u>	<u>\$ 2,828,442</u>	<u>\$ 109,700</u>	<u>\$ -</u>	<u>\$ 38,414,682</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended June 30, 2023

	WKU Athletics	Debt Service	TIF District	Total Nonmajor Debt Service Funds
REVENUES				
Intergovernmental	\$ 10,419,621	\$ -	\$ -	\$ 10,419,621
Investment income	-	-	9,179	9,179
Total revenues	<u>10,419,621</u>	<u>-</u>	<u>9,179</u>	<u>10,428,800</u>
EXPENDITURES				
Debt service:				
Principal	10,315,000	2,733,890	820,000	13,868,890
Interest	104,621	506,755	630,888	1,242,264
Total expenditures	<u>10,419,621</u>	<u>3,240,645</u>	<u>1,450,888</u>	<u>15,111,154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(3,240,645)</u>	<u>(1,441,709)</u>	<u>(4,682,354)</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>3,240,645</u>	<u>1,450,888</u>	<u>4,691,533</u>
Total other financing sources (uses)	<u>-</u>	<u>3,240,645</u>	<u>1,450,888</u>	<u>4,691,533</u>
Net change in fund balances	-	-	9,179	9,179
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>3,906,837</u>	<u>3,906,837</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,916,016</u>	<u>\$ 3,916,016</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Community Development Special Revenue Fund
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
REVENUES			
Intergovernmental	\$ 5,288,700	\$ 9,733,408	\$ 5,581,733
Investment income	800	800	16,299
Miscellaneous	78,000	78,000	43,053
Total revenues	<u>5,367,500</u>	<u>9,812,208</u>	<u>5,641,085</u>
EXPENDITURES			
Current:			
Neighborhood and community services	4,780,804	8,616,711	5,121,679
Capital outlay	541,000	543,748	9,939
Total expenditures	<u>5,321,804</u>	<u>9,160,459</u>	<u>5,131,618</u>
Excess (deficiency) of revenues over (under) expenses	<u>45,696</u>	<u>651,749</u>	<u>509,467</u>
Other financing sources (uses)			
Transfers out	-	(1,500,000)	(523,670)
Total other financing sources (uses)	<u>-</u>	<u>(1,500,000)</u>	<u>(523,670)</u>
Net change in fund balances	45,696	(848,251)	(14,203)
Fund balances, beginning	<u>2,874,914</u>	<u>2,874,914</u>	<u>2,874,914</u>
Fund balances, ending	<u>\$ 2,920,610</u>	<u>\$ 2,026,663</u>	<u>\$ 2,860,711</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Municipal Aid Special Revenue Fund
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Judgements and settlements	-	309,887	309,886	(1)
Intergovernmental	3,918,830	9,804,997	5,406,557	(4,398,440)
Investment income	28,750	28,750	35,561	6,811
Charges for services	77,500	77,500	102,886	25,386
Miscellaneous	65,400	65,400	54,200	(11,200)
Total revenues	<u>4,290,480</u>	<u>10,486,534</u>	<u>6,109,090</u>	<u>(4,377,444)</u>
EXPENDITURES				
Current:				
Public safety	2,345,356	2,482,333	2,144,717	337,616
Public works	3,299,614	7,601,338	3,814,873	3,786,465
Capital outlay	8,000	921,490	409,627	511,863
Total expenditures	<u>5,652,970</u>	<u>11,005,161</u>	<u>6,369,217</u>	<u>4,635,944</u>
Excess (deficiency) of revenues over (under) expenses	<u>(1,362,490)</u>	<u>(518,627)</u>	<u>(260,127)</u>	<u>258,500</u>
Other financing sources (uses)				
Transfers in	1,592,810	1,592,810	1,592,053	(757)
Total other financing sources (uses)	<u>1,592,810</u>	<u>1,592,810</u>	<u>1,592,053</u>	<u>(757)</u>
Net change in fund balances	230,320	1,074,183	1,331,926	257,743
Fund balances, beginning	<u>5,274,535</u>	<u>5,274,535</u>	<u>5,274,535</u>	<u>-</u>
Fund balances, ending	<u>\$ 5,504,855</u>	<u>\$ 6,348,718</u>	<u>\$ 6,606,461</u>	<u>\$ 257,743</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Fire Capital Improvements Capital Projects Fund
 Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
EXPENDITURES			
Current:			
Public safety	\$ 820,000	\$ 10,747,099	\$ 305,441
Capital outlay	20,230,000	9,738,702	2,394,978
Total expenditures	<u>21,050,000</u>	<u>20,485,801</u>	<u>2,700,419</u>
Excess (deficiency) of revenues over (under) expenses	<u>(21,050,000)</u>	<u>(20,485,801)</u>	<u>(2,700,419)</u>
Other financing sources (Uses)			
Transfers in	5,600,000	14,531,590	13,555,260
Issuance of debt	15,450,000	15,625,105	925,105
Total other financing sources (uses)	<u>21,050,000</u>	<u>30,156,695</u>	<u>14,480,365</u>
Net change in fund balances	-	9,670,894	11,779,946
Fund balances, beginning of year	<u>419,207</u>	<u>419,207</u>	<u>419,207</u>
Fund balances, end of year	<u>\$ 419,207</u>	<u>\$ 10,090,101</u>	<u>\$ 12,199,153</u>
			<u>\$ 2,109,052</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
ITA Bond Debt Service Fund
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
REVENUES			
Property taxes	\$ 44,000	\$ 44,000	\$ 57,861
Investment income	6,000	6,000	882,975
Miscellaneous	367,000	367,000	365,926
Total revenues	<u>417,000</u>	<u>417,000</u>	<u>1,306,762</u>
EXPENDITURES			
Current:			
General government	-	27,275,855	5,060,920
Debt service			
Principal	1,000,000	1,000,000	1,000,000
Interest	931,000	931,000	928,702
Total expenditures	<u>1,931,000</u>	<u>29,206,855</u>	<u>6,989,622</u>
Excess (deficiency) of revenues over (under) expenses	<u>(1,514,000)</u>	<u>(28,789,855)</u>	<u>(5,682,860)</u>
Other financing sources (uses)			
Transfers in	1,564,000	1,564,000	1,196,850
Total other financing sources (uses)	<u>1,564,000</u>	<u>1,564,000</u>	<u>1,196,850</u>
Net change in fund balances	50,000	(27,225,855)	(4,486,010)
Fund balances, beginning	29,956,152	29,956,152	29,956,152
Fund balances, ending	<u>\$ 30,006,152</u>	<u>\$ 2,730,297</u>	<u>\$ 25,470,142</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
WKU Athletics Debt Service Fund
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
REVENUES			
Intergovernmental	\$ 2,808,000	\$ 13,227,622	\$ 10,419,621
Total revenues	<u>2,808,000</u>	<u>13,227,622</u>	<u>10,419,621</u>
EXPENDITURES			
Debt service			
Principal	2,415,000	12,730,000	10,315,000
Interest	<u>393,000</u>	<u>497,622</u>	<u>104,621</u>
Total expenditures	<u>2,808,000</u>	<u>13,227,622</u>	<u>10,419,621</u>
Excess (deficiency) of revenues over (under) expenses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Debt Service Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES				
Debt service				
Principal	\$ 2,735,000	\$ 2,735,000	\$ 2,733,890	\$ 1,110
Interest	513,000	513,000	506,755	6,245
Total expenditures	<u>3,248,000</u>	<u>3,248,000</u>	<u>3,240,645</u>	<u>7,355</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,248,000)</u>	<u>(3,248,000)</u>	<u>(3,240,645)</u>	<u>7,355</u>
Other financing sources (uses)				
Transfers in	<u>3,248,000</u>	<u>3,248,000</u>	<u>3,240,645</u>	<u>(7,355)</u>
Total other financing sources (uses)	<u>3,248,000</u>	<u>3,248,000</u>	<u>3,240,645</u>	<u>(7,355)</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
TIF District Debt Service Fund
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
REVENUES			
Investment income	\$ 15,000	\$ 15,000	\$ 9,179
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>9,179</u>
EXPENDITURES			
Debt service			
Principal	820,000	820,000	820,000
Interest	<u>631,000</u>	<u>631,000</u>	<u>630,888</u>
Total expenditures	<u>1,451,000</u>	<u>1,451,000</u>	<u>1,450,888</u>
Excess (deficiency) of revenues over (under) expenses	<u>(1,436,000)</u>	<u>(1,436,000)</u>	<u>(1,441,709)</u>
Other financing sources (uses)			
Transfers in	<u>1,451,000</u>	<u>1,451,000</u>	<u>1,450,888</u>
Total other financing sources (uses)	<u>1,451,000</u>	<u>1,451,000</u>	<u>1,450,888</u>
Net change in fund balances	15,000	15,000	9,179
Fund balances, beginning	<u>3,906,837</u>	<u>3,906,837</u>	<u>3,906,837</u>
Fund balances, ending	<u>\$ 3,921,837</u>	<u>\$ 3,921,837</u>	<u>\$ 3,916,016</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Fire Improvement Special Revenue Fund
Year Ended June 30, 2023**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Insurance premium taxes	\$ 2,537,000	\$ 2,537,000	\$ 3,214,769	\$ 677,769
Judgements and settlements	22,500	22,500	21,594	(906)
Investment income	16,250	16,250	10,869	(5,381)
Total revenues	<u>2,575,750</u>	<u>2,575,750</u>	<u>3,247,232</u>	<u>671,482</u>
EXPENDITURES				
Current:				
Public safety	606,765	1,183,456	1,122,828	60,628
Capital outlay	1,023,100	175,375	174,339	1,036
Total expenditures	<u>1,629,865</u>	<u>1,358,831</u>	<u>1,297,167</u>	<u>61,664</u>
Excess (deficiency) of revenues over (under) expenses	<u>945,885</u>	<u>1,216,919</u>	<u>1,950,065</u>	<u>733,146</u>
Other financing sources (uses)				
Transfers in	650,000	650,000	650,000	-
Transfers out	(1,583,000)	(2,264,590)	(2,260,289)	4,301
Total other financing sources (uses)	<u>(933,000)</u>	<u>(1,614,590)</u>	<u>(1,610,289)</u>	<u>4,301</u>
Net change in fund balances	12,885	(397,671)	339,776	737,447
Fund balances, beginning	<u>2,591,126</u>	<u>2,591,126</u>	<u>2,591,126</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,604,011</u>	<u>\$ 2,193,455</u>	<u>\$ 2,930,902</u>	<u>\$ 737,447</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Job Development Incentive Special Revenue Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$ 101,000	\$ 101,000	\$ 96,186	\$ (4,814)
Wage withholdings and net profits	1,032,000	1,032,000	1,493,216	461,216
Investment income	93,500	93,500	188,040	94,540
Total revenues	<u>1,226,500</u>	<u>1,226,500</u>	<u>1,777,442</u>	<u>550,942</u>
EXPENDITURES				
Current:				
Neighborhood and community services	<u>124,500</u>	<u>267,763</u>	<u>260,205</u>	<u>7,558</u>
Total expenditures	<u>124,500</u>	<u>267,763</u>	<u>260,205</u>	<u>7,558</u>
Excess (deficiency) of revenues over (under) expenses	<u>1,102,000</u>	<u>958,737</u>	<u>1,517,237</u>	<u>558,500</u>
Other financing sources (uses)				
Transfers out	<u>(1,197,000)</u>	<u>(1,197,000)</u>	<u>(1,196,850)</u>	<u>150</u>
Total other financing sources (uses)	<u>(1,197,000)</u>	<u>(1,197,000)</u>	<u>(1,196,850)</u>	<u>150</u>
Net change in fund balances	(95,000)	(238,263)	320,387	558,650
Fund balances, beginning	<u>6,189,044</u>	<u>6,189,044</u>	<u>6,189,044</u>	<u>-</u>
Fund balances, ending	<u>\$ 6,094,044</u>	<u>\$ 5,950,781</u>	<u>\$ 6,509,431</u>	<u>\$ 558,650</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Parks Development Special Revenue Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 500,000	\$ 500,000	\$ 492,790	\$ (7,210)
Wage withholdings and net profits	1,545,000	1,810,000	1,717,933	(92,067)
Total revenues	2,045,000	2,310,000	2,210,723	(99,277)
Excess (deficiency) of revenues over (under) expenses	2,045,000	2,310,000	2,210,723	(99,277)
Other financing sources (uses)				
Transfers out	(2,045,000)	(2,310,000)	(2,210,723)	99,277
Total other financing sources (uses)	(2,045,000)	(2,310,000)	(2,210,723)	99,277
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Landfill Closure Special Revenue Fund
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Investment income	\$ 21,500	\$ 21,500	\$ 32,942	\$ 11,442
Rent income	750	750	800	50
Total revenues	<u>22,250</u>	<u>22,250</u>	<u>33,742</u>	<u>11,492</u>
EXPENDITURES				
Current:				
Public works	<u>60,330</u>	<u>61,158</u>	<u>31,833</u>	<u>29,325</u>
Total expenditures	<u>60,330</u>	<u>61,158</u>	<u>31,833</u>	<u>29,325</u>
Excess (deficiency) of revenues over (under) expenses	<u>(38,080)</u>	<u>(38,908)</u>	<u>1,909</u>	<u>40,817</u>
Net change in fund balances	(38,080)	(38,908)	1,909	40,817
Fund balances, beginning	<u>1,184,622</u>	<u>1,184,622</u>	<u>1,184,622</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,146,542</u>	<u>\$ 1,145,714</u>	<u>\$ 1,186,531</u>	<u>\$ 40,817</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Local Law Enforcement Block Grant Special Revenue Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ -	\$ 119,013	\$ 118,971	\$ (42)
Total revenues	-	119,013	118,971	(42)
EXPENDITURES				
Current:				
Public safety	-	119,013	118,971	42
Total expenditures	-	119,013	118,971	42
Excess (deficiency) of revenues over (under) expenses	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Radio System Special Revenue Fund
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
REVENUES			
Contributions and donations	\$ 323,785	\$ 323,785	\$ 349,128
Total revenues	<u>323,785</u>	<u>323,785</u>	<u>349,128</u>
EXPENDITURES			
Current:			
Public safety	545,570	553,873	549,229
Capital outlay	-	10,697	10,697
Total expenditures	<u>545,570</u>	<u>564,570</u>	<u>559,926</u>
Excess (deficiency) of revenues over (under) expenses	<u>(221,785)</u>	<u>(240,785)</u>	<u>(210,798)</u>
Other financing sources (uses)			
Transfers in	<u>221,785</u>	<u>221,785</u>	<u>221,785</u>
Total other financing sources (uses)	<u>221,785</u>	<u>221,785</u>	<u>221,785</u>
Net change in fund balances	-	(19,000)	10,987
Fund balances, beginning	<u>59,596</u>	<u>59,596</u>	<u>59,596</u>
Fund balances, ending	<u>\$ 59,596</u>	<u>\$ 40,596</u>	<u>\$ 70,583</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Police Improvement Special Revenue Fund
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
REVENUES			
Investment income	\$ -	\$ -	\$ 359
Charges for services	62,000	62,000	70,672
Miscellaneous	-	-	180
Total revenues	<u>62,000</u>	<u>62,000</u>	<u>71,211</u>
EXPENDITURES			
Current:			
Public safety	90,145	83,861	83,677
Capital outlay	<u>14,000</u>	<u>17,923</u>	<u>14,000</u>
Total expenditures	<u>104,145</u>	<u>101,784</u>	<u>97,677</u>
Excess (deficiency) of revenues over (under) expenses	<u>(42,145)</u>	<u>(39,784)</u>	<u>(26,466)</u>
Other financing sources (uses)			
Transfers out	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>(3,000,000)</u>
Total other financing sources (uses)	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>(3,000,000)</u>
Net change in fund balances	<u>(3,042,145)</u>	<u>(3,039,784)</u>	<u>(3,026,466)</u>
Fund balances, beginning	<u>3,375,419</u>	<u>3,375,419</u>	<u>3,375,419</u>
Fund balances, ending	<u>\$ 333,274</u>	<u>\$ 335,635</u>	<u>\$ 348,953</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Homeland Security Special Revenue Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
REVENUES			
Intergovernmental	\$ -	\$ 246,542	\$ 27,490
Total revenues	-	246,542	27,490
EXPENDITURES			
Current:			
General government	-	109,526	-
Public safety	-	27,490	27,490
Total expenditures	-	137,016	27,490
Excess (deficiency) of revenues over (under) expenses	-	109,526	-
Net change in budgetary fund balances	-	109,526	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ 109,526	\$ -

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
American Rescue Plan Act Fund Special Revenue Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
REVENUES			
Investment income	\$ 125,000	\$ 125,000	\$ 496,175
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>496,175</u>
EXPENDITURES			
Current:			
Neighborhood and community services	-	2,000,000	-
Agency services	-	2,456,610	456,610
Capital outlay	-	200,000	200,000
Total expenditures	<u>-</u>	<u>4,656,610</u>	<u>656,610</u>
Excess (deficiency) of revenues over (under) expenses	<u>125,000</u>	<u>(4,531,610)</u>	<u>(160,435)</u>
Net change in budgetary fund balances	125,000	(4,531,610)	(160,435)
Fund balances, beginning of year	<u>8,292,425</u>	<u>8,292,425</u>	<u>13,962,995</u>
Fund balances, end of year	<u>\$ 8,417,425</u>	<u>\$ 3,760,815</u>	<u>\$ 13,802,560</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Special Taxing Districts Special Revenue Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Wage withholdings and net profits	\$ 423,000	\$ 423,000	\$ 477,285	\$ 54,285
Total revenues	<u>423,000</u>	<u>423,000</u>	<u>477,285</u>	<u>54,285</u>
Excess (deficiency) of revenues over (under) expenses	<u>423,000</u>	<u>423,000</u>	<u>477,285</u>	<u>54,285</u>
Other financing sources (Uses)				
Transfers out	<u>(265,000)</u>	<u>(265,000)</u>	<u>(265,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(265,000)</u>	<u>(265,000)</u>	<u>(265,000)</u>	<u>-</u>
Net change in budgetary fund balances	158,000	158,000	212,285	54,285
Fund balances, beginning of year	<u>142,928</u>	<u>142,928</u>	<u>181,009</u>	<u>38,081</u>
Fund balances, end of year	<u>\$ 300,928</u>	<u>\$ 300,928</u>	<u>\$ 393,294</u>	<u>\$ 92,366</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Lampkin Park Trust Special Revenue Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Contributions and donations	\$ 7,000	\$ 7,000	\$ 8,934	\$ 1,934
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>8,934</u>	<u>1,934</u>
Excess (deficiency) of revenues over (under) expenses	<u>7,000</u>	<u>7,000</u>	<u>8,934</u>	<u>1,934</u>
Net change in fund balances	7,000	7,000	8,934	1,934
Fund balances, beginning	<u>40,285</u>	<u>40,285</u>	<u>40,285</u>	<u>-</u>
Fund balances, ending	<u>\$ 47,285</u>	<u>\$ 47,285</u>	<u>\$ 49,219</u>	<u>\$ 1,934</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Greenways Development Capital Projects Fund
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
REVENUES			
Intergovernmental	\$ -	\$ 2,260,998	\$ 506,919
Total revenues	-	2,260,998	506,919
EXPENDITURES			
Current:			
Neighborhood and community services	16,000	478,901	469,901
Capital outlay	384,000	321,378	69,795
Total expenditures	400,000	800,279	539,696
Excess (deficiency) of revenues over (under) expenses	(400,000)	1,460,719	(32,777)
Other financing sources (uses)			
Transfers in	400,000	700,000	700,000
Total other financing sources (uses)	400,000	700,000	700,000
Net change in fund balances	-	2,160,719	667,223
Fund balances, beginning	102,976	102,976	102,976
Fund balances, ending	\$ 102,976	\$ 2,263,695	\$ 770,199

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Equipment Replacement Capital Projects Fund
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
REVENUES			
Investment income	\$ 2,000	\$ 2,000	\$ 1,835
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>1,835</u>
EXPENDITURES			
Current:			
Public safety	67,040	121,603	104,579
Parks and recreation	-	100,481	3,788
Capital outlay	<u>1,348,490</u>	<u>1,610,686</u>	<u>1,495,848</u>
Total expenditures	<u>1,415,530</u>	<u>1,832,770</u>	<u>1,604,215</u>
Excess (deficiency) of revenues over (under) expenses	<u>(1,413,530)</u>	<u>(1,830,770)</u>	<u>(1,602,380)</u>
Other financing sources (uses)			
Transfers in	<u>1,077,490</u>	<u>1,577,490</u>	<u>1,577,490</u>
Total other financing sources (uses)	<u>1,077,490</u>	<u>1,577,490</u>	<u>1,577,490</u>
Net change in fund balances	(336,040)	(253,280)	(24,890)
Fund balances, beginning	<u>2,994,883</u>	<u>2,994,883</u>	<u>2,994,883</u>
Fund balances, ending	<u>\$ 2,658,843</u>	<u>\$ 2,741,603</u>	<u>\$ 2,969,993</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Road Construction Capital Projects Fund
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
REVENUES			
Investment income	\$ 39,500	\$ 39,500	\$ 131,061
Total revenues	<u>39,500</u>	<u>39,500</u>	<u>131,061</u>
EXPENDITURES			
Current:			
Public works	250,000	1,038,236	1,029,567
Capital outlay	<u>1,200,000</u>	<u>5,105,190</u>	<u>5,060,035</u>
Total expenditures	<u>1,450,000</u>	<u>6,143,426</u>	<u>6,089,602</u>
Excess (deficiency) of revenues over (under) expenses	<u>(1,410,500)</u>	<u>(6,103,926)</u>	<u>(5,958,541)</u>
Other financing sources (uses)			
Transfers in	<u>1,450,000</u>	<u>1,950,000</u>	<u>1,950,000</u>
Total other financing sources (uses)	<u>1,450,000</u>	<u>1,950,000</u>	<u>1,950,000</u>
Net change in fund balances	39,500	(4,153,926)	(4,008,541)
Fund balances, beginning	<u>8,289,888</u>	<u>8,289,888</u>	<u>8,289,888</u>
Fund balances, ending	<u>\$ 8,329,388</u>	<u>\$ 4,135,962</u>	<u>\$ 4,281,347</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Riverfront Park Development Capital Projects Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
REVENUES			
Intergovernmental	\$ -	\$ 750,000	\$ -
Investment income	-	-	57,396
Total revenues	-	750,000	57,396
EXPENDITURES			
Current:			
Parks and recreation	-	651,026	89,362
Capital outlay	-	2,250,000	-
Total expenditures	-	2,901,026	89,362
Excess (deficiency) of revenues over (under) expenses	-	(2,151,026)	(31,966)
Net change in fund balances	-	(2,151,026)	(31,966)
Fund balances, beginning	6,527,275	6,527,275	6,527,275
Fund balances, ending	\$ 6,527,275	\$ 4,376,249	\$ 6,495,309

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Sidewalk Improvement Capital Projects Fund
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	\$ 500	\$ 500	\$ 366	\$ (134)
Total revenues	500	500	366	(134)
EXPENDITURES				
Current:				
Public works	-	70,497	70,497	-
Capital outlay	900,000	2,262,237	-	2,262,237
Total expenditures	900,000	2,332,734	70,497	2,262,237
Excess (deficiency) of revenues over (under) expenses	(899,500)	(2,332,234)	(70,131)	2,262,103
Other financing sources (uses)				
Transfers in	900,000	900,000	900,000	-
Total other financing sources (uses)	900,000	900,000	900,000	-
Net change in fund balances	500	(1,432,234)	829,869	2,262,103
Fund balances, beginning	1,658,621	1,658,621	1,658,621	-
Fund balances, ending	\$ 1,659,121	\$ 226,387	\$ 2,488,490	\$ 2,262,103

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Stormwater Infrastructure Improvement Capital Projects Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Investment income	\$ 1,000	\$ 1,000	\$ 734	\$ (266)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>734</u>	<u>(266)</u>
EXPENDITURES				
Current:				
Public works	-	16,166	-	16,166
Capital outlay	<u>200,000</u>	<u>1,028,941</u>	<u>2,758</u>	<u>1,026,183</u>
Total expenditures	<u>200,000</u>	<u>1,045,107</u>	<u>2,758</u>	<u>1,042,349</u>
Excess (deficiency) of revenues over (under) expenses	<u>(199,000)</u>	<u>(1,044,107)</u>	<u>(2,024)</u>	<u>1,042,083</u>
Other financing sources (uses)				
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balances	1,000	(844,107)	197,976	1,042,083
Fund balances, beginning	<u>1,092,094</u>	<u>1,092,094</u>	<u>1,092,094</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,093,094</u>	<u>\$ 247,987</u>	<u>\$ 1,290,070</u>	<u>\$ 1,042,083</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Municipal Facilities Capital Projects Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
EXPENDITURES			
Current:			
Public works	\$ 175,000	\$ 188,908	\$ 111,236
Capital outlay	-	1,198,857	1,198,857
Total expenditures	<u>175,000</u>	<u>1,387,765</u>	<u>1,310,093</u>
Excess (deficiency) of revenues over (under) expenses	<u>(175,000)</u>	<u>(1,387,765)</u>	<u>(1,310,093)</u>
Other financing sources (uses)			
Transfers in	<u>150,000</u>	<u>1,350,000</u>	<u>1,350,000</u>
Total other financing sources (uses)	<u>150,000</u>	<u>1,350,000</u>	<u>1,350,000</u>
Net change in fund balances	(25,000)	(37,765)	39,907
Fund balances, beginning	<u>1,457,233</u>	<u>1,457,233</u>	<u>1,457,233</u>
Fund balances, ending	<u>\$ 1,432,233</u>	<u>\$ 1,419,468</u>	<u>\$ 1,497,140</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Downtown Development Capital Projects Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES				
Capital outlay	\$ 1,265,000	\$ 2,826,284	\$ -	\$ 2,826,284
Total expenditures	<u>1,265,000</u>	<u>2,826,284</u>	<u>-</u>	<u>2,826,284</u>
Excess (deficiency) of revenues over (under) expenses	<u>(1,265,000)</u>	<u>(2,826,284)</u>	<u>-</u>	<u>2,826,284</u>
Other financing sources (Uses)				
Transfers in	<u>265,000</u>	<u>265,000</u>	<u>265,000</u>	<u>-</u>
Total other financing sources (uses)	<u>265,000</u>	<u>265,000</u>	<u>265,000</u>	<u>-</u>
Net change in fund balances	(1,000,000)	(2,561,284)	265,000	2,826,284
Fund balances, beginning	<u>2,563,442</u>	<u>2,563,442</u>	<u>2,563,442</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,563,442</u>	<u>\$ 2,158</u>	<u>\$ 2,828,442</u>	<u>\$ 2,826,284</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
800 Trunking Radio Systems Improvements Capital Projects Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Investment income	\$ 750	\$ 750	\$ 550	\$ (200)
Total revenues	<u>750</u>	<u>750</u>	<u>550</u>	<u>(200)</u>
Excess (deficiency) of revenues over (under) expenses	<u>750</u>	<u>750</u>	<u>550</u>	<u>(200)</u>
Other financing sources (uses)				
Transfers in	<u>129,215</u>	<u>129,215</u>	<u>129,215</u>	<u>-</u>
Total other financing sources (uses)	<u>129,215</u>	<u>129,215</u>	<u>129,215</u>	<u>-</u>
Net change in fund balances	129,965	129,965	129,765	(200)
Fund balances, beginning	<u>1,383,661</u>	<u>1,383,661</u>	<u>1,383,661</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,513,626</u>	<u>\$ 1,513,626</u>	<u>\$ 1,513,426</u>	<u>\$ (200)</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Technology Capital Improvement Fund
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
REVENUES			
Investment income	\$ 1,000	\$ 1,000	\$ 735
Miscellaneous	-	-	22,120
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>22,855</u>
EXPENDITURES			
Current:			
General government	292,570	324,688	148,650
Capital outlay	<u>310,950</u>	<u>881,372</u>	<u>527,271</u>
Total expenditures	<u>603,520</u>	<u>1,206,060</u>	<u>675,921</u>
Excess (deficiency) of revenues over (under) expenses	<u>(602,520)</u>	<u>(1,205,060)</u>	<u>(653,066)</u>
Other financing sources (uses)			
Transfers in	<u>500,000</u>	<u>574,307</u>	<u>574,307</u>
Total other financing sources (uses)	<u>500,000</u>	<u>574,307</u>	<u>574,307</u>
Net change in fund balances	(102,520)	(630,753)	(78,759)
Fund balances, beginning	<u>4,150,298</u>	<u>4,150,298</u>	<u>4,150,298</u>
Fund balances, ending	<u>\$ 4,047,778</u>	<u>\$ 3,519,545</u>	<u>\$ 4,071,539</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Smallhouse Road Construction Capital Projects Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Investment income	\$ 500	\$ 500	\$ 368	\$ (132)
Contributions and donations	-	1,860,000	57,645	(1,802,355)
Total revenues	<u>500</u>	<u>1,860,500</u>	<u>58,013</u>	<u>(1,802,487)</u>
EXPENDITURES				
Current:				
Public works	-	695,932	57,645	638,287
Capital outlay	-	696,621	685,187	11,434
Total expenditures	<u>-</u>	<u>1,392,553</u>	<u>742,832</u>	<u>649,721</u>
Excess (deficiency) of revenues over (under) expenses	<u>500</u>	<u>467,947</u>	<u>(684,819)</u>	<u>(1,152,766)</u>
Net change in fund balances	500	467,947	(684,819)	(1,152,766)
Fund balances, beginning	<u>2,193,925</u>	<u>2,193,925</u>	<u>2,193,925</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,194,425</u>	<u>\$ 2,661,872</u>	<u>\$ 1,509,106</u>	<u>\$ (1,152,766)</u>

See accompanying independent auditor's report.

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Parks Capital Improvements Fund
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
REVENUES			
Investment income	\$ 1,250	\$ 1,250	\$ 18,359
Contributions and donations	-	30,000	30,000
Total revenues	<u>1,250</u>	<u>31,250</u>	<u>48,359</u>
EXPENDITURES			
Current:			
Parks and recreation	399,600	1,774,385	1,373,244
Capital outlay	<u>2,170,000</u>	<u>1,524,090</u>	<u>973,646</u>
Total expenditures	<u>2,569,600</u>	<u>3,298,475</u>	<u>2,346,890</u>
Excess (deficiency) of revenues over (under) expenses	<u>(2,568,350)</u>	<u>(3,267,225)</u>	<u>(2,298,531)</u>
Other financing sources (uses)			
Transfers in	<u>985,650</u>	<u>1,515,650</u>	<u>2,100,723</u>
Total other financing sources (uses)	<u>985,650</u>	<u>1,515,650</u>	<u>2,100,723</u>
Net change in fund balances	<u>(1,582,700)</u>	<u>(1,751,575)</u>	<u>(197,808)</u>
Fund balances, beginning	<u>8,787,729</u>	<u>8,787,729</u>	<u>8,787,729</u>
Fund balances, ending	<u>\$ 7,205,029</u>	<u>\$ 7,036,154</u>	<u>\$ 8,589,921</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Bluegrass Farms Blvd Capital Projects Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Public works	\$ -	\$ 6,300	\$ 6,300	\$ -
Total expenditures	-	6,300	6,300	-
Excess (deficiency) of revenues over (under) expenses	-	(6,300)	(6,300)	-
Other financing sources (Uses)				
Transfers in	-	116,000	116,000	-
Total other financing sources (uses)	-	116,000	116,000	-
Net change in budgetary fund balances	-	109,700	109,700	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ 109,700	\$ 109,700	\$ -

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Police Capital Improvements Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES				
Other financing sources (Uses)				
Transfers out	\$ -	\$ (74,309)	\$ (74,309)	\$ -
Total other financing sources (uses)	<u>-</u>	<u>(74,309)</u>	<u>(74,309)</u>	<u>-</u>
Net change in budgetary fund balances	-	(74,309)	(74,309)	-
Fund balances, beginning of year	<u>74,309</u>	<u>74,309</u>	<u>74,309</u>	<u>-</u>
Fund balances, end of year	<u>\$ 74,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

NONMAJOR GOVERNMENTAL FUNDS

INTERNAL SERVICE FUNDS

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

Fleet Maintenance Fund

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

Employee Health Care Fund

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

Workers Compensation Fund

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

Property and Casualty Fund

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

City of Bowling Green, Kentucky
Combining Statement of Net Position - Internal Service Funds
June 30, 2023

	Fleet Maintenance	Employee Health Care	Workers Compensation	Property and Casualty	Total Internal Service Funds
ASSETS					
Current assets					
Pooled cash and cash equivalents	\$ 741,863	\$ 3,311,449	\$ 419,782	\$ 951,314	\$ 5,424,408
Investments	189,597	1,361,384	1,101,522	-	2,652,503
Interest receivable	-	17	2	-	19
Prepaid items	-	209,528	-	-	209,528
Inventories	288,895	-	-	-	288,895
Total current assets	1,220,355	4,882,378	1,521,306	951,314	8,575,353
Noncurrent assets					
Capital assets					
Buildings	236,392	198,701	-	362,446	797,539
Improvements other than buildings	89,776	-	-	-	89,776
Machinery and equipment	396,277	-	213,117	147,590	756,984
	722,445	198,701	213,117	510,036	1,644,299
Less: accumulated depreciation	(377,471)	(37,256)	(187,441)	(82,276)	(684,444)
Total capital assets, net of accumulated depreciation	344,974	161,445	25,676	427,760	959,855
Total noncurrent assets	344,974	161,445	25,676	427,760	959,855
Total assets	\$ 1,565,329	\$ 5,043,823	\$ 1,546,982	\$ 1,379,074	\$ 9,535,208
LIABILITIES					
Current liabilities					
Vouchers and accounts payable	\$ 37,417	\$ 57,057	\$ 6,725	\$ 14,251	\$ 115,450
Accrued payroll	27,548	-	2,514	1,289	31,351
Insurance claims payable	-	928,564	28,032	53,933	1,010,529
Current portion of compensated absences	22,316	-	-	-	22,316
Total current liabilities	87,281	985,621	37,271	69,473	1,179,646
Noncurrent liabilities					
Noncurrent portion of compensated absences	16,858	-	-	-	16,858
Total liabilities	104,139	985,621	37,271	69,473	1,196,504
NET POSITION					
Net invested in capital assets	344,974	161,445	25,676	427,760	959,855
Unrestricted	1,116,216	3,896,757	1,484,035	881,841	7,378,849
Total net position	\$ 1,461,190	\$ 4,058,202	\$ 1,509,711	\$ 1,309,601	\$ 8,338,704

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds
Year Ended June 30, 2023

	Fleet Maintenance	Employee Health Care	Workers Compensation	Property and Casualty	Total
OPERATING REVENUES					
Charges for services	\$ 2,056,741	\$ -	\$ -	\$ -	\$ 2,056,741
Insurance premiums	-	7,646,406	804,037	-	8,450,443
Judgements and settlements	71	-	-	328,669	328,740
Contributions and donations	-	-	3,000	3,000	6,000
Miscellaneous	1,781	-	-	-	1,781
Total operating revenues	2,058,593	7,646,406	807,037	331,669	10,843,705
OPERATING EXPENSES					
Personnel services	833,629	-	66,123	35,382	935,134
Contractual services	70,838	864,443	101,427	81,956	1,118,664
Supplies	1,136,462	111,923	47,943	52,675	1,349,003
Utilities	38,628	-	-	-	38,628
Repairs and maintenance	189,262	-	-	8,327	197,589
Insurance premiums and claims	-	6,802,503	385,292	1,212,523	8,400,318
Depreciation	13,555	4,968	26,184	28,819	73,526
Miscellaneous	7,873	-	3,331	504	11,708
Total operating expenses	2,290,247	7,783,837	630,300	1,420,186	12,124,570
Operating income (loss)	(231,654)	(137,431)	176,737	(1,088,517)	(1,280,865)
NONOPERATING REVENUES (EXPENSES)					
Investment losses	734	50,525	67,195	-	118,454
Total nonoperating revenues (expenses)	734	50,525	67,195	-	118,454
Income (loss) before transfers	(230,920)	(86,906)	243,932	(1,088,517)	(1,162,411)
Transfers in	715,000	-	-	1,275,000	1,990,000
Transfers out	-	-	(275,000)	-	(275,000)
Total transfers	715,000	-	(275,000)	1,275,000	1,715,000
Change in net position	484,080	(86,906)	(31,068)	186,483	552,589
Net position, beginning	977,110	4,145,108	1,540,779	1,123,118	7,786,115
Net position, ending	\$ 1,461,190	\$ 4,058,202	\$ 1,509,711	\$ 1,309,601	\$ 8,338,704

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Combining Statement of Cash Flows - Internal Service Funds
Year Ended June 30, 2023

	Fleet Maintenance	Workers Compensation	Employee Health Care	Property and Casualty	Total
CASH FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 2,058,593	\$ 807,037	\$ 7,646,406	\$ 331,669	\$10,843,705
Payments to employees	(827,320)	(65,892)	(55,868)	(35,206)	(984,286)
Cash payments to suppliers	(1,492,157)	(169,657)	(850,918)	(506,555)	(3,019,287)
Claims paid	-	(384,298)	(6,298,853)	(1,179,242)	(7,862,393)
Net cash (used in) provided by operating activities	(260,884)	187,190	440,767	(1,389,334)	(1,022,261)
CASH FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	715,000	-	-	1,275,000	1,990,000
Transfers to other funds	-	(275,000)	-	-	(275,000)
Net cash provided by (used in) noncapital financing activities	715,000	(275,000)	-	1,275,000	1,715,000
CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(153,350)	-	-	(19,573)	(172,923)
Net cash (used in) capital and related financing activities	(153,350)	-	-	(19,573)	(172,923)
CASH FROM INVESTING ACTIVITIES					
Interest losses	734	67,195	50,528	-	118,457
Purchase of investments	3,257	(65,669)	(46,920)	-	(109,332)
Net cash provided by investing activities	3,991	1,526	3,608	-	9,125
Net cash increase (decreases) in cash and cash equivalents	304,757	(86,284)	444,375	(133,907)	528,941
Cash and cash equivalents at beginning of period	437,106	506,066	2,867,074	1,085,221	4,895,467
Cash and cash equivalents at end of period	<u>\$ 741,863</u>	<u>\$ 419,782</u>	<u>\$ 3,311,449</u>	<u>\$ 951,314</u>	<u>\$ 5,424,408</u>
Reconciliation of operating income to net cash used in operating activities					
Operating income (loss)	\$ (231,654)	\$ 176,737	\$ (137,431)	\$ (1,088,517)	\$ (1,280,865)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	13,555	26,184	4,968	28,819	73,526
Changes in assets and liabilities:					
Inventories	(28,648)	-	-	-	(28,648)
Prepaid items	-	-	85,853	-	85,853
Accounts payable	(20,446)	(16,956)	39,595	(363,093)	(360,900)
Compensated absences	5,960	-	-	-	5,960
Accrued payroll	349	231	(55,868)	176	(55,112)
Insurance claims payable	-	994	503,650	33,281	537,925
Net cash provided by (used in) operating activities	<u>\$ (260,884)</u>	<u>\$ 187,190</u>	<u>\$ 440,767</u>	<u>\$ (1,389,334)</u>	<u>\$ (1,022,261)</u>

See accompanying independent auditor's report.

CUSTODIAL FUNDS

Custodial funds are used to account for assets held by the City on behalf of others as their agent and are custodial in nature.

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 Convention Center.

Tax Distribution Fund

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

Evidence Storage Fund

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

Bowling Green/Warren County Adjusted TIF Incremental Fund

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

City of Bowling Green, Kentucky
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023

	Tourist and Convention Fund	Tax Distribution Fund	Bowling Green Warren County Adjusted TIF Fund	Evidence Storage Fund	Total Custodial Funds
ASSETS					
Pooled cash and cash equivalents	\$ -	\$ 2,037	\$ 83,330	\$ 174,858	\$ 260,225
Total assets	<u>\$ -</u>	<u>\$ 2,037</u>	<u>\$ 83,330</u>	<u>\$ 174,858</u>	<u>\$ 260,225</u>
LIABILITIES					
Due to other governmental units	-	-	83,330	174,858	258,188
Due to other taxing units - School Board	-	2,037	-	-	2,037
Total liabilities	<u>-</u>	<u>2,037</u>	<u>83,330</u>	<u>174,858</u>	<u>260,225</u>
NET POSITION					
Restricted for individuals, organizations, and other governments	-	-	-	-	-
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
Year Ended June 30, 2023

	Tourist and Convention Fund	Tax Distribution Fund	Bowling Green Warren County Adjusted TIF Fund	Evidence Storage Fund	Total Custodial Funds
ADDITIONS:					
Property tax collections for other governments	\$ -	\$ 15,757,579	\$ -	\$ -	\$ 15,757,579
Tourism tax collections for other organizations	2,258,425	-	-	-	2,258,425
TIF tax collections for other governments	-	-	82,430	-	82,430
Miscellaneous	-	-	-	12,428	12,428
Investment income	-	-	900	-	900
Total additions property tax collections for other governments	<u>2,258,425</u>	<u>15,757,579</u>	<u>83,330</u>	<u>12,428</u>	<u>18,111,762</u>
DEDUCTIONS:					
Payments of property tax to other governments	-	15,757,579	-	-	15,757,579
Payments on behalf of other governments	-	-	83,330	12,428	95,758
Payments of tourism tax to other organizations	<u>2,258,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,258,425</u>
Total deductions	<u>2,258,425</u>	<u>15,757,579</u>	<u>83,330</u>	<u>12,428</u>	<u>18,111,762</u>
Net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Combining Statement of Net Position - Component Unit - Bowling Green Municipal Utilities
June 30, 2023

	Bowling Green Municipal Utilities			
	Electric Division	Water-Sewer Division	General Services Division	Total
ASSETS				
Non-pooled cash and cash equivalents	\$ 18,552,669	\$ 13,550,884	\$ 2,860,390	\$ 34,963,943
Receivables (net of allowances for uncollectibles):				
Accounts	10,058,269	2,403,426	48,046	12,509,741
Leases	102,469	917,928	471,490	1,491,887
Other receivables	208,919	149,543	-	358,462
Inventories	1,521,725	871,768	202,127	2,595,620
Due from other governments	3,609,880	-	-	3,609,880
Prepaid items	205,812	130,365	253,236	589,413
Prepayment to TVA	5,925,766	-	-	5,925,766
Investments and restricted funds	1,325,228	15,743,705	-	17,068,933
Other assets	89,359	8,232,798	267,106	8,589,263
Due from component units	193,756	295,527	-	489,283
Capital assets, net of accumulated depreciation				
Non-depreciable	745,492	64,204,704	56,508	65,006,704
Depreciable	60,407,470	133,043,314	4,968,331	198,419,115
Total assets	<u>102,946,814</u>	<u>239,543,962</u>	<u>9,127,234</u>	<u>351,618,010</u>
DEFERRED OUTFLOWS				
Outflows for pensions	1,662,471	2,474,568	302,637	4,439,676
Outflows for OPEB	1,623,492	1,847,463	269,699	3,740,654
Deferred amounts from refunding debt	68,292	228,562	-	296,854
Total deferred outflows	<u>3,354,255</u>	<u>4,550,593</u>	<u>572,336</u>	<u>8,477,184</u>
LIABILITIES				
Vouchers and accounts payable	7,985,790	1,075,444	128,680	9,189,914
Compensated absences payable	471,059	339,655	-	810,714
Accrued interest payable	893,165	99,280	-	992,445
Due to component units	288,341	182,626	-	470,967
Customer deposits	7,405,094	600	-	7,405,694
Other current liabilities	1,390,312	681,614	231,982	2,303,908
Net pension liability	16,878,908	17,987,062	2,536,586	37,402,556
Compensated absences payable, noncurrent	243,511	207,347	-	450,858
Net OPEB liability	4,531,602	4,957,056	720,424	10,209,082
Customer advances, noncurrent	90,856	-	-	90,856
Noncurrent liabilities				
Due within one year	540,000	5,800,011	-	6,340,011
Due in more than one year	6,975,987	101,000,484	-	107,976,471
Total liabilities	<u>47,694,625</u>	<u>132,331,179</u>	<u>3,617,672</u>	<u>183,643,476</u>
DEFERRED INFLOWS OF RESOURCES				
Inflows for pension	260,359	156,418	102,968	519,745
Inflows for OPEB	1,691,081	1,850,810	305,530	3,847,421
Inflows for leases	101,452	901,774	466,630	1,469,856
Total deferred inflows of resources	<u>2,052,892</u>	<u>2,909,002</u>	<u>875,128</u>	<u>5,837,022</u>
NET POSITION				
Net investment in capital assets	53,705,267	100,356,608	5,024,839	159,086,714
Restricted	1,325,228	11,598,303	-	12,923,531
Unrestricted	1,523,057	(3,100,537)	181,931	(1,395,549)
Total net position	<u>\$ 56,553,552</u>	<u>\$ 108,854,374</u>	<u>\$ 5,206,770</u>	<u>\$ 170,614,696</u>

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Statement of Activities - Component Unit - Bowling Green Municipal Utilities
June 30, 2023

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for services	Operating Contributions	Capital Contributions	Electric System	Water and Sewer System	General Services	Totals
Electric Division	\$ 94,710,155	\$ 97,752,610	\$ -	\$ -	\$ 3,042,455	\$ -	\$ -	\$ 3,042,455
Water-Sewer Division	29,815,169	36,127,118	-	311,265	-	6,623,214	-	6,623,214
General Services Division	4,016,433	5,222,721	-	-	-	-	1,206,288	1,206,288
Total component units	<u>\$ 128,541,757</u>	<u>\$ 139,102,449</u>	<u>\$ -</u>	<u>\$ 311,265</u>	<u>\$ 3,042,455</u>	<u>\$ 6,623,214</u>	<u>\$ 1,206,288</u>	<u>\$ 10,871,957</u>
GENERAL REVENUES								
Investment income					516,934	666,903	-	1,183,837
Merchandising revenues					141,290	-	10,525	151,815
Gain on sale of assets					-	5,800	-	5,800
Total general revenues					<u>658,224</u>	<u>672,703</u>	<u>10,525</u>	<u>1,341,452</u>
Change in net position					3,700,679	7,295,917	1,216,813	12,213,409
Net position, beginning of year					<u>52,852,873</u>	<u>101,558,457</u>	<u>3,989,957</u>	<u>158,401,287</u>
Net position, end of year					<u>\$ 56,553,552</u>	<u>\$ 108,854,374</u>	<u>\$ 5,206,770</u>	<u>\$ 170,614,696</u>

See accompanying independent auditor's report

STATISTICAL SECTION

The Statistical Section of the City of Bowling Green's annual comprehensive 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: Schedules 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: Schedules 5 - 10

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

Debt Capacity: Schedules 11 - 18

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: Schedules 19 - 20

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: Schedules 21 - 23

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

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 244,405,119	\$ 198,393,575	\$ 214,414,497	\$ 210,484,781	\$ 194,988,348	\$ 190,037,852	\$ 176,973,806	\$ 164,964,407	\$ 156,304,559 ^(a)	\$ 155,028,352
Restricted	73,896,526	93,637,265	87,104,283	21,822,445	33,016,893	27,832,630	29,267,444	27,174,588	19,415,538	13,291,912
Unrestricted	<u>(52,758,544)</u>	<u>(57,994,409)</u>	<u>(107,510,818)</u>	<u>(44,714,549) ^(d)</u>	<u>(48,596,491)</u>	<u>(46,835,736)</u>	<u>(43,014,659) ^(c)</u>	<u>(31,716,893)</u>	<u>(28,174,114) ^(b)</u>	<u>(29,848,657) ^(b)</u>
Total governmental activities net position	<u>\$ 265,543,101</u>	<u>\$ 234,036,431</u>	<u>\$ 194,007,962</u>	<u>\$ 187,592,677</u>	<u>\$ 179,408,750</u>	<u>\$ 171,034,746</u>	<u>\$ 163,226,591</u>	<u>\$ 160,422,102</u>	<u>\$ 147,545,983</u>	<u>\$ 138,471,607</u>
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 7,023,509	\$ 6,764,092	\$ 7,050,841	\$ 6,807,096	\$ 6,885,053	\$ 6,422,149	\$ 5,103,874	\$ 4,524,334	\$ 4,061,947 ^(a)	\$ 1,797,454
Unrestricted	<u>8,811,893</u>	<u>9,673,584</u>	<u>9,413,903</u>	<u>9,437,150</u>	<u>8,893,007</u>	<u>8,172,717</u>	<u>8,202,715</u>	<u>7,840,586</u>	<u>6,715,057</u>	<u>8,057,826</u>
Total business-type activities net position	<u>\$ 15,835,402</u>	<u>\$ 16,437,676</u>	<u>\$ 16,464,744</u>	<u>\$ 16,244,246</u>	<u>\$ 15,778,060</u>	<u>\$ 14,594,866</u>	<u>\$ 13,306,589</u>	<u>\$ 12,364,920</u>	<u>\$ 10,777,004</u>	<u>\$ 9,855,280</u>
Primary government										
Net investment in capital assets	\$ 251,428,628	\$ 205,157,667	\$ 221,465,338	\$ 217,291,877	\$ 201,873,401	\$ 196,460,001	\$ 182,077,680	\$ 169,488,741	\$ 160,366,506	\$ 156,825,806
Restricted	73,896,526	93,637,265	87,104,283	21,822,445	33,016,893	27,832,630	29,267,444	27,174,588	19,415,538	13,291,912
Unrestricted	<u>(43,946,651)</u>	<u>(48,320,825)</u>	<u>(98,096,915)</u>	<u>(35,277,399) ^(d)</u>	<u>(39,703,484)</u>	<u>(38,663,019)</u>	<u>(34,811,944) ^(c)</u>	<u>(23,876,307)</u>	<u>(21,459,057)</u>	<u>(21,790,831)</u>
Total governmental activities program revenues	<u>\$ 281,378,503</u>	<u>\$ 250,474,107</u>	<u>\$ 210,472,706</u>	<u>\$ 203,836,923</u>	<u>\$ 195,186,810</u>	<u>\$ 185,629,612</u>	<u>\$ 176,533,180</u>	<u>\$ 172,787,022</u>	<u>\$ 158,322,987</u>	<u>\$ 148,326,887</u>

Notes:

- (a) Golf and Aquatics enterprise funds were reclassified as governmental activities-effective July 1, 2014.
(b) The City implemented GASB 68 effective for period ending June 30, 2015, which resulted in a restatement of FY2014 ending balances.
(c) The City implemented GASB 75 effective for period ending June 30, 2018, which resulted in a restatement of the FY2017 ending balances.
(d) The City implemented GASB 84 effective for period ending June 30, 2021, which resulted in a restatement of the FY2020 ending balances.

See accompanying independent auditor's report.

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
EXPENSES										
Governmental activities:										
General government	\$ 15,308,476	\$ 18,021,958	\$ 33,661,006	\$ 33,240,486	\$ 28,296,834	\$ 29,613,361	\$ 36,558,180 (c)	\$ 19,038,235	\$ 16,081,900	\$ 14,940,954
Public safety	38,106,362	32,017,168	29,241,929	27,383,455	26,264,868	24,490,523	24,581,788	23,723,294	25,081,145	24,384,208
Public works	14,470,184	13,825,870	14,913,296	14,839,341	12,669,001	12,284,494	10,619,939	9,547,794	15,513,082	8,781,909
Parks and recreation	11,216,954	8,786,484	7,803,142	4,889,698	6,808,361	7,256,246	7,623,720	7,751,367	7,434,798 (b)	4,899,266
Neighborhood and community services	7,917,093	8,337,116	9,452,333	6,382,391	5,278,766	6,203,076	5,436,759	5,014,886	4,308,565	3,734,515
Agency services ^(d)	3,546,785	2,457,531	3,033,680	2,673,446	2,494,955	2,231,558	2,028,787	1,950,663	1,267,637	1,362,100
Interest expense	16,557,934	9,360,819	13,606,611	4,616,856	5,100,598	3,206,275	2,828,885	3,999,109	5,931,620	6,869,043
Total governmental activities	<u>107,123,788</u>	<u>92,806,946</u>	<u>111,711,997</u>	<u>94,025,673</u>	<u>86,913,383</u>	<u>85,285,533</u>	<u>89,678,058</u>	<u>71,025,348</u>	<u>75,618,747</u>	<u>64,971,995</u>
Business-type activities:										
Golf course	-	-	-	-	-	-	-	-	- (b)	1,750,045
Aquatics	-	-	-	-	-	-	-	-	- (b)	884,164
Convention Center	1,733,726	572,825	472,796	371,054	759,492	522,084	975,317	471,616	715,458	984,699
Total business-type activities	<u>1,733,726</u>	<u>572,825</u>	<u>472,796</u>	<u>371,054</u>	<u>759,492</u>	<u>522,084</u>	<u>975,317</u>	<u>471,616</u>	<u>715,458</u>	<u>3,618,908</u>
Total primary government expenses	<u>\$ 108,857,514</u>	<u>\$ 93,379,771</u>	<u>\$ 112,184,793</u>	<u>\$ 94,396,727</u>	<u>\$ 87,672,875</u>	<u>\$ 85,807,617</u>	<u>\$ 90,653,375</u>	<u>\$ 71,496,964</u>	<u>\$ 76,334,205</u>	<u>\$ 68,590,903</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 3,824,759	\$ 1,497,164	\$ 1,230,222	\$ 745,125	\$ 2,321,805	\$ 2,505,897	\$ 2,529,394	\$ 2,865,512	\$ 2,084,612	\$ 1,898,623
Public Safety	261,176	216,234	212,071	219,791	203,395	212,534	268,958	244,291	239,223	259,539
Public works	86,513	107,518	67,595	-	-	-	-	-	-	-
Parks and recreation	2,563,482	2,359,258	1,882,310	1,451,062	1,984,074	2,064,862	2,013,933	2,257,783	1,942,755	381,975
Operating grants and contributions	19,958,839	19,946,152	16,190,796	16,965,893	11,337,808	11,533,016	11,268,936	10,084,318	9,338,213	9,387,792
Capital grants and contributions	12,167,662	18,651,647	16,335,912	6,142,963	4,634,679	4,501,727	4,898,262	1,844,479	7,396,801	4,544,651
Total governmental activities program revenues	<u>38,862,431</u>	<u>42,777,973</u>	<u>35,918,906</u>	<u>25,524,834</u>	<u>20,481,761</u>	<u>20,818,036</u>	<u>20,979,483</u>	<u>17,296,383</u>	<u>21,001,604</u>	<u>16,472,580</u>
Business-type activities:										
Charges for services										
Golf course	-	-	-	-	-	-	-	-	-	1,247,622
Aquatics	-	-	-	-	-	-	-	-	-	449,284
Convention center	187,497	133,623	54,544	102,041	173,447	162,997	160,600	201,378	183,961	210,800
Total business-type activities program revenues	<u>187,497</u>	<u>133,623</u>	<u>54,544</u>	<u>102,041</u>	<u>173,447</u>	<u>162,997</u>	<u>160,600</u>	<u>201,378</u>	<u>183,961</u>	<u>1,907,706</u>
Total primary government program revenues	<u>\$ 39,049,928</u>	<u>\$ 42,911,596</u>	<u>\$ 35,973,450</u>	<u>\$ 25,626,875</u>	<u>\$ 20,655,208</u>	<u>\$ 20,981,033</u>	<u>\$ 21,140,083</u>	<u>\$ 17,497,761</u>	<u>\$ 21,185,565</u>	<u>\$ 18,380,286</u>
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (68,261,357)	\$ (50,028,973)	\$ (75,793,091)	\$ (68,500,839)	\$ (66,431,622)	\$ (64,467,497)	\$ (68,698,575)	\$ (53,728,965)	\$ (54,617,143)	\$ (48,499,415)
Business-type activities	(1,546,229)	(439,202)	(418,252)	(269,013)	(586,045)	(359,087)	(814,717)	(270,238)	(531,497)	(1,711,202)
Total primary government net expense	<u>\$ (69,807,586)</u>	<u>\$ (50,468,175)</u>	<u>\$ (76,211,343)</u>	<u>\$ (68,769,852)</u>	<u>\$ (67,017,667)</u>	<u>\$ (64,826,584)</u>	<u>\$ (69,513,292)</u>	<u>\$ (53,999,203)</u>	<u>\$ (55,148,640)</u>	<u>\$ (50,210,617)</u>

See accompanying independent auditor's report.

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
General revenues										
Property taxes	\$ 18,601,804	\$ 17,538,685	\$ 16,974,489	\$ 15,811,675	\$ 14,963,337	\$ 14,289,761	\$ 13,342,889	\$ 12,988,729	\$ 12,760,797	\$ 12,253,118
Insurance premium taxes	6,185,188	5,579,436	4,887,145	4,667,114	4,477,026	4,239,887	4,096,944	3,839,322	3,660,165	3,545,527
Wages and net profits	70,300,741	66,281,309	57,556,440	54,608,120	53,636,444	53,488,756	53,840,825	48,670,998	46,774,186	43,188,734
Investment income	2,125,395	(2,349,157)	299,971	851,895	850,604	101,498	125,424	462,415	362,436	597,329
Gain on disposal of capital assets	124,337	-	118,196	(1,879,514)	539,129	(21,381)	165,492	368,040	223,557	(98,712)
Miscellaneous	2,530,562	3,107,169	2,472,135	2,450,476	1,282,594	1,135,708	941,112	1,262,660	724,169	562,905
Transfers	(100,000)	(100,000)	(100,000)	(100,000)	(943,508)	(958,577)	(1,009,622)	(987,080)	(813,791)	(2,044,823)
Total governmental activities	<u>99,768,027</u>	<u>90,057,442</u>	<u>82,208,376</u>	<u>76,409,766</u>	<u>74,805,626</u>	<u>72,275,652</u>	<u>71,503,064</u>	<u>66,605,084</u>	<u>63,691,519</u>	<u>58,004,078</u>
Business-type activities:										
General revenues										
Property tax ^(a)	-	-	-	-	-	112,987	111,542	114,542	96,848	100,322
Transient room tax	752,808	706,193	418,494	475,577	544,642	564,518	590,019	559,040	450,592	405,516
Gain (loss) on sale of capital assets	-	-	-	(45,575)	-	-	-	-	-	-
Investment earnings	81,147	(394,059)	120,256	197,464	276,089	11,282	21,327	177,491	91,990	85,883
Miscellaneous	10,000	-	-	7,733	5,000	-	23,877	20,000	-	35
Transfers	100,000	100,000	100,000	100,000	943,508	958,577	1,009,622	987,080	813,791	2,044,823
Total business-type activities	<u>943,955</u>	<u>412,134</u>	<u>638,750</u>	<u>735,199</u>	<u>1,769,239</u>	<u>1,647,364</u>	<u>1,756,387</u>	<u>1,858,153</u>	<u>1,453,221</u>	<u>2,636,579</u>
Total primary government	<u>\$ 100,711,982</u>	<u>\$ 90,469,576</u>	<u>\$ 82,847,126</u>	<u>\$ 77,144,965</u>	<u>\$ 76,574,865</u>	<u>\$ 73,923,016</u>	<u>\$ 73,259,451</u>	<u>\$ 68,463,237</u>	<u>\$ 65,144,740</u>	<u>\$ 60,640,657</u>
CHANGES IN NET POSITION										
Governmental activities	\$ 31,506,670	\$ 40,028,469	\$ 6,415,285	\$ 7,908,927	\$ 8,374,004	\$ 7,808,155	\$ 2,804,489	\$ 12,876,119	\$ 9,074,376	\$ 9,504,663
Business-type activities	(602,274)	(27,068)	220,498	466,186	1,183,194	1,288,277	941,670	1,587,915	921,724	925,377
Total primary government	<u>\$ 30,904,396</u>	<u>\$ 40,001,401</u>	<u>\$ 6,635,783</u>	<u>\$ 8,375,113</u>	<u>\$ 9,557,198</u>	<u>\$ 9,096,432</u>	<u>\$ 3,746,159</u>	<u>\$ 14,464,034</u>	<u>\$ 9,996,100</u>	<u>\$ 10,430,040</u>

Notes:

- (a) Property taxes for business-type activities were previously reported on transient room tax line.
- (b) Golf and Aquatics enterprise funds were reclassified as governmental activities-effective July 1, 2014.
- (c) Implementation of GASB 75 resulted in the restatement of FY2017 balances.
- (d) Agency services was previously listed as Community Services prior to FY2018.

See accompanying independent auditor's report.

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable	\$ 3,658,179	\$ 263,342	\$ 286,536	\$ 298,345	\$ 293,526	\$ 209,367	\$ 200,384	\$ 223,820	\$ 217,129	\$ 190,343
Restricted	416,165	449,999	-	67,000	-	-	-	9,838	2,289	-
Committed	21,500,000	18,908,250	16,729,000	18,063,000	18,517,250	17,378,000	16,268,250	12,052,100	11,772,500	10,716,400
Assigned	2,764,836	6,843,038	2,204,470	1,745,941	1,664,918	2,714,255	2,986,496	3,236,165	5,234,158	2,367,637
Unassigned	12,088,827	12,698,634	9,883,588	13,467,237	7,522,491	7,274,446	5,915,385	5,763,288	5,295,615	5,904,641
Total general fund	<u>\$ 40,428,007</u>	<u>\$ 39,163,263</u>	<u>\$ 29,103,594</u>	<u>\$ 33,641,523</u>	<u>\$ 27,998,185</u>	<u>\$ 27,576,068</u>	<u>\$ 25,370,515</u>	<u>\$ 21,285,211</u>	<u>\$ 22,521,691</u>	<u>\$ 19,179,021</u>
All Other Governmental Funds										
Restricted	\$ 45,010,027	\$ 47,944,586	\$ 48,396,800	\$ 4,315,865	\$ 5,068,565	\$ 5,380,045	\$ 5,620,593	\$ 6,625,289	\$ 6,001,112	\$ 11,555,838
Committed	12,199,079	11,349,554	10,941,661	8,820,854	8,364,297	7,061,227	5,664,499	5,314,947	4,989,083	4,722,507
Assigned	58,847,511	53,247,162	45,201,542	30,842,370	32,166,811	26,823,810	27,265,386	24,482,158	16,722,160	15,074,918
Total all other governmental funds	<u>\$116,056,617</u>	<u>\$112,541,302</u>	<u>\$104,540,003</u>	<u>\$ 43,979,089</u>	<u>\$ 45,599,673</u>	<u>\$ 39,265,082</u>	<u>\$ 38,550,478</u>	<u>\$ 36,422,394</u>	<u>\$ 27,712,355</u>	<u>\$ 31,353,263</u>

Note:

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

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES										
Taxes	\$ 18,601,804	\$ 17,538,684	\$ 16,974,489	\$ 15,811,674	\$ 14,963,337	\$ 14,289,500	\$ 13,342,888	\$ 12,988,729	\$ 12,642,600	\$ 12,149,933
Insurance premium taxes	6,185,188	5,579,436	4,887,145	4,667,113	4,477,026	4,239,886	4,096,944	3,839,322	3,660,165	3,545,527
Wage withholdings and net profits	70,300,741	66,281,308	57,556,440	53,959,377	53,299,530	53,166,070	53,531,170	48,503,596	46,774,184	43,188,734
License and permits	2,233,844	1,861,084	1,552,863	1,756,461	1,651,384	1,701,660	1,751,842	1,877,089	1,315,429	1,053,434
Intergovernmental	23,162,205	28,643,050	23,873,481	17,820,248	12,304,712	11,057,249	10,396,702	9,753,351	9,847,448	9,761,879
Investment income	2,006,941	(2,193,725)	261,929	773,529	767,820	105,612	97,235	400,194	313,327	539,104
Charges for services	1,042,331	936,325	862,124	764,149	704,966	734,205	768,490	680,960	657,839	673,241
Parks and recreation	2,528,156	2,316,775	1,833,100	1,419,098	1,969,355	1,995,776	1,939,935	2,125,466	1,918,822	348,223
Rent income	800	1,377,190	1,646,049	93,485	448,653	1,026,513	1,342,225	1,814,788	1,289,025	1,303,456
Miscellaneous	836,344	1,188,938	1,376,565	1,623,084	1,282,984 (a)	2,266,979	1,829,821	1,396,401	2,382,712	2,207,881
Judgements and settlements	331,480	27,993	47,459	30,983	20,128 (a)	-	-	-	-	-
Contributions and donations	515,956	400,374	3,186,545	1,271,161	672,940 (a)	-	-	-	-	-
Total revenues	<u>127,745,790</u>	<u>123,957,432</u>	<u>114,058,189</u>	<u>99,990,362</u>	<u>92,562,835</u>	<u>90,583,450</u>	<u>89,097,252</u>	<u>83,379,896</u>	<u>80,801,551</u>	<u>74,771,412</u>
EXPENDITURES										
General government	12,626,551	14,220,571	16,974,602	7,678,690	6,692,053	6,769,970	5,934,999	6,119,394	5,814,708	5,322,276
Public safety	42,463,402	38,061,127	34,803,004	33,740,180	30,774,254	27,778,478	27,700,034	26,783,559	26,415,077	26,050,921
Public works	13,353,228	15,152,810	10,240,385	11,943,646	11,228,476	11,128,150	11,199,847	9,667,731	9,239,652	7,442,511
Parks and recreation	10,572,573	8,941,052	7,512,784	7,486,079	7,399,742	7,989,232	8,901,111	7,388,710	7,553,819	5,495,961
Neighborhood and community services	9,070,546	8,753,295	9,198,553	5,977,154	5,752,833	5,763,596	5,526,287	5,079,148	5,011,788	4,991,338
Agency services ^(b)	3,286,580	2,335,826	2,993,180	2,632,446	2,453,955	2,383,078	2,434,543	2,344,663	1,642,637	2,037,928
Capital outlay	14,992,469	7,655,588	8,991,912	16,052,642	7,424,050	14,486,238	5,989,737	4,100,590	7,316,707	6,092,831
Debt service										
Principal	15,273,608	8,881,547	9,278,922	8,870,594	8,924,715	9,369,543	9,834,543	8,332,286	12,229,806	12,979,281
Interest	2,271,946	2,597,101	2,143,284	2,276,066	2,551,342	2,736,324	3,028,788	3,992,515	4,470,886	4,801,181
Total expenditures	<u>123,910,903</u>	<u>106,598,917</u>	<u>102,136,626</u>	<u>96,657,497</u>	<u>83,201,420</u>	<u>88,404,609</u>	<u>80,549,889</u>	<u>73,808,596</u>	<u>79,695,080</u>	<u>75,214,228</u>
Excess (deficiency) of revenues over (under) expenditures	3,834,887	17,358,515	11,921,563	3,332,865	9,361,415	2,178,841	8,547,363	9,571,300	1,106,471	(442,816)

See accompanying independent auditor's report.

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
OTHER FINANCING SOURCES (USES)										
Transfers in	32,745,216	23,099,394	32,654,147	22,320,604	21,845,937	19,007,257	19,092,756	21,421,164	16,008,355	17,052,527
Transfers out	(34,560,217)	(24,739,394)	(33,391,085)	(23,222,106)	(24,989,445)	(21,915,834)	(21,652,377)	(23,630,744)	(17,522,146)	(19,747,350)
Premium on bond issuance	-	-	820,466	-	-	-	-	-	359,645	-
Discount on bond issuance	-	-	(312,948)	-	-	-	-	-	(95,408)	-
Financed purchase proceeds	-	-	-	1,531,518	-	3,531,021	-	-	-	-
Issuance of debt	925,105	2,091,238	43,835,000	-	-	-	-	-	-	-
Issuance of refunding debt	-	-	-	-	-	-	-	39,845,000	9,345,485	-
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	(42,259,385)	(9,605,241)	-
Premium from bond refunding	-	-	-	-	-	-	-	2,085,795	-	-
Lease and SBITA liabilities issued ^(c)	1,730,480	150,677	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	104,588	100,538	220,841	59,874	538,801	118,872	225,645	440,429	104,601	267,853
Total other financing sources (uses)	945,172	702,453	43,826,421	689,890	(2,604,707)	741,316	(2,333,976)	(2,097,741)	(1,404,709)	(2,426,970)
Net change in fund balances	<u>\$ 4,780,059</u>	<u>\$ 18,060,968</u>	<u>\$ 55,747,984</u>	<u>\$ 4,022,755</u>	<u>\$ 6,756,708</u>	<u>\$ 2,920,157</u>	<u>\$ 6,213,387</u>	<u>\$ 7,473,559</u>	<u>\$ (298,238)</u>	<u>\$ (2,869,786)</u>
Debt service as a percentage of noncapital expenditures	17.33 %	12.83 %	12.02 %	14.71 %	(15.73)%	17.01 %	18.76 %	17.59 %	23.93 %	26.14 %

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

(a) Prior to FY2019, Judgements and settlements and Contributions and donations were previously listed as Miscellaneous.

(b) Agency services was previously listed as Community services prior to FY2018.

(c) The City implemented GASB 87 effective for period ending June 30, 2022, which resulted in a an Other Financing Source for lease liabilities issued.

See accompanying independent auditor's report.

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

Fiscal Year Ended June 30,	Total Gross Wages	Occupational License Fees ^(a)	City of Bowling Green Direct Rate	Total Direct Rate
2014	\$ 1,829,239,189	\$ 33,840,925	1.85 %	1.85 %
2015	1,884,772,230	34,868,286	1.85 %	1.85 %
2016	2,033,197,759	37,614,159	1.85 %	1.85 %
2017	2,149,233,565	39,760,821	1.85 %	1.85 %
2018	2,216,711,705	41,009,167	1.85 %	1.85 %
2019	2,257,604,386	41,765,681	1.85 %	1.85 %
2020	2,319,192,084	42,905,054	1.85 %	1.85 %
2021	2,385,399,988	44,129,900	1.85 %	1.85 %
2022	2,651,661,963	49,055,746	1.85 %	1.85 %
2023	2,882,971,692	53,334,976	1.85 %	1.85 %

Source: City of Bowling Green, Department of Finance

Notes:

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

See accompanying independent auditor's report.

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

Fiscal Year Ended June 30,	Occupational Withholdings Fees	Occupational Net Profit Fees	Other Occupational Fees ^(a)	Total	Percentage Growth
2014	\$ 33,840,925	\$ 6,989,859	\$ 244,705	\$ 41,075,489	4.3 %
2015	34,868,286	9,280,035	261,163	44,409,484	8.1 %
2016	37,614,159	8,112,119	320,002	46,046,280	3.7 %
2017	39,760,821	10,866,714	371,052	50,998,587	10.8 %
2018	41,009,167	8,915,833	322,947	50,247,947	(1.5)%
2019	41,765,681	8,176,009	336,915	50,278,605	0.1 %
2020	42,905,054	8,423,114	364,682	51,692,850	2.8 %
2021	44,129,900	10,079,423	346,828	54,556,151	5.5 %
2022	49,055,746	12,712,420	1,064,434 ^(b)	62,832,600	15.2 %
2023	53,334,976	12,741,691	535,639	66,612,306	6.0 %

Notes:

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

(b) A change was made to Chapter 18 of the City's Code of Ordinances to place a two year cap on the request of business registration bond refunds. All current bond payers were notified of the change and refunded if eligibility requirements were met. All bonds exceeding two years were deemed ineligible for a refund. These refunds were considered forfeited and booked as revenue, which resulted in an increase in the Other Occupational Fees category. This process will be performed annually going forward.

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

Fiscal Year	Estimated Actual Value ^(a)	Total Real and Personal Property Assessment ^(b)	Franchise	PILOT	Total Assessment Including Franchise & PILOT	Total Current Levy ^(c)	Current Year Taxes Collected	Percent of Levy Collected	Delinquent Tax Collected	Total Delinquent Taxes Receivable
2014	\$ 5,308,858,978	\$ 4,941,833,867	\$ 108,613,121	\$ 85,038,850	\$ 5,135,485,838	\$ 10,420,333	\$ 10,376,147	99.58 %	\$ 151,450	\$ 492,409
2015	5,260,320,031	5,105,744,064	120,948,806	71,700,175	5,298,393,045	10,580,908	10,703,816	101.16 %	232,348	369,773
2016	5,520,063,044	5,327,488,265	138,865,602	75,763,490	5,542,117,357	11,182,527	11,098,513	99.25 %	458,973	371,907
2017	6,035,826,966	5,636,975,792	109,197,680	77,836,602	5,824,010,074	11,332,723	11,413,472	100.71 %	115,798	459,847
2018	6,376,495,461	5,894,237,333	177,998,932	78,156,277	6,150,392,542	11,796,625	12,228,506	103.66 %	211,049	363,786
2019	6,746,693,070	6,295,517,545	129,476,820	73,237,185	6,498,231,550	12,595,662	12,920,449	102.58 %	165,022	408,623
2020	6,880,203,774	6,603,627,466	76,366,946	80,442,180	6,760,436,592	13,220,871	13,515,522	102.23 %	167,953	481,990
2021	7,099,546,655	7,060,379,804	174,155,590	79,325,698	7,313,861,092	14,088,541	14,655,475	104.02 %	308,970	369,221
2022	9,133,009,311	7,503,515,420	188,152,859	79,470,424	7,771,138,703	14,705,552	15,063,987	102.44 %	213,783	505,243
2023	9,415,603,458	7,790,083,942	131,134,815	110,676,171	8,031,894,928	15,513,363	16,108,970	103.84 %	247,514	483,047

Sources: City of Bowling Green, Department of Finance

Warren County Property Value Administrator

Notes:

(a) Residential, farm, and commercial property divided by sales ratio added to personal, franchise, and PILOT assessment.

(b) Annual PVA assessment is valued as of January 1st.

(c) Original levy, Warren County Property Value Administrators Office. Property taxes attach as an enforceable lien on property as of January 1 each year.

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

REAL ESTATE

Fiscal Year	City Proper					City Annex				
	City	County	City School	State	Total	City	County	County School	State	Total
2014	0.2060	0.2170	0.7310	0.1220	1.2760	0.2060	0.2170	0.4200	0.1220	0.9650
2015	0.2060	0.2160	0.7560	0.1220	1.3000	0.2060	0.2160	0.4230	0.1220	0.9670
2016	0.2060	0.2160	0.7680	0.1220	1.3120	0.2060	0.2160	0.4350	0.1220	0.9790
2017	0.2060	0.2146	0.7810	0.1220	1.3236	0.2060	0.2146	0.4400	0.1220	0.9826
2018	0.2060	0.2146	0.8280	0.1220	1.3706	0.2060	0.2146	0.4490	0.1220	0.9916
2019	0.2050	0.2166	0.8280	0.1220	1.3716	0.2050	0.2166	0.4560	0.1220	0.9996
2020	0.2050	0.2155	0.8450	0.1220	1.3875	0.2050	0.2155	0.4610	0.1220	1.0035
2021	0.2050	0.2174	0.8450	0.1220	1.3894	0.2050	0.2174	0.4610	0.1220	1.0054
2022	0.2050	0.2175	0.8420	0.1190	1.3835	0.2050	0.2175	0.4610	0.1190	1.0025
2023	0.2050	0.2215	0.8420	0.1150	1.3835	0.2050	0.2215	0.4640	0.1150	1.0055

PERSONAL PROPERTY

Fiscal Year	City Proper					City Annex				
	City	County	City School	State	Total	City	County	County School	State	Total
2014	0.2600	0.2689	0.7560	0.4500	1.7349	0.2600	0.2689	0.4200	0.4500	1.3989
2015	0.2600	0.2716	0.7560	0.4500	1.7376	0.2600	0.2716	0.4230	0.4500	1.4046
2016	0.2600	0.2714	0.7680	0.4500	1.7494	0.2600	0.2714	0.4350	0.4500	1.4164
2017	0.2600	0.2587	0.7810	0.4500	1.7497	0.2600	0.2587	0.4400	0.4500	1.4087
2018	0.2600	0.2587	0.8280	0.4500	1.7967	0.2600	0.2587	0.4490	0.4500	1.4177
2019	0.2600	0.2673	0.8280	0.4500	1.8053	0.2600	0.2673	0.4560	0.4500	1.4333
2020	0.2600	0.2669	0.8450	0.4500	1.8219	0.2600	0.2669	0.4610	0.4500	1.4379
2021	0.2600	0.2681	0.8450	0.4500	1.8231	0.2600	0.2681	0.4610	0.4500	1.4391
2022	0.2600	0.2687	0.8450	0.4500	1.8237	0.2600	0.2687	0.4610	0.4500	1.4397
2023	0.2600	0.2704	0.8450	0.4500	1.8254	0.2600	0.2704	0.4640	0.4500	1.4444

Source: City of Bowling Green, Department of Finance

Notes:

- City proper and City annex are terms used to designate in which school system the property is located. All City residents pay both the City and County taxes, but are required to pay tax to only the one appropriate school system.
- Tax rates relate to the Fiscal Year period of July 1 - June 30. For example, Tax Year 2021 rates are collected in Fiscal Year 2022.

See accompanying independent auditor's report.

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

Taxpayer	
2023	2014
Bowling Green Metalforming LLC	Bowling Green Metalforming LLC
City of Bowling Green Board of Education	City of Bowling Green Board of Education
Commonwealth Health Corporation	General Motors Corporation
General Motors Corporation	Graves-Gilbert Clinic PSC
Graves-Gilbert Clinic PSC	Henkel Corporation
Holley Performance Product Inc	Houchens Food Group Inc
Kentucky State Treasurer	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

Notes:

- Taxpayer information is listed alphabetically.
- General Motors was previously listed as NAO Comp Oper-North American Oper.
- Commonwealth Health Corporation was previously listed as The Medical Center at BG.
- Henkel Corporation was previously listed as Huish & Sun Products Corporation.

Schedule 10
City of Bowling Green, Kentucky
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	2023			2014		
		Rank	Assessed Valued	Percent of Total Assessment ^(a)	Rank	Assessed Vale	Percent of Total Assessment ^(b)
Hub Multifamily LLC	Residential & Commercial Complex	1	\$ 75,049,000	0.96 %		\$ -	\$ -
Chandler Drive Partners LLC ^(c)	Apartment Complex	2	47,970,000	0.62 %	9	19,910,000	0.40 %
Henkel US Operations Corporation ^(d)	Factory	3	47,237,500	0.61 %	6	33,069,392	0.67 %
Drake Apartments Partners LLC	Apartment Complex	4	46,080,000	0.59 %		-	-
Greenwood Mall LLC/General Growth Prop Limited Partnership	Retail Mall	5	42,100,000	0.54 %	4	40,700,000	0.82 %
BG Fee Owner (KY) LLC	Real Estate Holding Company	6	31,462,500	0.40 %		-	-
A Himalaya USA Properties LLC	Real Estate Holding Company	7	27,417,970	0.35 %		-	-
Union Underwear Co. Inc	Clothing Manufacturer	8	26,625,000	0.34 %	1	62,924,236	1.27 %
Greenview Hospital, Inc	Healthcare Facility	9	24,950,000	0.32 %	5	34,906,625	0.71 %
Scotty's Development Co LLC	Industrial Real Estate Company	10	24,877,480	0.32 %		-	-
General Motors LLC	Factory		-	-	2	56,880,928	1.15 %
Wal-Mart	Retail		-	-	3	51,665,875	1.05 %
Atmos	Utilities		-	-	7	28,302,895	0.57 %
BGAEDA	Real Estate Holding Company		-	-	8	26,000,000	0.53 %
T&E Investments	Apartment Complex		-	-	10	19,480,000	0.39 %

Source: City of Bowling Green, Department of Finance

Notes:

- (a) Percent of total assessed value for real property of \$7,790,083,942 (January 1, 2022).
- (b) Percent of total assessed value for real property of \$4,941,833,867 (January 1, 2013).
- (c) Chandler Drive Partners LLC previously listed as Chandler Park Apartments LLC.
- (d) Henkel US Operations Corporation was previously listed as Sun Products Corp.

See accompanying independent auditor's report.

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income ^(b)	Debt per Capita
	General Obligation Bonds	Notes and Financed Purchases from Direct Borrowings and Placements	General Obligation Bonds	Notes Payable and Financed Purchases ^(a)			
2014	\$ 102,591,166	\$ 2,459,472	\$ 6,188,330	\$ 21,671	\$ 111,260,639	2.84 %	\$ 1,809
2015	101,557,970	2,119,501	2,936,494	-	106,613,965	2.66 %	1,706
2016	96,522,378	1,755,421	2,202,371	-	100,480,170	2.43 %	1,580
2017	87,575,068	794,217	1,498,248	-	89,867,533	2.03 %	1,377
2018	78,269,251	4,018,748	754,122	-	83,042,121	1.81 %	1,238
2019	69,731,975	3,513,596	-	-	73,245,571	1.54 %	1,071
2020	61,126,049	4,585,310	-	-	65,711,359	1.32 %	931
2021	96,063,190	3,970,596	-	-	100,033,786	1.97 %	1,384
2022	87,480,320	5,582,460	-	-	93,062,780	1.70 %	1,266
2023	73,102,450	5,823,905	-	-	78,926,355	1.31 %	1,053

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

(a) Warren County Water District bonds.

(b) See Schedule 20 for personal income and population data. The ratios are calculated using personal income and population for the prior calendar year.

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
TAX SUPPORTED										
General bonds and notes ^(a)	\$ 57,411,355	\$ 53,380,000	\$ 57,880,000	\$ 48,030,569	\$ 55,565,571	\$ 62,422,999	\$ 59,409,285	\$ 66,095,299	\$ 64,997,001	\$ 70,380,628
REVENUE SUPPORTED										
Revenue supported debt & financed purchases ^(b)	21,515,000	37,767,460	40,045,596	19,165,000	22,467,500	29,258,748	30,458,248	34,384,871	40,473,994	49,395,508
TOTAL DEBT	78,926,355	91,147,460	97,925,596	67,195,569	78,033,071	91,681,747	89,867,533	100,480,170	105,470,995	119,776,136
Less: revenue supported debt	(21,515,000)	(37,767,460)	(40,045,596)	(19,165,000)	(22,467,500)	(29,258,748)	(30,458,248)	(34,384,871)	(40,473,994)	(49,395,508)
NET DIRECT DEBT	57,411,355	53,380,000	57,880,000	48,030,569	55,565,571	62,422,999	59,409,285	66,095,299	64,997,001	70,380,628
Overlapping debt ^(c)	393,242,507	372,715,829	366,862,033	389,520,967	320,516,959	237,915,697	232,154,034	246,190,489	237,949,657	233,949,409
NET DIRECT & OVERLAPPING DEBT	450,653,862	426,095,829	424,742,033	437,551,536	376,082,530	300,338,696	291,563,319	312,285,788	302,946,658	304,330,037
PROPERTY TAX BASE										
Estimated actual value	\$ 7,790,083,942	\$ 7,503,515,420	\$ 7,060,379,804	\$ 6,603,627,466	\$ 6,295,517,545	\$ 5,894,237,333	\$ 5,636,975,792	\$ 5,327,488,265	\$ 5,105,744,064	\$ 4,941,833,867

Source: City of Bowling Green, Department of Finance

Notes:

(a) Does not include compensated absences, contingent liabilities, landfill post closure, bond premiums, deferred charges and discounts. Does not include debt service paid by WKU (See footnote on preceding page) or ITA debt obligations. See the Notes to the Financial Statements located in the Annual Comprehensive Financial Report (ACFR).

(b) In addition to enterprise supported obligations (see the prior and following tables), includes that portion of the ITA debt which is the responsibility of the City (50%). Also includes debt issued for WKU that is completely self-supporting.

(c) Overlapping debt includes the City's portion of the debt of Bowling Green Independent Schools, Warren County, Warren County Schools, and Bowling Green Municipal Utilities.

See accompanying independent auditor's report.

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

Fiscal Year	Principal	Interest	Total ^(a)
2024	\$ 3,990,000	\$ 1,815,052	\$ 5,805,052
2025	2,280,000	1,705,775	3,985,775
2026	2,350,000	1,629,857	3,979,857
2027	3,105,000	1,546,601	4,651,601
2028	3,230,000	1,452,312	4,682,312
2029	2,885,000	1,357,828	4,242,828
2030	2,980,000	1,284,069	4,264,069
2031	3,505,000	1,174,418	4,679,418
2032	3,650,000	1,064,268	4,714,268
2033	3,785,000	963,293	4,748,293
2034	3,055,000	867,293	3,922,293
2035	3,165,000	793,093	3,958,093
2036	3,280,000	716,343	3,996,343
2037	3,410,000	623,743	4,033,743
2038	3,535,000	537,743	4,072,743
2039	2,210,000	448,681	2,658,681
2040	2,295,000	403,631	2,698,631
2041	2,385,000	356,831	2,741,831
2042	2,475,000	308,231	2,783,231
2043	2,565,000	257,831	2,822,831
2044	2,660,000	205,581	2,865,581
2045	2,760,000	151,381	2,911,381
2046	2,860,000	93,394	2,953,394
2047	2,965,000	31,503	2,996,503

Source: City of Bowling Green, Department of Finance

Note:

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

See accompanying independent auditor's report.

Schedule 14
City of Bowling Green, Kentucky
Inter-Modal Transportation Authority Debt
Future Debt Services Requirements as of June 30th

Fiscal Year	Principal ^(a)					Interest					Total Debt Service
	2016A Bonds	2016B Bonds	2021A Bonds	2021B Bonds	Total Principal ^(b)	2016A Bonds	2016B Bonds	2021A Bonds	2021B Bonds	Total Interest	
2024	\$ 650,000	\$ 80,000	\$ -	\$ 295,000	\$ 1,025,000	\$ 6,663	\$ 1,236	\$ 807,931	\$ 93,069	\$ 908,899	\$ 1,933,899
2025	-	-	-	300,000	300,000	-	-	807,931	87,119	895,050	1,195,050
2026	-	-	-	305,000	305,000	-	-	807,931	81,069	889,000	1,194,000
2027	-	-	-	990,000	990,000	-	-	807,931	68,119	876,050	1,866,050
2028	-	-	-	1,035,000	1,035,000	-	-	807,931	47,869	855,800	1,890,800
2029	-	-	-	1,085,000	1,085,000	-	-	807,931	30,059	837,990	1,922,990
2030	-	-	-	1,130,000	1,130,000	-	-	807,931	11,300	819,231	1,949,231
2031	-	-	1,595,000	-	1,595,000	-	-	768,056	-	768,056	2,363,056
2032	-	-	1,680,000	-	1,680,000	-	-	715,581	-	715,581	2,395,581
2033	-	-	1,745,000	-	1,745,000	-	-	685,531	-	685,531	2,430,531
2034	-	-	1,820,000	-	1,820,000	-	-	649,881	-	649,881	2,469,881
2035	-	-	1,895,000	-	1,895,000	-	-	612,731	-	612,731	2,507,731
2036	-	-	1,970,000	-	1,970,000	-	-	574,081	-	574,081	2,544,081
2037	-	-	2,050,000	-	2,050,000	-	-	533,881	-	533,881	2,583,881
2038	-	-	2,130,000	-	2,130,000	-	-	492,081	-	492,081	2,622,081
2039	-	-	2,210,000	-	2,210,000	-	-	448,681	-	448,681	2,658,681
2040	-	-	2,295,000	-	2,295,000	-	-	403,631	-	403,631	2,698,631
2041	-	-	2,385,000	-	2,385,000	-	-	356,831	-	356,831	2,741,831
2042	-	-	2,475,000	-	2,475,000	-	-	308,231	-	308,231	2,783,231
2043	-	-	2,565,000	-	2,565,000	-	-	257,831	-	257,831	2,822,831
2044	-	-	2,660,000	-	2,660,000	-	-	205,581	-	205,581	2,865,581
2045	-	-	2,760,000	-	2,760,000	-	-	151,381	-	151,381	2,911,381
2046	-	-	2,860,000	-	2,860,000	-	-	93,394	-	93,394	2,953,394
2047	-	-	2,965,000	-	2,965,000	-	-	31,503	-	31,503	2,996,503

Source: City of Bowling Green, Department of Finance

Notes:

(a) This debt is a general obligation of the City, but payable from revenues received from ITA transactions. The City is jointly responsible with Warren County, KY for debt service on the bonds on a 50%-50% basis. The gross amount is displayed since the City is the issuer of the bonds.

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

See accompanying independent auditor's report.

Schedule 15
City of Bowling Green, Kentucky
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
General obligation bonds	\$ 73,102,450	\$ 87,480,320	\$ 96,063,190	\$ 61,126,049	\$ 69,731,975	\$ 78,269,251	\$ 87,575,068	\$ 96,522,378	\$ 101,557,970	\$ 102,591,166
Financed purchases	5,823,905	5,582,460	3,970,596	4,585,310	3,513,596	4,018,748	794,217	1,755,421	2,119,501	2,459,472
Net general bonded debt	<u>\$ 78,926,355</u>	<u>\$ 93,062,780</u>	<u>\$ 100,033,786</u>	<u>\$ 65,711,359</u>	<u>\$ 73,245,571</u>	<u>\$ 82,287,999</u>	<u>\$ 88,369,285</u>	<u>\$ 98,277,799</u>	<u>\$ 103,677,471</u>	<u>\$ 105,050,638</u>
Property values	\$ 7,790,083,942	\$ 7,503,515,420	\$ 7,060,379,804	\$ 6,603,627,466	\$ 6,295,517,545	\$ 5,894,237,333	\$ 5,636,975,792	\$ 5,327,488,265	\$ 5,105,744,064	\$ 4,941,833,867
Percentage of estimated actual taxable value of property	1.01 %	1.24 %	1.42 %	1.00 %	1.16 %	1.40 %	1.57 %	1.84 %	2.03 %	2.13 %
Per capita ^(a)	1,053	1,266	1,384	931	1,071	1,226	1,354	1,545	1,672	1,769

Notes:

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

(a) Population data can be found in Schedule 20.

See accompanying independent auditor's report

Schedule 16
City of Bowling Green, Kentucky
Direct and Overlapping Governmental Activities Debt
As of June 30, 2023

<u>Governmental Unit</u>	<u>Debt Outstanding^(a)</u>	<u>Estimated Percentage Applicable^(b)</u>	<u>Estimated Share of Overlapping Debt</u>
Bowling Green Independent Schools	\$ 82,957,000	100.00 %	\$ 82,957,000
Warren County	77,679,989	56.84 %	44,153,306
Warren County Schools	304,728,460	49.82 %	151,815,719
Bowling Green Municipal Utilities	114,316,482	100.00 %	<u>114,316,482</u>
Subtotal, overlapping debt			393,242,507
City direct debt			<u>78,926,355</u>
Total direct and overlapping debt			<u><u>\$ 472,168,862</u></u>

Sources:

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

Notes:

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

See accompanying independent auditor's report.

City of Bowling Green, Kentucky
Schedule 17
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2023	
Assessed value	\$ 7,790,083,942
Debt limit, 10% of assessed value ^(a)	779,008,394
Debt applicable to limit:	
General obligation bonds	73,102,450
Notes and financed purchases from direct borrowings and placements	5,823,905
Total net debt applicable to limit	78,926,355
Legal debt margin	<u>\$ 700,082,039</u>

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt limit	\$ 779,008,394	\$ 750,351,542	\$ 706,037,980	\$ 660,362,747	\$ 629,551,755	\$ 589,423,733	\$ 563,697,579	\$ 532,748,827	\$ 510,574,406	\$ 494,183,387
Less: Total net debt applicable to limit	<u>78,926,355</u>	<u>93,062,780</u>	<u>100,033,786</u>	<u>65,711,359</u>	<u>73,245,571</u>	<u>83,042,121</u>	<u>89,867,533</u>	<u>100,480,170</u>	<u>106,613,965</u>	<u>111,260,639</u>
Legal debt margin	<u>\$ 700,082,039</u>	<u>\$ 657,288,762</u>	<u>\$ 606,004,194</u>	<u>\$ 594,651,388</u>	<u>\$ 702,797,326</u>	<u>\$ 506,381,612</u>	<u>\$ 473,830,046</u>	<u>\$ 432,268,657</u>	<u>\$ 403,960,441</u>	<u>\$ 382,922,748</u>
Total net debt applicable to the limit as a percentage of debt limit	10.13 %	12.40 %	14.17 %	9.95 %	(11.63)%	14.09 %	15.94 %	18.86 %	20.88 %	22.51 %

Note:

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

Schedule 18
City of Bowling Green, Kentucky
Pledged-Revenue Coverage
Last Ten Fiscal Years

	Stonehenge Sections I-V ^(a)					Cedar Grove Section IX ^(a)					Lovers Lane ^(b)				
	Special Assessment Collections	Debt Service		Coverage		Special Assessment Collections	Debt Service		Coverage		Special Assessment Collections	Debt Service		Coverage	
		Principal	Interest				Principal	Interest				Principal	Interest		
2014	\$ 125,020	\$ 46,000	\$ 75,143	1.03		\$ 28,924	\$ 15,000	\$ 15,838	0.94		\$ 17,385	\$ 8,331	\$ 7,820	1.08	
2015	116,210	47,000	71,396	0.98		34,039	15,000	14,825	1.14		16,206	8,735	7,416	1.00	
2016	121,669	50,000	68,639	1.03		29,032	15,000	13,813	1.01		16,151	9,157	6,993	1.00	
2017	117,646	51,000	66,675	1.00		29,288	15,000	12,800	1.05		16,151	9,601	6,550	1.00	
2018	119,332	53,000	64,113	1.02		25,796	15,000	11,788	0.96		16,151	10,066	6,085	1.00	
2019	121,852	61,000	60,893	1.00		31,216	20,000	10,775	1.01		16,151	10,553	5,598	1.00	
2020	121,947	63,000	57,373	1.01		28,280	20,000	9,425	0.96		16,236	11,064	5,087	1.01	
2021	122,692	66,000	53,710	1.02		29,957	20,000	8,075	1.07		16,151	11,600	4,551	1.00	
2022	115,273	69,000	49,910	0.97		26,778	20,000	6,725	1.00		16,151	12,161	3,989	1.00	
2023	119,144	78,000	45,910	0.96		1,911	25,000	5,375	0.06		16,151	12,750	3,401	1.00	

Notes:

- (a) The Stonehenge Sections I-V and Cedar Grove Sections IX special assessment revenues are collected from property owners in each district to fund the development of the subdivisions and to provide amenities such as sidewalk infrastructure.
- (b) Lovers Lane special assessment revenues are collected from property owners to fund the development of underground utilities. This special assessment was new for fiscal year 2008.
- (c) The debt service structure for the Cedar Grove special assessments was setup to allow for the early payoff of the bonds. In FY2023, the amount required to payoff the bonds in advance was available and the debt retired. Remaining special assessment collections were refunded and will be returned to taxpayers through tax year 2023 property tax invoice reductions.

Schedule 19
City of Bowling Green, Kentucky
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ^(a)	Personal Income ^(b)	Per Capita Personal Income ^(c)	Median Age ^(d)	School Enrollment ^(e)	Unemployment Rate ^(f)
2014	61,500	\$ 3,921,515,000	\$ 33,486	27	18,981	6.8 %
2015	62,500	4,005,280,000	33,837	28	19,180	5.0 %
2016	63,600	4,138,310,000	34,354	28	20,682	4.7 %
2017	65,250	4,418,499,000	35,966	27	20,814	4.1 %
2018	67,100	4,582,488,000	36,505	28	21,037	4.0 %
2019	68,400	4,761,667,000	36,957	27	21,607	3.9 %
2020	70,550	4,993,967,000	38,045	27	21,470	6.2 %
2021	72,294	5,085,624,000	38,268	27	22,725	4.9 %
2022	73,529	5,475,272,000	40,705	28	23,766	3.8 %
2023	74,926	6,011,596,000	43,812	28	23,868	3.8 %

Sources:

- (a) Estimated population statistics obtained from the 2022 Census results (<https://www.census.gov/quickfacts/fact/table/bowlinggreencitykentucky.US/PST045222>).
- (b) Personal income data obtained from www.bea.gov (Bureau of Economic Analysis).
- (c) Income per capita obtained from www.bea.gov (Bureau of Economic Analysis).
- (d) Median Age statistics obtained from the World Population Review (<https://worldpopulationreview.com/us-cities/bowling-green-ky-population>).
- (e) Refer to the Bowling Green Independent School and Warren County Public Schools district offices and www.greatschools.org for private school information. Schools included are Bowling Green Board of Education, Warren County Board of Education, and private schools. Western Kentucky University is excluded.
- (f) Bureau of Labor Statistics (www.bls.gov), figures not seasonally adjusted, average for fiscal year.

Note:

Personal and per capita income correspond to the full calendar year prior to fiscal year end. Values are derived from Warren County population statistics.

Schedule 20
City of Bowling Green, Kentucky
Principal Employers
Current Year and Nine Years Ago

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Western Kentucky University	3,334	1	4.09 %	4,705	1	6.58 %
Commonwealth Health Corporation	2,997	2	3.68 %	2,054	2	2.87 %
General Motors Corporation	1,415	3	1.74 %	-	-	-
BG Metalforming LLC	1,302	4	1.60 %	797	7	1.11 %
Warren County Board of Education	1,216	5	1.49 %	980	5	1.37 %
Graves-Gilbert Clinic PSC	1,113	6	1.37 %	-	-	-
Houchens Food Group	1,042	7	1.28 %	814	6	1.14 %
Henkel Corporation	970	8	1.19 %	-	-	-
Union Underwear Co. LLC	838	9	1.03 %	1,462	3	2.04 %
Kobe Aluminum Auto Product LLC	816	10	1.00 %	-	-	-
Express Services Inc	-	-	-	998	4	1.40 %
Kentucky State Treasurer	-	-	-	699	8	0.98 %
AFNI Account No 1	-	-	-	685	9	0.96 %
City of Bowling Green	-	-	-	643	10	0.90 %
Total	<u>15,043</u>		<u>18.47 %</u>	<u>13,837</u>		<u>19.35 %</u>

Sources:

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

Notes:

- Commonwealth Health Corporation was previously listed as The Medical Center at BG.
- Henkel Corporation was previously listed as Sun Products Corporation.

Schedule 21
City of Bowling Green, Kentucky
Full-time City Government Employees by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>FUNCTION/PROGRAM</u>										
General government	49	45	44	46	43	40	42	42	40	42
Administration	8	8	7	8	8	8	9	8	8	8
Finance	18	18	18	18	16	14	16	16	15	17
Human Resources	8	7	7	7	7	6	6	7	6	6
Legal ^(a)	2	2	2	3	2	2	2	2	2	2
Information Technology	13	10	10	10	10	10	9	9	9	9
Public Safety	306	285	303	296	283	268	269	270	269	265
Police										
Officers	127	118	124	125	116	109	112	115	112	108
Civilians	34	31	40	36	35	32	31	30	35	37
Fire										
Firefighters and Officers	139	131	134	132	129	124	123	122	119	117
Civilians	6	5	5	3	3	3	3	3	3	3
Public Works	57	59	60	60	59	55	56	55	54	53
Parks and Recreation	55	53	51	54	54	54	53	52	56	54
Neighborhood & Community Services	26	28	23	25	26	25	26	26	26	24
Total	493	470	481	481	465	442	446	445	445	438

Source: City of Bowling Green Department of Finance

Notes:

Chart reflects number of full-time positions as of June 30 each fiscal year.

(a) Temporary overlapping of two full-time City Attorney positions as part of succession planning in FY202

Schedule 22
City of Bowling Green, Kentucky
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>FUNCTION/PROGRAM</u>										
Finance										
Tax bills sent	23,314	22,900	22,608	22,691	22,587	22,487	22,356	22,352	22,220	21,864
Business registrations received	1,281	1,162	1,103	949	1,105	915	848	829	883	1,025
Human Resources										
Job applicants	2,132	2,044	1,929	3,746	3,688	2,435	2,168	2,488	1,559	1,011
Position filled	228	221	382	240	370	329	299	234	222	248
Police										
911 service calls	68,220	74,048	70,235	69,474	66,314	64,822	78,052	81,072	78,465	75,800
Traffic stops	1,172	5,280	3,074	4,385	6,512	6,901	4,490	8,594	9,071	13,189
Fire										
Accident runs	8,207	6,504	5,375	6,639	7,519	7,298	7,251	6,786	6,195	5,634
Fire runs	295	300	244	207	218	221	262	236	282	212
Fires investigated	132	114	97	37	41	34	30	36	63	17
Public Works										
Street resurfacing (miles)	13	17	15	25	18	18	15	8	7	4
Potholes repaired	108	125	222	538	329	598	668	575	826	426
Parks and Recreation										
Fitness & athletic participants	897,641	853,709	646,239	747,175	940,997	995,538	885,472	902,073	883,654	970,174
Visits to Community Center	113,720	86,162	50,029	107,687	161,710	159,047	156,913	156,811	229,885	272,470
Neighborhood & Community Services										
Neighborhood meetings conducted ^(b)	11	-	20	30	36	40	69	69	55	61
Households receiving asst	894	798	761	738	743	762	698	695	743	719
Bldg/electrical & code inspections	25,077	20,033	10,199	11,993	13,816	12,731	13,236	13,360	10,796	12,264
Animal control calls	2,034	1,654	1,654	1,947	2,698	2,542	2,489 ^(a)	2,489	2,317	2,788

Source: Various City of Bowling Green departments.

Notes:

(a) Effective 2017, Animal Control moved to the Neighborhood and Community Services Department from the Police Department.

(b) Due to the pandemic, neighborhood meetings were not tracked nor able to be held in 2022.

See accompanying independent auditor's report.

Schedule 23
City of Bowling Green, Kentucky
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>FUNCTION/PROGRAM</u>										
Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Fire stations	7	7	7	6	6	6	6	6	6	6
Training centers	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	280	274	273	269	266	266	264	262	257	264
Sidewalks (miles)	201 ^(d)	239	236 ^(c)	147	140	136 ^(b)	119	114	113	112
Alleys (miles)	16	16	16	15	15	15	15	15	15	15 ^(a)
Parks and Recreation										
Number of parks	24	24	24	21	21	22	22	22	21	20
Number of facilities	7	7	7	7	7	7	7	7	7	7
Acreage	1,000	1,000	1,000	970	970	970	970	970	974	972
Playgrounds	15	15	15 ^(e)	22	22	22	22	22	22	21
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccerfields	21	21	21	19	19	19	14	14	14	13
Community centers	3	3	3	3	3	3	3	3	3	3
Neighborhood & Community Services										
Building permits issued	2,654	3,787	2,460	2,060	2,284	2,155	2,296	2,193	2,003	1,824

Sources: Various City of Bowling Green departments.

Notes:

- (a) In FY2014, the Public Works Department updated mapping, which decreased alley miles.
- (b) The increase in sidewalk miles is due to the recalculation of miles reported in FY2018.
- (c) The FY2021 increase in sidewalk miles is due to the acceptance of maintenance of sidewalks previously maintained by the State.
- (d) The FY2023 decrease in sidewalk miles is due to a review and recalculation of miles reported.
- (e) The decrease in Parks and Recreation playgrounds is to reflect the number of parks with playgrounds rather than the total number of playgrounds.

See accompanying independent auditor's report.

City of Bowling Green, Kentucky

Single Audit Reports Under
Uniform Guidance

Year Ended June 30, 2023

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

Honorable Todd Alcott, Mayor
and Members of the Board of Commissioners
City of Bowling Green

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Bowling Green, Kentucky's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bowling Green, Kentucky's major federal programs for the year ended June 30, 2023. The City of Bowling Green, Kentucky's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Bowling Green, Kentucky complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Report on Internal Control over Compliance (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

MCM CPAs & Advisors LLP

Lexington, Kentucky
October 30, 2023

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

Honorable Todd Alcott, Mayor
and Members of the Board of Commissioners
City of Bowling Green

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Kentucky as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Bowling Green, Kentucky's basic financial statements, and have issued our report thereon dated October 30, 2023.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Lexington, Kentucky
October 30, 2023

City of Bowling Green, Kentucky
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Pass-through to Sub-recipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Direct programs</i>				
Federal Transit Cluster				
Federal Transit Formula Grants	20.507	N/A	\$ -	\$ 383,639
COVID - 19 - Federal Transit Formula Grants	20.507	N/A	-	990,097
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	N/A	-	71,544
Total Federal Transit Cluster			-	1,445,280
Transit Services Program Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	N/A	-	265,308
<i>Pass through Kentucky Transportation Cabinet</i>				
Highway Planning and Construction	20.205	03-03206	-	506,918
Total U.S. Department of Transportation			-	2,217,506
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Direct programs</i>				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers Administrative	14.871	N/A	-	497,510
Section 8 Housing Choice Vouchers	14.871	N/A	-	3,402,891
Mainstream Vouchers Admin	14.879	N/A	-	58,080
Mainstream Vouchers	14.879	N/A	-	433,062
Total Housing Voucher Cluster			-	4,391,543
CDBG - Entitlement Cluster				
Community Development Block Grants/Entitlement Grants	14.218	N/A	-	347,514
<i>Pass through Department for Local Government</i>				
CDBG - Entitlement Cluster				
Community Development Block Grants/Entitlement Grants	14.218	20C-176	558,095	825,670
Total U.S. Department of Housing and Urban Development			558,095	5,564,727

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

City of Bowling Green, Kentucky
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2023

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Entity Identifying Number</u>	<u>to Sub- recipients</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Direct programs</i>				
Assistance to Firefighters Grant	97.044	N/A	\$ -	\$ 28,501
<i>Pass through Kentucky Office of Homeland Security</i>				
Homeland Security Grant Program	97.067	21-005	-	27,490
<i>Pass through KY Division of Emergency Management</i>				
Disaster Recovery - COVID-19	97.036	2200002042		81,789
Total U.S. Department of Homeland Security			-	137,780
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Direct programs</i>				
Bulletproof Vest Partnership Program	16.607	N/A	-	12,318
COVID - 19 - Coronavirus Emergency Supplemental Funding Program	16.034	N/A	-	56,364
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	N/A	-	62,607
Total U.S. Department of Justice			-	131,289
<u>OFFICE OF NATIONAL DRUG CONTROL POLICY</u>				
<i>Pass through Appalachia HIDTA</i>				
High Intensity Drug Trafficking Areas Program	95.001	G12AP001A	-	16,521
<u>U.S. DEPARTMENT OF THE TREASURY</u>				
<i>Direct Programs</i>				
COVID - 19 - Coronavirus Relief Fund	21.019	N/A	-	656,610
<i>Pass through Kentucky Housing Corporation</i>				
COVID - 19 - Emergency Rental Assistance Program	21.023	LUA22-0266-01	-	73,950
Total U.S. Department of the Treasury			-	730,560
Total Expenditures of Federal Awards			\$ 558,095	\$ 8,798,383

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

City of Bowling Green, Kentucky
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City of Bowling Green, Kentucky, under programs of the federal government for the year ended June 30, 2023 in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the City of Bowling Green, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

City of Bowling Green, Kentucky
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditor's Results

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

CFDA Number(s)

Name of Federal Program or Cluster

14.871

Section 8 Housing Choice Vouchers

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

City of Bowling Green, Kentucky
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

Section II - Financial Statement of Findings

No matters were reported.

Section III - Major Federal Award Findings and Questioned Costs

No matters were reported.

City of Bowling Green, Kentucky
Schedule of Prior Year Audit Findings
Year Ended June 30, 2023

No matters were reported.