



CITY OF BOWLING GREEN
COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016



Issued by the Department of Finance

City of Bowling Green, Kentucky

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November 7, 2016

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

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Bowling Green (City) for the fiscal year ended June 30, 2016. The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and the reporting standards of the Governmental Accounting Standards Board (GASB). The CAFR includes all funds of the City and the component units.

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

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

The independent accounting firm of Mountjoy Chilton Medley LLP, Certified Public Accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2016 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, 2016 are fairly presented in all material respects in conformity with GAAP. Their report is the first component in the Financial Section of this report.

Additionally, Mountjoy Chilton Medley LLP included an audit of federal grants in order to meet the requirements of federal grantor agencies as outlined by the federal Single Audit Act of 1984, the Single Audit Act Amendment of 1996, and related Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, 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. These reports are published separately. Requests for a copy of the Single Audit Report should be directed to the City's Chief Financial Officer or may be found on the City's website.

PROFILE OF THE CITY

Bowling Green, the "Park City" of Kentucky, was established in 1798, and is located in the south-central part of the state. The City occupies a land area of 38.7 square miles, has an estimated population of 63,600, and serves as the retail, educational, medical, commercial, and social hub for south-central Kentucky and northern Tennessee. The labor market area, which measures employable workers that are 18 years and older, is measured at approximately 488,000 for the area encompassing a sixty minute drive from the City.

The City operates under the City Manager form of government, one of the alternative forms of municipal government established under Kentucky Statutes. Under this form of government, a Mayor, who is elected for a term of four years, and four City Commissioners, who serve two years each, are all voted into office in non-partisan elections. The Mayor and the City Commissioners comprise the Board of Commissioners (Board), in which all legislative and executive authority of the City is vested. As such, the Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring all City staff. The Board appoints a City Manager, who serves as the Chief Administrative Officer of the City and enforces City ordinances and policy as well as carrying out day-to-day operations. The City's workforce as of June 30, 2016, was comprised of 445 authorized full-time positions, with 61% of the employees dedicated to public safety.

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

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

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

The annual budget serves as the foundation for the City's financial planning and control. The City Manager submits a proposed budget to the City Commission in June. Under state statute, this budget must be balanced for each fund and total available funds must equal or exceed total anticipated expenditures. The Commission then conducts a series of public hearings on the proposed budget. Prior to July 1, the budget is legally enacted through passage of an ordinance. The Chief Financial Officer is authorized to transfer budgeted amounts between departments within any fund. However, the City Commission must approve any revisions that alter the total expenditures of any fund. During this fiscal year, there were four such budget amendments.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

The local economy is comprised of a well-balanced blend of service, manufacturing, retail and other industries that support the City's main revenue source, the Employee Withholdings tax. Bowling Green is the home of Western Kentucky University (WKU), the city's largest employer with nearly 4,700 employees and a prime catalyst for the local economy. The University's total enrollment for the Fall 2016 semester including undergraduate and graduate students was slightly above 20,000 and was another strong year for enrollment. WKU also houses one of the nation's top-rated high schools, the Gatton Academy for Mathematics and Sciences, which was ranked as high as #1 by *Newsweek* magazine from 2012-2014 and has been named to the *Washington Post's* list of Top Performing High Schools with Elite Students for eight consecutive years. Other major employers include the General Motors Corvette assembly plant and two regional hospitals. In addition, countless local businesses prosper in the community proving that the entrepreneurial spirit is alive and well in the region.

Aggressive cooperative strategies are in place between the local governments, the Chamber of Commerce, and the Economic Development Authority that continue to attract business and jobs to the community. The city consistently scores high in national rankings of preferred business location and favorable environments for the creation and development of businesses due to rich economic, social and cultural environments. During FY2016, the Bowling Green Area Chamber of Commerce announced capital investments totaling more than \$943 million and the created of over 1,000 new jobs. Included in the announcements was General Motors' \$483 million investment for a custom paint shop, which became the 2nd largest project in Kentucky and was in the top 15 investments in the nation. Also, Bowling Green Metalforming invested \$261 million in development and created 450 jobs.

For 2016, Bowling Green was ranked 33rd for Job Growth Rate by *Forbes* for "Best Small Places for Business and Careers" out of 200 cities and 51st for Low Cost of Doing Business, with an overall ranking of 39th. *Site Selection* magazine ranked the city as 2nd in the "Top 10 Metro Areas for New and Expanded Facilities in 2015"; this is Bowling Green's 3rd consecutive year on the list and climbing from 6th in 2013. The Environmental Protection Agency (EPA) awarded the

City's new Neighborhood and Community Services building an Energy Star award in 2016 to signify that the building performs in the top 25 percent of similar facilities nationwide for energy efficiency. Also, Livability named Bowling Green as one of the top 10 college town in the United States and SmartAsset named Warren County as No. 1 in Kentucky for investments in the local economy.

Bowling Green's average unemployment rate during the past fiscal year decreased by -0.6% and ended the year below the state and national average. Bowling Green began fiscal year 2016 with an unemployment rate of 5.3%, versus 5.8% for the state and 5.3% nationally. By the end of the fiscal twelve months, the City's unemployment rate was 4.7%, versus 5.4% for the state and 5.0% for the nation. Bowling Green's unemployment rate during fiscal year 2016 averaged 4.7%.

Bowling Green continued to show signs of economic growth during fiscal year 2016 with overall revenue growth of 5.8%, outpacing the previous year by +4.7%. The payroll tax base posted a gain of approximately \$148.4 million, which increased employee withholding fee collections by \$2,749,000, or +7.9%, over fiscal year 2015 and contributed to total withholding receipts of \$37.6 million. The total employee withholding revenues have increased by an average of 5.5% over the prior three years, a strong improvement compared to the short period of decline in 2008-09. The City's other important revenue source, net profit tax revenues, eclipsed the FY16 amended budget by \$1,432,000, or +18.6%, contributing to a total collection of \$8,112,000. New business registrations issued during the fiscal year totaled 829.

Management believes the local economy is strong and vibrant with the announcement of new jobs almost every month. The economic recovery that began four years ago is expected to continue with stable growth between 4 and 5% anticipated in the coming years. The City is committed to aggressively competing for jobs and building a skilled workforce and plans to continue its efforts to attract jobs to the area by offering incentives to new businesses locating in the area and to encourage the expansions of existing businesses to grow the existing job base. Western Kentucky University will continue to be a stabilizing force for the local economy along with the healthcare and manufacturing sectors.

Long-term Financial Planning

The City's budget team, which is composed of the City Manager, Assistant City Manager, Human Resources Director, Assistant Chief Financial Officer and Chief Financial Officer, is primarily responsible for the long-term financial planning for the City. Long-term fiscal sustainability is a top focus of the budget team. The Chief Financial Officer prepares the revenue forecast for the budget each year and budgeted expenditures are matched to revenue projections. Great emphasis is placed on current year operating revenues equaling or exceeding current year operating expenditures. 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 20% minimum reserve balance in the General Fund. However, effective on July 1, 2016, the minimum reserve balance will be increased to 25% of

the General Fund adopted revenue budget. Segregation of duties and internal controls are also a common theme to achieve sound financial operations in the sections covering accounting, accounts payable, revenue collections, payroll, cash management, investments, fixed assets, and procurement card guidelines.

Major Initiatives

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

The Public Works department has been committed to improving the City's street, sidewalk and stormwater infrastructure. The street overlay program was allocated a budget of \$1.3 million in FY16 to resurface approximately 7.5 miles of roadway, in FY17 this budget was increased to \$2.0 million. The tenth year of participation in the sidewalk improvement program was completed in 2016 and has resulted in over 12.3 miles of new sidewalk construction, the FY16 budget was \$400,000. Finally, the stormwater program is in its sixth year and over \$3.75 million in local tax revenues have been dedicated since then to undertake large scale drainage improvements across the City, the FY16 budget was \$500,000.

Other notable Public Works projects that were completed or in-progress during FY16 include the Wakefield Pond drainage basin project that drained an existing pond, re-graded the side slopes and installed two drywells with a total project cost of approximately \$196,000. Also, Phase I of the Smallhouse Road localized improvements project was underway in FY16; property acquisitions and other design and construction elements were completed for a total expense of \$160,000. The total budget of the Smallhouse Road improvements Phase I is \$1,072,500. During the fiscal year, the City Hall building received many repairs and renovations for interior painting, bathroom tile and renovations, and carpet replacement at a total cost of over \$240,000. Likewise, the Police department headquarters building also received renovations to replace the carpet and interior painting, costing over \$60,000.

The Parks and Recreation department continued and completed several projects during fiscal year 2016. The West End Park Soccer fields were completed at a total cost of \$319,189 and Phase II of the Park construction that included sidewalks, a walking trail, fencing, lights and a shelter was also completed for \$72,256. Russell Sims Aquatic Park and Circus Square Park received a new UV Disinfection System for the pools and spray grounds during the fiscal year, costing \$198,276. Lampkin Park utilized \$92,696 of FY2016 funding to construct a new shelter. Two parks received upgrades: Pedigo Park batting cages were constructed for \$31,685 and Lampkin Park received a climbing structure with swings costing \$38,090. Finally, Weldon Peete Park increased through the acquisition of an adjacent property in the amount of \$52,705.

The City's new health clinic, the "Care Here Center", located in a portion of the City Hall Annex was constructed and opened for service. The center is available to employees and dependents on the City's medical benefits plan and houses a medical doctor and nurse most days of the week. Savings in medical claims are expected to produce a significant net savings in future years. The project startup costs totaled approximately \$182,000.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bowling for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The GFOA has also given an Award for Outstanding Achievement in Financial Reporting to the City of Bowling Green for its Popular Annual Financial Report for the fiscal year ended June 30, 2015. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

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

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

Respectfully submitted,



Jeff Meisel, CPA
Chief Financial Officer



Government Finance Officers Association

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

Presented to

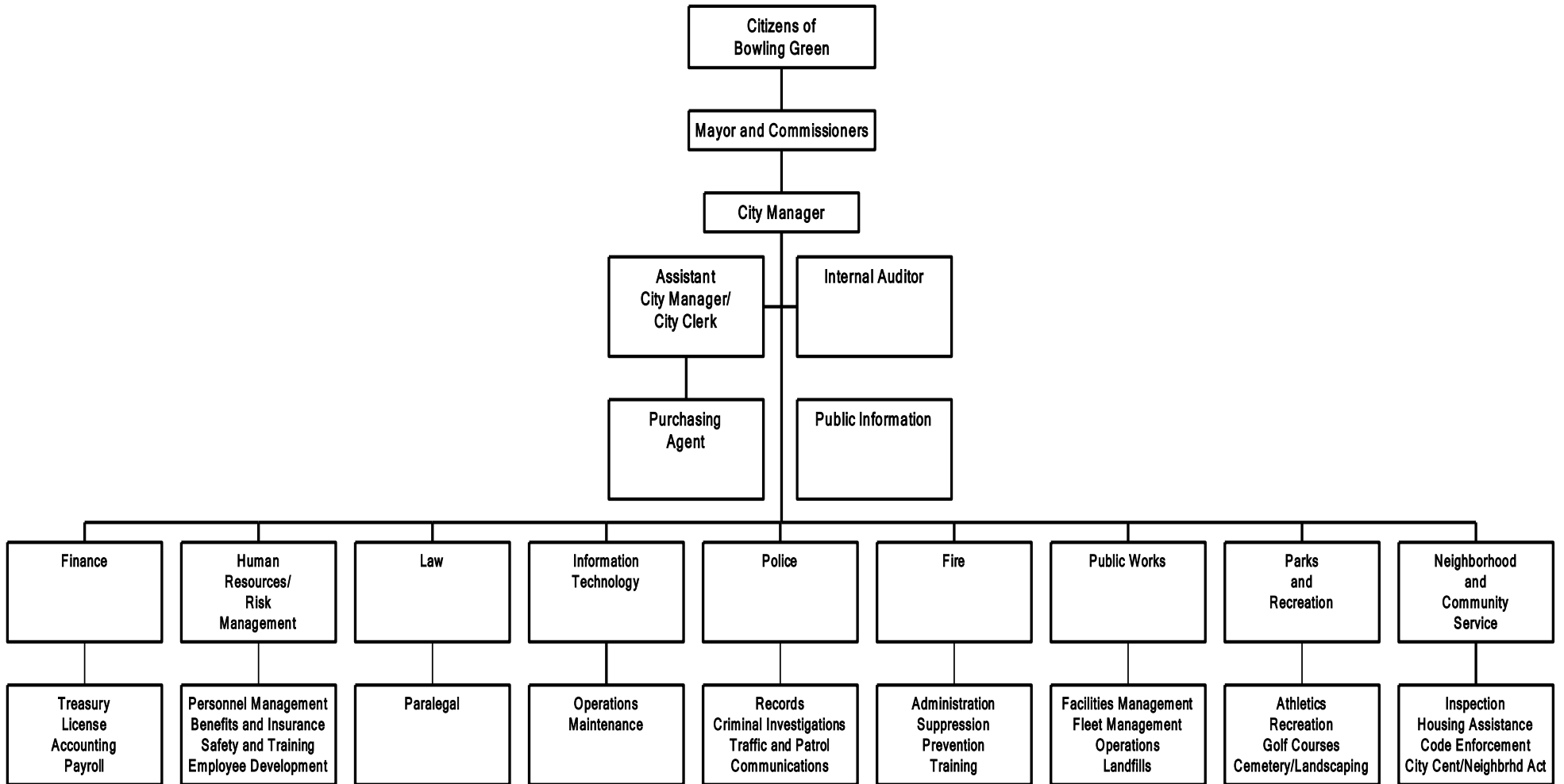
**City of Bowling Green
Kentucky**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

CITY OF BOWLING GREEN



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

Mayor and Commissioners

Bruce Wilkerson
Melinda Hill
Sue Parrigin
Joe Denning
Rick Williams

Mayor
Mayor Pro Tem
Commissioner
Commissioner
Commissioner

KEVIN D. DEFEBBO – CITY MANAGER

Administration:

Katie Schaller

Assistant City Manager/
City Clerk
Purchasing Agent
Internal Auditor

Marilyn Parrigin
Deborah Jenkins

Finance:

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

Chief Financial Officer
Assistant Chief Financial Officer
Assistant Chief Financial Officer

Human Resources:

Michael Grubbs

Director

Law:

H. Eugene Harmon

City Attorney

Information Technology:

Lynn Hartley

Chief Information Officer

Public Safety:

Doug Hawkins
Jason Colson

Police Chief
Fire Chief

Public Works:

Greg Meredith

Director

Parks and Recreation:

Brent Belcher

Director

Neighborhood and Community Services:

Brent Childers

Director



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Bowling Green, Kentucky (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Policemen and Firemen's Retirement Fund which reflects total assets of \$7,210,527 as of June 30, 2016 and total additions of \$759,901 for the year ended June 30, 2016. 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, 2016 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 Firemen's Retirement Fund and Bowling Green Municipal Utilities is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Kentucky
Indiana
Ohio

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Independent Auditor's Report (Continued)

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bowling Green as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section on pages 1 through 9, combining and individual funds statements and schedules on pages 86 through 132, and the statistical section on pages 133 through 160 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information 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.

Independent Auditor's Report (Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "M. J. Chilton, Muddly, LLP". The signature is written in a cursive, flowing style.

Lexington, Kentucky
November 7, 2016

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, 2016. The information presented here should be read in conjunction with the Letter of Transmittal and the financial statements immediately following this analysis.

Financial Highlights

- The City's assets exceeded liabilities at the close of the fiscal year by \$172.8 million (net position). This amount included \$27.2 million of resources restricted to specific projects by laws, regulations or contractual agreements. A deficit total of -\$23.9 million of resources was unrestricted due to GASB 68 Accounting and Financial Reporting for Pensions, which was implemented last fiscal year.
- The City's total net position increased \$14.5 million this year. Net position of governmental activities increased \$12.9 million and net position of business-type activities increased by \$1.6 million. The increases are due to larger holdings of cash and investments and increased deferred outflows resulting from pension contributions and a current year debt refunding.
- As of June 30, 2016, the City's governmental funds reported combined ending fund balances of \$57.7 million, an increase of \$7.5 million over the prior year. Fund balances increased as a result of strong revenue collections and decreased expenditures. Of the total fund balances amount, \$5.8 million in the General Fund was unassigned and available for spending. The committed fund balance total of \$12.1 million represents the minimum reserve balance set by the City's reserve balance policy, which is equal to 20% of the adopted General Fund revenue budget.
- The City's governmental activities total liabilities increased by \$5.7 million due an increased net pension liability for participation in the County Employees Retirement System. Business-type activity debt decreased by \$0.7 million, due to payment of principal on outstanding debt.

Overview of Financial Statements

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

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all the City's assets and liabilities as of June 30, 2016. Net position is the difference between assets and liabilities. Over time, increases or decreases in net position are one indicator of whether financial health is improving or deteriorating. Information on other factors, such as changes in the revenue structure and the condition of the City's assets, is also needed to assess the overall financial situation of the City.

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

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

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

Fund Financial Statements

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

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

The City as Trustee

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

Government-wide Financial Analysis

Net Position

The following table summarizes the City's financial position as of June 30, 2016. The City reported assets greater than liabilities by \$172.8 million, an increase of \$14.5 million over last year. The increase in net position was a result of increased cash from revenue and subsequent reductions in expenses in both governmental and business type activities. A \$9.3 million increase in deferred outflows of resources from a combination of pension contributions and deferred amounts from debt refunding is the primary driver of the increase in net position over last year. Of the \$172.8 million in net position, \$169.5 million, or 98.1%, was the net investment in capital assets and a deficit balance of -\$23.9 million, or -13.8%, was unrestricted. The net position of governmental activity funds totaled \$160.4 million, which was comprised of the net investment in capital assets totaling \$165.0 million, or 102.9%, and a deficit balance of -\$31.7 million, or -19.8%, as unrestricted. The unrestricted net position of governmental funds included fund balances of the General Fund.

Statement of Net Position

June 30, 2016

(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 115.4	\$ 110.4	\$ 7.8	\$ 6.7	\$ 123.2	\$ 117.1
Capital assets	190.9	190.9	6.7	7.0	197.6	197.9
Total assets	<u>306.3</u>	<u>301.3</u>	<u>14.6</u>	<u>13.7</u>	<u>320.9</u>	<u>315.0</u>
Deferred outflows	16.6	7.3	-	-	16.6	7.3
Long-term liabilities	150.3	142.9	1.5	2.2	151.8	145.1
Other liabilities	12.1	13.8	0.7	0.7	12.8	14.5
Total liabilities	<u>162.4</u>	<u>156.7</u>	<u>2.2</u>	<u>2.9</u>	<u>164.6</u>	<u>159.6</u>
Deferred inflows	0.1	4.3	-	-	0.1	4.3
Net position:						
Net Investment in capital assets	165.0	156.3	4.5	4.1	169.5	160.4
Restricted for:						
Debt Service	4.8	5.0	-	-	4.8	5.0
Capital Projects	19.7	12.1	-	-	19.7	12.1
Community Development	1.6	1.3	-	-	1.6	1.3
Perpetual Care	1.0	1.0	-	-	1.0	1.0
Unrestricted	<u>(31.7)</u>	<u>(28.2)</u>	<u>7.8</u>	<u>6.7</u>	<u>(23.9)</u>	<u>(21.5)</u>
Total net position	<u>\$ 160.4</u>	<u>\$ 147.6</u>	<u>\$ 12.4</u>	<u>\$ 10.8</u>	<u>\$ 172.8</u>	<u>\$ 158.3</u>

**Numbers may not total due to rounding*

The net position of the City's business-type activities totaled \$12.4 million. Of the net position total, \$4.5 million (36%) was net investment in capital assets and \$7.8 million (64%) was unrestricted.

Analysis of City Operations

The following table summarizes City operations for the fiscal year ended June 30, 2016. Governmental activities increased the City of Bowling Green's net position by \$12.9 million, accounting for 89% of the total increase. The increase in net position was due to a reduction in expenses, notably at public works, plus a \$4.2 million increase in non-grant revenue. Business-type activities increased the City's net position by \$1.6 million, which was 11% of the total increase. The increase in Business-type net position is due to growth in assets through spending reductions at the Sloan Convention Center and strong transient room tax collections.

Statement of Activities

June 30, 2016

(in millions)

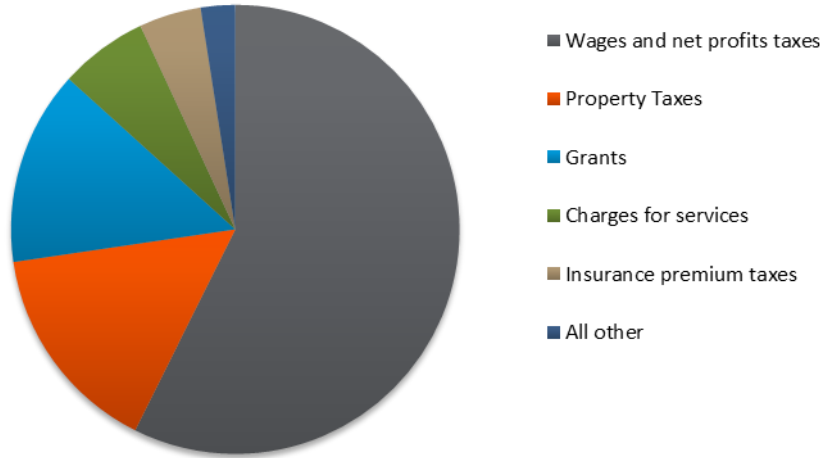
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues:						
Charges for services	\$ 5.4	\$ 4.3	\$ 0.2	\$ 0.2	\$ 5.6	\$ 4.5
Operating grants and contributions	10.1	9.3	-	-	10.1	9.3
Capital grants and contributions	1.8	7.4	-	-	1.8	7.4
General revenue:						
Property taxes	13.0	12.8	0.1	0.1	13.1	12.9
Insurance premium taxes	3.8	3.7	-	-	3.8	3.7
Transient room taxes	-	-	0.6	0.4	0.6	0.4
Wages and net profits taxes	48.7	46.8	-	-	48.7	46.8
Other general revenues	2.1	1.2	0.2	0.1	2.3	1.3
Total revenues	84.9	85.5	1.1	0.8	86.0	86.3
Program expenses						
General government	19.0	16.1	-	-	19.0	16.1
Public safety	23.7	25.1	-	-	23.7	25.1
Public works	9.5	15.5	-	-	9.5	15.5
Parks and recreation	7.8	7.4	-	-	7.8	7.4
Neighborhood & community services	5.0	4.3	-	-	5.0	4.3
Community services	2.0	1.3	-	-	2.0	1.3
Interest on long-term debt	4.0	5.9	-	-	4.0	5.9
Convention Center	-	-	0.5	0.7	0.5	0.7
Total expenses	71.0	75.6	0.5	0.7	71.5	76.3
Increase/decrease in net position before transfers	13.9	9.9	0.6	0.1	14.5	10.0
Transfers	(1.0)	(0.8)	1.0	0.8	-	-
Change in net positions	12.9	9.1	1.6	0.9	14.5	10.0
Net position, beginning of year	147.6	138.4	10.8	9.9	158.4	148.3
Net position end of year	\$160.4	\$147.6	\$ 12.4	\$ 10.8	\$172.8	\$158.4

*Numbers may not total due to rounding

Total revenues for the City's governmental activities totaled \$84.9 million at June 30, 2016, compared to \$85.5 million in the prior year. The decrease was a result of the City not accepting new completed street and sidewalk infrastructure from private developers in FY16 as compared to large acceptances in FY15 reflected in the Capital grants and contributions section. The City's largest source of revenue, wage and net profits taxes, totaled \$48.7 million, or 57.4%, of governmental revenue during FY2016. The second largest category of revenues, property taxes, accounted for \$13.0 million, or 15.3%, of total revenue. Other revenue sources

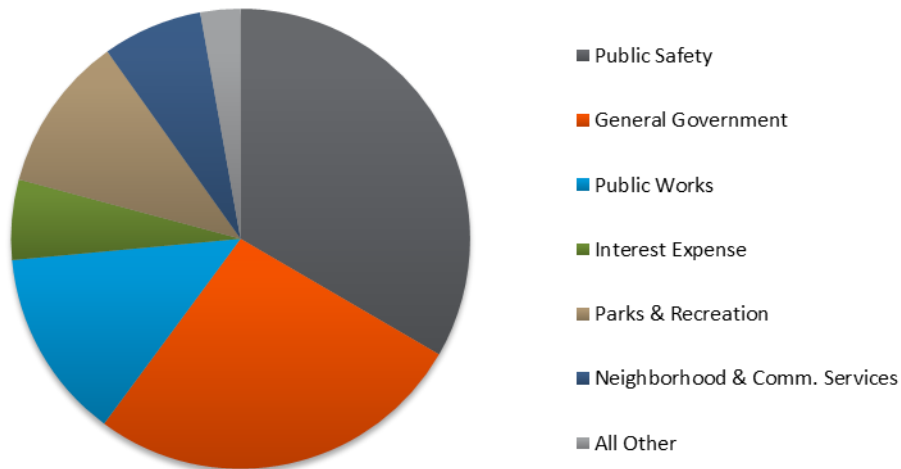
included operating and capital grants and contributions (\$11.9 million), charges for services (\$5.4 million) and insurance premium taxes (\$3.8 million).

Governmental Funds Revenue Sources



Current year expenses of the City’s governmental activities totaled \$71.0 million, compared to \$75.6 million in the prior year. The primary decrease in expenses was a result of the reduction in infrastructure acceptance additions in the Public Works program. The City’s largest expense category, Public Safety, ended the fiscal year with expenses totaling \$23.7 million, or 33.4%, of total expenses during FY2016. The second largest category of expenses was General Government, with a total of \$19.0 million, or 26.8%, of total expenses. Other expense categories include Public Works (\$9.5 million), Parks and Recreation (\$7.8 million), and Neighborhood and Community Services (\$5.0 million) and interest expense (\$4.0 million).

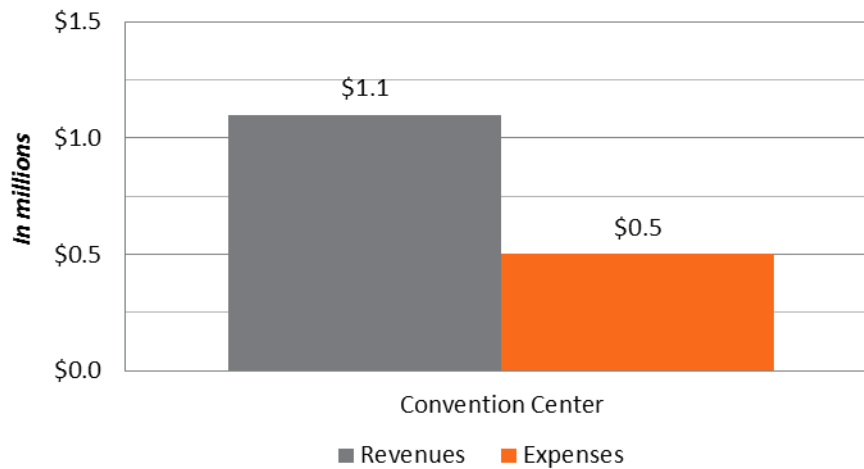
Governmental Funds Expenditure Categories



Business-type Activities

Revenues for business-type activities totaled \$1.1 million during fiscal year 2016, compared to \$0.8 million last year. The \$0.3 million growth in revenue collections during fiscal year 2016 was a result of a steady increase in the transient room tax revenue stream at the Sloan Convention Center. Of the \$1.1 million of revenues, \$0.2 million, or 18.2%, was collected as charges for services fees. Non-service fee revenue included a 3% transient room tax, property tax distribution related to the Hartland tax district, and interest income. Expenses for business-type activities totaled \$0.5 million during FY2016, which is a decrease from \$0.7 million reported last year.

City Enterprise Fund - Convention Center Corporation



Funds of the City of Bowling Green

The City's governmental funds for the year ended June 30, 2016, reflected a combined ending total fund balance of \$57.7 million, an increase of \$7.5 million over the prior year. The increase in fund balance was a result of increased revenue collections in the General Fund, which was then transferred to capital project funds to prefund future construction, in addition to a decrease in debt-related spending, specifically a large payoff that was completed last fiscal year. Of the \$57.7 million total fund balance, \$5.8 million was unassigned in the General Fund and available for spending at the City's discretion. The remaining balance was comprised of non-spendable, assigned, committed, and restricted amounts; indicating that the funds were not available for spending, or that spending was otherwise restricted by state statute or by City ordinance, or have been dedicated to pay outstanding contracts or purchase orders, or to fund future debt service payments, or intended to be used for specific purposes.

The total fund balance in the General Fund at June 30, 2016, was \$21.3 million, which represents a decrease of \$1.2 million from the prior year. The decrease in fund balance was mainly a result of a decrease in cash due to prefunding capital funds for future construction projects. Of the \$21.3 million total fund balance; unassigned fund balance was \$5.8 million and reflected 8.9% of General Fund revenues, representing residual net resources that have not been restricted, committed or assigned to specific purposes. Committed fund balance was \$12.1 million and was the General Fund's minimum reserve balance equal to 20% of budgeted revenues. Assigned fund balance totaled \$3.2 million, or 5.0%, of General Fund revenues; non-spendable fund balance was approximately \$224,000 and restricted was \$10,000. The fund balances for these categories represented prepaid items, inventories, spending restricted to specific purposes, and funds reserved to pay contracts and purchase orders outstanding as of June 30, 2016.

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

The final major governmental fund, the Inter-Modal Transportation Authority, Inc. (ITA) Bond Fund, was used to account for the revenues and expenditures related to the refunding of ITA mortgage-backed bond issues that funded the acquisition and construction of the Kentucky Transpark. Total fund balance of the ITA Bond Fund was \$1.5 million as of June 30, 2016, compared to \$1.9 million in the prior fiscal year. Of the \$1.5 million total fund balance, all was assigned fund balance. The decrease in fund balance was due to payment to the ITA for reimbursement of construction funds, which closed the restricted cash account.

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Total net position in the proprietary fund, which consists solely of the Convention Center Corporation, equaled \$12.4 million as of June 30, 2016, compared to \$10.8 million last year. The gain in the Convention Center fund net position was due to the increase in cash from strong transient room receipts collections and reduced spending. Of the total net position, \$4.5 million represented the net investment in capital assets and \$7.8 million was unrestricted.

General Fund Budgetary Highlights

Over the course of the fiscal year, the City Commission approved revisions of the General Fund's budget 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 was increased by \$223,800 or +0.4%. The changes are briefly summarized below.

Original revenue estimates were changed by the following:

Grants	\$101,800
Contributions & Donations	97,000
Parks and recreation	18,500
Other	6,500

The comparison of actual revenue to the final amended revenue budget yielded significant budgetary variances for employee withholdings (+\$3.5 million), permits (+\$0.5 million), and net profits (+\$0.4 million). During the fiscal year, employee withholdings gained significantly, realizing actual collections of +7.9% over the previous year. Net profits performed very well in fiscal year 2016 and resulted in \$387,000 of collections over the estimated budget due to new businesses or expansions and increased profits. Permit collections for the year also exceeded budget expectations by \$524,000 as a result of several large business expansions.

The total expenditure budget was increased by \$1,795,000 or +3.6%, during the fiscal year. The increase was primarily due to the carry-forward of budget from FY15 for construction and repair projects in Public Works including \$235,000 from FY16 contingency funds to continue those projects. The major changes are due to the following:

General Government	\$275,000
Fire	229,500
Police	(179,000)
Parks and Recreation	182,250
Neighborhood & Community Services	225,000
Community Services	135,000
Public Works	927,000

The comparison of actual expenditures to the final amended expenditure budget resulted in significant budgetary variances in the following activities: Public Works (\$1,085,000), Parks and Recreation (\$952,000), and General Government (\$496,500). The positive variances are a result of unspent budgeted projects and disciplined under-spending.

Capital Assets

The City's investment in capital assets totaled \$197.6 million as of June 30, 2016, which was a decrease of \$0.3 million from the prior year. This investment includes land, buildings, infrastructure, improvements, vehicles, equipment, and intangible assets. For governmental activities, investments totaled \$190.9 million, the same as FY15.

This year's major capital additions are shown below:

Public safety vehicle replacements	\$519,409
West End Soccer field construction	319,189
Public works vehicle replacements	242,225
City Care Health Care Clinic construction	198,701
Ultraviolet disinfection system	198,276
Security system improvements	107,267
Lampkin Park shelter construction	92,696
West End Park Phase 2 construction	72,256
City Hall diesel generator purchase and installation	70,540
Weldon Peete Park property acquisition	52,705
Vehicle fire training simulator	48,306
Operations parking lot construction	45,169

The following table summarizes the changes in net capital assets:

(Net of Depreciation, stated in millions)

	Governmental Activities		Business-type		Total Primary	
	2016	2015	2016	2015	2016	2015
Land	\$ 17.9	\$ 18.3	\$ 2.3	\$ 2.3	\$ 20.2	\$ 20.6
Infrastructure	116.5	114.6	-	-	116.5	114.6
Buildings	30.1	30.9	4.3	4.6	34.4	35.5
Improvements other than buildings	17.4	17.8	-	-	17.4	17.8
Vehicles, equipment, and furniture	4.3	3.9	0.1	0.1	4.4	4.0
Construction in progress	3.5	4.4	-	-	3.5	4.4
Intangibles	1.1	0.9	-	-	1.1	0.9
Property held under capital lease	0.1	0.1	-	-	0.1	0.1
Total*	<u>\$ 190.9</u>	<u>\$ 190.9</u>	<u>\$ 6.7</u>	<u>\$ 7.0</u>	<u>\$ 197.6</u>	<u>\$ 197.9</u>

*Numbers may not total due to rounding

The City has elected to apply the Modified Approach to accounting for street and sidewalk infrastructure systems as set forth in GASB 34. With this approach, the City uses an overall condition index (OCI) to assess the surface condition of individual pavement segments. The City's policy is to consider streets and sidewalks in need when the OCI rating falls below minimum functional classification values. The City's most recent assessment in 2016 found that 97% of streets and 86% of sidewalks met or exceeded this goal. The estimated amount needed to maintain City streets and sidewalks at the specified levels for FY2017 was \$2,000,000 and \$100,000 respectively, which was included in the FY17 budget. Additional information on the City's capital assets activity can be found in note 3C.

Debt Administration

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

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

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

At the end of the Fiscal Year, the City had \$100.5 million in bonds and notes outstanding, net of bond discounts and premiums, excluding component unit debt. During FY2016, the City issued \$15.3 million in General Obligation Refunding Bonds, Series 2016A&B for the purpose of refinancing a portion of Series 2007B&C General Obligation Refunding Bonds in the ITA Bond fund. This refunding transaction achieved a net present value savings of \$1,216,517 with a net present value benefit of 8.2%. Additionally, the City also issued \$24.5 million in General Obligation Refunding Bonds, Series 2016C to refinance a portion of Series 2008A&B in the Debt Service and the TIF bond funds. This refunding produced a net present value savings of \$3,072,159 with a present value benefit of 12.7%.

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

Outstanding Debt at Year End

June 30, 2016

(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
General obligation & revenue bonds	\$ 93.4	\$ 100.4	\$ 2.1	\$ 2.9	\$ 95.5	\$ 103.3
Notes & lease purchase agreements	1.8	2.1	-	-	1.8	2.1
Compensated absences	1.8	1.8	-	-	1.8	1.8
Landfill post-closure costs	2.3	1.6	-	-	2.3	1.6
Component Unit Debt	0.1	0.1	-	-	0.1	0.1
Bond premiums, discounts, refunding loss	3.1	1.1	0.1	0.1	3.2	1.2
Total	\$ 102.5	\$ 107.2	\$ 2.2	\$ 3.0	\$ 104.7	\$ 110.1

**Numbers may not total due to rounding*

The City maintains bond ratings of "Aa2" from Moody's and "AA" from Standard & Poors. Despite the provisions for the issuance of GO debt already discussed, legal limits remain on the total amount of GO indebtedness that may be incurred. The Kentucky Constitution provides that the total principal amount of City net indebtedness, which excludes self-supporting obligations, revenue bonds, special assessment debt, and non-tax supported debt (net debt applicable to limit), cannot exceed 10% of the value of taxable property in the City (\$563,697,500). Therefore, the current debt margin of the City is \$463.2 million (See Statistical Schedule 19).

Next Year's Budget

During the budget planning for FY2017, revenue growth projections were conservatively maintained to avoid budget shortfalls and constrain spending. However, adjustments were made in certain revenue lines to align with actual FY2016 performance, particularly in the occupational license fee revenues. The FY2017 adopted General Fund budget is balanced without utilization of fund balance.

The FY2017 adopted expenditure budget for all funds increased by 8.0% over the FY2016 original budget and includes a 2.0% cost of living (COLA) adjustment for all employees and an average step adjustment of an additional 1.25% for most employees. The Capital Improvement Project budget is \$26.9 million, which includes debt service, and is a 26.9% increase compared to the \$21.2 million FY2016 CIP budget. The FY2017 budget also increased funding the committed fund balance from 20% to 25% of the adopted general fund revenue budget or \$16.3 million. The committed fund balance acts as the City's 'rainy day' account and can be accessed by a majority Board of Commissioners vote.

Improvements in community livability, traffic and roads, parks facilities, and technology enhancements are some of the highlights of the FY2017 capital budget. Improving traffic flow is a top priority and is addressed in the budget with a \$700,000 allocation to begin funding Phase II of the Smallhouse Road corridor improvement project. The City also plans to continue the investment in the new BG Reinvestment/Local Strategy Area by

leveraging 60% of the annual CDBG allocation and \$200,000 of local tax revenues to implement improvements in targeted areas. On-going budgetary commitments to construction and the associated budgets that continue in FY2017 include Street overlay funding (\$2.0 million), new sidewalk construction (\$500,000), stormwater mitigation (\$500,000), downtown improvements (\$625,000), and parks and recreation capital projects (\$5.0 million).

New initiatives in the FY17 budget include the @BGGov2Go program, which will mobilize City Hall by bringing it to the neighborhoods and a new records retention program to implement and operate a new records retention facility. Other continuing initiatives include increasing safety by purchasing of body worn cameras for Police Offices and additional surveillance cameras at various park location; improving technology through new software and upgrades to existing programs; and enhancing services by replacing the internal alarm notification system for the Fire Department to reduce response times for emergencies and with the purchase of a new firearms training and decision making simulator for the Police Department.

Requests for Information

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

City of Bowling Green, Kentucky
Statement of Net Position
June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Pooled cash and cash equivalents	\$ 44,192,546	\$ -	\$ 44,192,546	\$ -
Non-pooled cash and cash equivalents	3,050,204	3,231,262	6,281,466	21,985,558
Investments	17,388,004	4,514,227	21,902,231	100,000
Receivables (net):				
Accounts	115,295	10,554	125,849	9,558,531
Other	236,426	86,929	323,355	4,595,681
Accrued interest	23,879	922	24,801	-
Due from other governmental units	536,252	-	536,252	-
Due from Western Kentucky University	23,825,000	-	23,825,000	-
Prepaid items	151,097	-	151,097	587,029
Prepaid rent	24,642,720	-	24,642,720	-
Inventories	294,511	-	294,511	1,185,263
Other assets	-	-	-	556,633
Restricted assets:				
Non-pooled cash and cash equivalents	934,803	-	934,803	-
Restricted cash - TVA	-	-	-	413,090
Investments	-	-	-	6,078,075
Capital assets, net of accumulated depreciation:				
Non-depreciable	127,761,791	2,333,990	130,095,781	4,713,774
Depreciable	63,155,832	4,390,953	67,546,785	192,277,720
Total assets	306,308,360	14,568,837	320,877,197	242,051,354
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions	10,530,066	-	10,530,066	3,856,193
Deferred amounts from refunding debt	6,079,583	1,762	6,081,345	237,159
Total deferred outflows of resources	16,609,649	1,762	16,611,411	4,093,352
LIABILITIES				
Vouchers and accounts payable	955,434	-	955,434	8,763,260
Accrued payroll	509,357	197	509,554	-
Accrued interest payable	376,059	3,112	379,171	1,067,367
Insurance claims payable	420,767	-	420,767	-
Other current liabilities	-	-	-	1,705,243
Unearned revenue	174,511	-	174,511	5,618,169
Deposits	607,085	-	607,085	-
Noncurrent liabilities:				
Due within one year				
Compensated absences	921,057	-	921,057	689,950
Bonds payable	7,620,000	685,000	8,305,000	4,746,576
Notes and capital lease obligations	363,625	-	363,625	641,226
Landfill closure and post closure costs	74,917	-	74,917	-
Component unit debt	26,929	-	26,929	-
Due in more than one year				
Bonds payable	88,902,378	1,517,371	90,419,749	75,085,028
Notes and capital lease obligations	1,391,796	-	1,391,796	3,450,000
Compensated absences	850,206	-	850,206	436,772
Landfill closure and post closure costs	2,241,357	-	2,241,357	-
Advances from customers and TVA	-	-	-	51,486
Component unit debt	60,000	-	60,000	-
Net pension liability	56,892,956	-	56,892,956	21,466,270
Total liabilities	162,388,434	2,205,680	164,594,114	123,721,347
DEFERRED INFLOWS OF RESOURCES				
Pension investment experience	107,473	-	107,473	-
NET POSITION				
Net investment in capital assets	164,964,407	4,524,334	169,488,741	113,068,664
Restricted for:				
Debt service	4,815,366	-	4,815,366	6,178,075
Capital projects	19,711,933	-	19,711,933	-
Community development	1,633,680	-	1,633,680	-
Perpetual care (nonexpendable)	1,013,609	-	1,013,609	-
Unrestricted (deficit)	(31,716,893)	7,840,585	(23,876,308)	3,176,620
Total net position	\$ 160,422,102	\$ 12,364,919	\$ 172,787,021	\$ 122,423,359

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Activities
Year Ended June 30, 2016

Function/Programs	Expenses	Program Revenues			Changes in Net Position			Component Unit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-Type Activities	Total		
PRIMARY GOVERNMENT									
Governmental activities:									
General government	\$ 19,038,235	\$ 2,865,512	\$ 4,462,768	\$ 369,432	\$ (11,340,523)	\$ -	\$ (11,340,523)	\$ -	
Public safety	23,723,294	244,291	1,375,515	208,946	(21,894,542)	-	(21,894,542)	-	
Public works	9,547,794	-	1,144,462	1,250,158	(7,153,174)	-	(7,153,174)	-	
Parks and recreation	7,751,367	2,257,783	-	-	(5,493,584)	-	(5,493,584)	-	
Neighborhood and comm. services	5,014,886	-	3,101,573	15,943	(1,897,370)	-	(1,897,370)	-	
Community services	1,950,663	-	-	-	(1,950,663)	-	(1,950,663)	-	
Interest expense	3,999,109	-	-	-	(3,999,109)	-	(3,999,109)	-	
Total governmental activities	<u>71,025,348</u>	<u>5,367,586</u>	<u>10,084,318</u>	<u>1,844,479</u>	<u>(53,728,965)</u>	<u>-</u>	<u>(53,728,965)</u>	<u>-</u>	
Business-type activities:									
Convention center	471,616	201,378	-	-	-	(270,238)	(270,238)	-	
Total business-type activities	<u>471,616</u>	<u>201,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(270,238)</u>	<u>(270,238)</u>	<u>-</u>	
Total primary government	<u>\$ 71,496,964</u>	<u>\$ 5,568,964</u>	<u>\$ 10,084,318</u>	<u>\$ 1,844,479</u>	<u>(53,728,965)</u>	<u>(270,238)</u>	<u>(53,999,203)</u>	<u>-</u>	
COMPONENT UNITS									
Bowling Green Municipal Utilities	109,022,380	112,048,987	-	641,057	-	-	-	3,667,664	
Total component units	<u>\$ 109,022,380</u>	<u>\$ 112,048,987</u>	<u>\$ -</u>	<u>\$ 641,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,667,664</u>	
General revenues:									
					12,988,729	114,542	13,103,271	-	
					3,839,322	-	3,839,322	-	
					-	559,040	559,040	-	
					48,670,998	-	48,670,998	-	
					462,415	177,491	639,906	143,471	
					368,040	-	368,040	-	
					1,262,660	20,000	1,282,660	99,886	
					<u>67,592,164</u>	<u>871,073</u>	<u>68,463,237</u>	<u>243,357</u>	
					<u>(987,080)</u>	<u>987,080</u>	<u>-</u>	<u>-</u>	
					<u>66,605,084</u>	<u>1,858,153</u>	<u>68,463,237</u>	<u>243,357</u>	
					Change in net position	12,876,119	1,587,915	14,464,034	3,911,021
					Net position, beginning of year	<u>147,545,983</u>	<u>10,777,004</u>	<u>158,322,987</u>	<u>118,512,338</u>
					Net position, end of year	<u>\$ 160,422,102</u>	<u>\$ 12,364,919</u>	<u>\$ 172,787,021</u>	<u>\$ 122,423,359</u>

See accompanying notes.

City of Bowling Green, Kentucky
Balance Sheet – Governmental Funds
June 30, 2016

	General	WKU Athletics	Debt Service	ITA Bond	Other Governmental Funds	Total Governmental Funds
ASSETS						
Pooled cash and cash equivalents	\$ 9,028,576	\$ -	\$ -	\$ 1,539,438	\$ 29,795,451	\$ 40,363,465
Non-pooled cash and cash equivalents	1,760,417	-	-	-	1,289,787	3,050,204
Investments	11,662,435	-	-	-	2,960,009	14,622,444
Receivables (net of allowances for uncollectibles):						
Accounts	87,539	-	-	-	12,407	99,946
Western Kentucky University	-	23,825,000	-	-	-	23,825,000
Interest	16,965	-	-	-	5,711	22,676
Due from other governmental units	127,526	-	-	-	408,726	536,252
Prepaid items	151,097	-	-	-	-	151,097
Inventories	72,723	-	-	-	-	72,723
Restricted assets:						
Non-pooled cash and cash equivalents	-	-	-	-	934,803	934,803
Total assets	\$ 22,907,278	\$ 23,825,000	\$ -	\$ 1,539,438	\$ 35,406,894	\$ 83,678,610
LIABILITIES AND FUND BALANCES						
Liabilities						
Vouchers and accounts payable	\$ 348,938	\$ -	\$ -	\$ -	\$ 517,066	\$ 866,004
Accrued payroll	491,533	-	-	-	6,872	498,405
Unearned revenue	174,511	23,825,000	-	-	-	23,999,511
Security deposits	607,085	-	-	-	-	607,085
Total liabilities	1,622,067	23,825,000	-	-	523,938	25,971,005
Fund Balances						
Non-spendable						
Prepaid items	151,097	-	-	-	-	151,097
Inventories	72,723	-	-	-	-	72,723
Restricted for:						
Cemetery perpetual	-	-	-	-	934,803	934,803
Community services	-	-	-	-	1,096,230	1,096,230
Streets and sidewalks	-	-	-	-	2,480,724	2,480,724
Public safety grants	9,838	-	-	-	2,070,421	2,080,259
Lampkin park	-	-	-	-	43,111	43,111
Committed to:						
Economic stabilization	12,052,100	-	-	-	-	12,052,100
Economic development	-	-	-	-	1,222,480	1,222,480
Police and fire improvements	-	-	-	-	2,189,506	2,189,506
Landfill	-	-	-	-	1,241,565	1,241,565
Sidewalks	-	-	-	-	661,396	661,396
Assigned to:						
Capital projects	75,000	-	-	-	-	75,000
Debt service	-	-	-	1,539,438	3,275,928	4,815,366
General government services	373,657	-	-	-	1,853,328	2,226,985
Police and fire services	250,022	-	-	-	933,875	1,183,897
Public works services	1,233,399	-	-	-	11,648,103	12,881,502
Neighborhood and community service	402,428	-	-	-	1,213,868	1,616,296
Parks and recreation	833,349	-	-	-	3,938,812	4,772,161
Other purposes	68,310	-	-	-	78,806	147,116
Unassigned	5,763,288	-	-	-	-	5,763,288
Total fund balances	21,285,211	-	-	1,539,438	34,882,956	57,707,605
Total liabilities and fund balances	\$ 22,907,278	\$ 23,825,000	\$ -	\$ 1,539,438	\$ 35,406,894	\$ 83,678,610

See accompanying notes.

**City of Bowling Green, Kentucky
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2016**

Fund balances - total governmental funds \$ 57,707,605

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	245,180,219	
Less accumulated depreciation	<u>(54,593,748)</u>	190,586,471

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

6,619,387

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

24,061,426

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

24,642,720

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

Net pension liability	(56,892,956)	
Net deferred inflows and outflows associated with pensions	10,422,593	
General obligation and revenue bonds	(93,365,000)	
Premiums, deferred charges and discounts on bond obligations	2,922,205	
Notes and lease purchase agreements	(1,755,421)	
Component unit debt	(86,929)	
Accrued interest payable	(376,059)	
Accrued compensated absences	(1,747,666)	
Landfill postclosure care	<u>(2,316,274)</u>	<u>(143,195,507)</u>

Total net position		<u><u>\$ 160,422,102</u></u>
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See accompanying notes.

City of Bowling Green, Kentucky
Statement of Revenues, Expenditures and Changes in Fund Balances – Government Funds
Year Ended June 30, 2016

	General	WKU Athletics	Debt Service	ITA Bond	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 12,316,039	\$ -	\$ -	\$ -	\$ 672,690	\$ 12,988,729
Insurance premium taxes	1,698,897	-	-	-	2,140,425	3,839,322
Wages and net profits taxes	45,726,278	-	-	-	2,777,318	48,503,596
Licenses and permits	1,877,089	-	-	-	-	1,877,089
Intergovernmental	153,655	2,647,980	-	-	6,951,716	9,753,351
Investment income	284,859	-	-	9	115,326	400,194
Charges for services	577,845	-	-	-	103,115	680,960
Parks and recreation	2,125,466	-	-	-	-	2,125,466
Rent income	-	-	-	1,814,788	-	1,814,788
Miscellaneous	272,349	-	43,916	234,280	845,856	1,396,401
Total Revenues	65,032,477	2,647,980	43,916	2,049,077	13,606,446	83,379,896
EXPENDITURES						
Current:						
General government	5,588,073	-	-	-	581,321	6,169,394
Public safety	24,709,443	-	-	-	2,074,116	26,783,559
Public works	7,142,091	-	-	-	2,525,640	9,667,731
Parks and recreation	7,254,851	-	-	-	133,859	7,388,710
Neighborhood and community services	1,927,557	-	-	-	3,151,591	5,079,148
Community services	1,859,663	-	-	435,000	-	2,294,663
Capital Outlay	-	-	-	346,162	3,754,428	4,100,590
Debt Service:						
Principal	-	1,775,000	4,107,286	1,910,000	540,000	8,332,286
Interest and fiscal charges	-	872,980	1,224,365	734,576	1,160,594	3,992,515
Total Expenditures	48,481,678	2,647,980	5,331,651	3,425,738	13,921,549	73,808,596
Excess (deficiency) of revenues over (under) expenditures	16,550,799	-	(5,287,735)	(1,376,661)	(315,103)	9,571,300
Other financing sources (uses):						
Transfers in	564,379	-	5,300,717	1,264,788	14,291,280	21,421,164
Transfers out	(18,549,837)	-	-	-	(5,080,907)	(23,630,744)
Issuance of refunding debt	-	-	3,745,000	15,300,000	20,800,000	39,845,000
Premium on refunding debt	-	-	528,329	-	1,557,466	2,085,795
Payment to refunding debt escrow agent	-	-	(4,290,792)	(15,534,280)	(22,434,313)	(42,259,385)
Proceeds from the sale of capital assets	198,179	-	-	-	242,250	440,429
Total other financing sources (uses)	(17,787,279)	-	5,283,254	1,030,508	9,375,776	(2,097,741)
Net change in fund balances	(1,236,480)	-	(4,481)	(346,153)	9,060,673	7,473,559
Fund balances, beginning	22,521,691	-	4,481	1,885,591	25,822,283	50,234,046
Fund balances, ending	\$ 21,285,211	\$ -	\$ -	\$ 1,539,438	\$ 34,882,956	\$ 57,707,605

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, 2016

Net change in fund balances - total governmental funds \$ 7,473,559

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

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

Capital asset additions	3,724,339	
Depreciation expense	(3,892,690)	
Net sales and disposals of capital assets	(75,144)	(243,495)

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

Payments on these receivables are recorded as revenue in the governmental funds and reduction of the receivable in the statement of net position. (1,794,261)

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term and related items. 8,161,118

Principal and interest payments made in relation to refunded ITA debt are current expenditures in the governmental funds. These items are recorded as prepaids in the statement of activities as they represent a long term lease agreement. 1,742,763

Accrued interest expense on long-term debt is reported in the statement of activities, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. 183,612

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

Compensated absences payable		10,191
Landfill postclosure care		(676,030)

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. (1,552,271)

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. (429,067)

Change in net position of governmental activities \$ 12,876,119

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Net Position – Proprietary Funds
June 30, 2016

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Funds
	Convention Center	
ASSETS		
Current Assets		
Pooled cash and cash equivalents	\$ -	\$ 3,829,081
Non-pooled cash and cash equivalents	3,231,262	-
Investments	4,514,227	2,765,560
Accounts receivable	10,554	15,349
Interest receivable	922	1,203
Lease receivable from component unit	26,929	-
Inventories	-	221,788
Total current assets	7,783,894	6,832,981
Noncurrent portion of lease receivable from component unit	60,000	-
Capital assets		
Land	2,290,764	-
Construction in progress	43,226	-
Buildings	10,562,775	399,686
Machinery and equipment	914,648	297,386
	13,811,413	697,072
Less accumulated depreciation	(7,086,470)	(365,920)
Capital assets, net	6,724,943	331,152
Total noncurrent assets	6,784,943	331,152
Total assets	\$ 14,568,837	\$ 7,164,133
DEFERRED OUTFLOWS		
Deferred amounts from refunding debt	\$ 1,762	\$ -
LIABILITIES		
Current liabilities		
Vouchers and accounts payable	-	89,430
Accrued payroll	197	10,952
Accrued interest payable	3,112	-
Insurance claims payable	-	420,767
Current portion of compensated absences	-	12,271
Current portion of bond obligations	685,000	-
	688,309	533,420
Noncurrent liabilities		
Noncurrent portion of compensated absences	-	11,326
Noncurrent portion of bond obligations	1,517,371	-
Total noncurrent liabilities	1,517,371	11,326
Total liabilities	2,205,680	544,746
DEFERRED INFLOWS		
Deferred amounts from refunding debt	-	-
NET POSITION		
Net investment in capital assets	4,524,334	331,152
Unrestricted	7,840,585	6,288,235
Total net position	\$ 12,364,919	\$ 6,619,387

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2016

	Business-type Activities - Enterprise Fund	Governmental Activities
	Convention Center	Internal Service Funds
OPERATING REVENUES		
Transient room taxes	\$ 559,040	\$ -
Property taxes	114,542	-
Charges for services	201,378	2,030,403
Insurance premiums	-	5,345,369
Judgments and settlements	-	178,741
Contributions and donations	20,000	6,182
Miscellaneous	-	691
	<u>894,960</u>	<u>7,561,386</u>
OPERATING EXPENSES		
Personnel services	13,445	657,191
Contractual services	29,541	425,916
Supplies	43,062	1,033,446
Utilities	-	35,965
Repairs and maintenance	2,756	203,521
Insurance premiums and claims	36,782	6,900,239
Depreciation	321,205	12,425
Miscellaneous	24	6,472
	<u>446,815</u>	<u>9,275,175</u>
Operating income (loss)	448,145	(1,713,789)
NONOPERATING REVENUES (EXPENSES)		
Interest income	177,491	62,222
Interest expense	(43,337)	-
Amortization	18,536	-
	<u>152,690</u>	<u>62,222</u>
Income (loss) before transfers	600,835	(1,651,567)
Transfers in	1,287,080	1,745,000
Transfers out	(300,000)	(522,500)
Change in net position	1,587,915	(429,067)
Net position, beginning	<u>10,777,004</u>	<u>7,048,454</u>
Net position, ending	<u>\$ 12,364,919</u>	<u>\$ 6,619,387</u>

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2016

	Business-type Activities - Enterprise Fund Convention Center	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 237,992	\$ 7,777,199
Other cash receipts	673,582	-
Cash payments to employees	(13,903)	(674,027)
Cash payments to suppliers	(112,665)	(1,667,936)
Claims paid	-	(6,690,898)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	785,006	(1,255,662)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	1,287,080	1,745,000
Transfers out	(300,000)	(522,500)
	<hr/>	<hr/>
Net cash provided by noncapital financing activities	987,080	1,222,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(50,058)	(236,591)
Principal paid on bond obligations	(715,000)	-
Interest paid on debt obligations	(44,538)	-
	<hr/>	<hr/>
Net cash used in capital and related financing activities	(809,596)	(236,591)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	177,209	66,780
Purchase of investments	(628,766)	-
Proceeds from sale of investments	-	477,910
Cash received from lease property	26,929	-
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	(424,628)	544,690
Net increase (decrease) in cash and cash equivalents	537,862	274,937
Cash and cash equivalents, beginning of year	2,693,400	3,554,144
Cash and cash equivalents, end of year	<u>\$ 3,231,262</u>	<u>\$ 3,829,081</u>
Reconciliation of operating income (loss) to net cash used in operating activities		
Operating income (loss)	\$ 448,145	\$ (1,713,789)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	321,205	12,425
Change in assets and liabilities		
Accounts receivable	16,614	215,813
Inventories	-	(31,022)
Prepays	-	323,000
Accounts payable	(500)	(254,594)
Compensated absences	-	1,694
Accrued payroll	(458)	(18,530)
Insurance claims payable	-	209,341
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	<u>\$ 785,006</u>	<u>\$ (1,255,662)</u>

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Fiduciary Net Position
June 30, 2016

	Pension Trust - Police & Firemen's Retirement	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Pooled cash and cash equivalents	\$ -	\$ 273,343
Non-pooled cash and cash equivalents	289,043	2,801,082
Accrued interest receivable	27,468	-
Investments		
Corporate securities	2,336,385	-
Mutual funds	3,610,180	-
United States government securities	128,272	-
Kentucky local municipal bonds	819,179	-
Total investments at fair value	<u>6,894,016</u>	<u>-</u>
 Total assets	 <u>\$ 7,210,527</u>	 <u>\$ 3,074,425</u>
LIABILITIES		
Due to other governmental units	\$ -	\$ 273,343
Other liabilities	<u>-</u>	<u>2,801,082</u>
 Total liabilities	 <u>\$ -</u>	 <u>\$ 3,074,425</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 7,210,527</u>	

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2016

	Pension Trust - Police & Firemen's Retirement
ADDITIONS	
Contributions	
Employer	\$ 400,000
Investment income	359,901
	<hr/>
Total additions	759,901
	<hr/>
DEDUCTIONS	
Benefit payments	891,271
	<hr/>
Total deductions	891,271
	<hr/>
Change in net position	(131,370)
Net position, beginning of year	7,341,897
	<hr/>
Net position, end of year	\$ 7,210,527
	<hr/> <hr/>

**Statement of Net Position
Component Unit
June 30, 2016**

	Bowling Green Municipal Utilities
ASSETS	
Non-pooled cash and cash equivalents	\$ 21,985,558
Investments	100,000
Receivables (net):	
Accounts	9,558,531
Other	4,595,681
Inventories	1,185,263
Prepaid items	587,029
Restricted assets:	
Restricted cash - TVA	413,090
Investments	6,078,075
Other assets	556,633
Capital assets, net of accumulated depreciation:	
Non-depreciable	4,713,774
Depreciable	192,277,720
Total assets	<u>242,051,354</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions	3,856,193
Deferred loss on bond defeasance	237,159
Total deferred outflows of resources	<u>4,093,352</u>
LIABILITIES	
Vouchers and accounts payable	8,763,260
Compensated absences payable	689,950
Accrued interest payable	1,067,367
Other current liabilities	1,705,243
Customer deposits	5,618,169
Net pension liability, noncurrent	21,466,270
Customer advances, noncurrent	51,486
Compensated absences payable, noncurrent	436,772
Noncurrent liabilities	
Due within one year	5,387,802
Due in more than one year	78,535,028
Total liabilities	<u>123,721,347</u>
NET POSITION	
Net investment in capital assets	113,068,664
Restricted for capital activities and debt service	6,178,075
Unrestricted	3,176,620
Total net position	<u>\$ 122,423,359</u>

See accompanying notes.

City of Bowling Green, Kentucky
Statement of Activities
Component Unit
June 30, 2016

Function/Programs	Expenses	Program Revenues			Net (expense)
		Charges for Services	Operating Contributions	Capital Contributions	Revenue and Changes in Net Position
					Bowling Green Municipal Utilities
Bowling Green Municipal Utilities	\$109,022,380	\$ 112,048,987	\$ -	\$ 641,057	\$ 3,667,664
General revenues:					
	Investment income				143,471
	Miscellaneous				99,886
	Total general revenues				<u>243,357</u>
	Change in net position				3,911,021
	Net position, beginning of year				<u>118,512,338</u>
	Net position, end of year				<u><u>\$ 122,423,359</u></u>

See accompanying notes.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Governmental Fund Type

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

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

Proprietary Fund Type

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Type

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

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

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

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

C. Joint Venture - The Inter-Modal Transportation Authority, Inc. (ITA) is a non-profit corporation organized for the purpose of acquiring and financing public projects and public facilities as an agent for the City and the County of Warren, Kentucky, jointly. In the year ended June 30, 2008, the City approved the issuance of General Obligation bonds (Series 2007 B & C) in the amount of \$27,415,000 to refinance the ITA's mortgage-backed bonds that were outstanding. The City entered into a ground lease with the Authority, providing for the City's acquisition of a leasehold estate in the project. The City, Warren County, and the Authority entered into a Contract, Lease & Option agreement in which the Authority and County shall lease back the project from the City in consideration of rental payments to be utilized by the City in support of the payment of principal and interest on the general obligation bonds. The City and Warren County have each pledged to evenly share any shortfalls towards payment of debt service on the outstanding bonds. In 2013, there was a significant land sale to the State for right-of-way use on the I-65 connector road planned in the near future. It generated approximately \$2.3 million that was used for a partial early redemption call on the 2007C bonds through 2018. Subsequently, during FY2016 the outstanding debt of the 2007B and 2007C bonds was partially refunded by General Obligation Refunding Bonds, Series 2016A&B in the total amount of \$15,300,000. During FY2016, the City and County made scheduled debt service contributions in the amount of \$3,425,737. Included in this amount is \$435,000 from debt service savings related to the partial early redemption of the 2007C Series bonds that was redirected to the ITA per municipal order for the restricted purpose of future infrastructure in the Transpark. Also included is \$346,162 of construction reimbursement payments to the ITA. The separately audited financial statements of the ITA can be obtained from the finance department of the City.

D. Basic Financial Statements

Government-wide and Fund Financial Statements

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

E. Basis of Presentation

The financial statements of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that is comprised of its assets, liabilities, reserves, fund equity, revenues,

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and expenditures or expenses, as appropriate. The various funds are reported by generic classification within the financial statements.

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

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

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

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

The **ITA Bond Debt Service Fund** is used to account for revenues received from lease payments made by the ITA and Warren County and expenditures related to the 2007B, 2007C, 2016A and 2016B bond issues that were used for refinancing the Kentucky Transpark.

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Agency Funds

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

Payroll Fund is an imprest paying agent for City payroll.

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

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

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

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

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

F. Assets, Liabilities and Fund Equity

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

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

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

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

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

Interfund Receivables - During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2016, balances of interfund amounts receivable or payable have been recorded as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-wide financial statements as "internal balances".

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Long-term liabilities include the following:

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

Unearned Revenues - The City defers revenue recognition in connection with resources that have been received but not yet earned. At the end of fiscal year 2016, licenses and permits paid in advance of \$174,511 have been deferred as these amounts have not yet been earned.

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

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by the City itself, by Ordinance approved by the Board of Commissioners; to be reported as committed, amounts cannot be used for any other purpose unless the City takes action to remove or change the constraint;
- Assigned fund balance - amounts the City intends to use for a specific purpose (such as encumbrances); intent can be expressed by the City or the City Manager, Assistant City Manager, and/or Chief Financial

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Officer or body to which the City delegates authority as established by the City's Fund Balance Policy included in the City's Financial Policies approved by the Board of Commissioners.

- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the General Fund.

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

G. Revenues, Expenditures and Expenses

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

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

H. Estimates

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Compliance with Finance Related Legal and Contractual Provisions

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

NOTE 3. DETAIL NOTES ON ALL FUNDS

A. Cash and Investments

Primary Government

The Government's bank balances at June 30, 2016 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, 2016 are summarized and categorized in the table on the next page:

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

Primary Government (except Fiduciary Funds)		
Investment Type	Fair Value	Weighted Average Maturity
Certificate of Deposit	\$ 10,117,259	0.299
Cash Equivalents	45,656	n/a
Tax Free Mutual Funds	1,612,727	n/a
U.S. Agencies CMO	206,689	0.044
U.S. Agencies Bonds	7,044,205	0.217
Municipal Bonds	2,875,696	0.16
	<u>\$ 21,902,232</u>	

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

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

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

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

The City has the following recurring fair value measurements as of June 30, 2016:

- Certificates of deposit, cash equivalents, U.S. Agencies CMO, and U.S. Agencies Bonds that total \$17,413,809 and are valued using quoted market prices (Level 1 inputs)
- Municipal bonds and tax free mutual funds of \$4,488,423 valued using quoted prices for similar assets in active markets (Level 2 inputs).

Component Units

Bowling Green Municipal Utilities

The Bowling Green Municipal Utilities may legally invest in direct obligations of and other obligations guaranteed as to principal by the U. S. Treasury and U. S. Agencies and instrumentalities, Kentucky bonds and certificates of indebtedness, highly-rated securities issued by a state or local government in the United States and certain other investments more fully described in the Kentucky Revised Statutes. Investments of each division of the utility as of June 30, 2016 are summarized and categorized in the following tables:

Bowling Green Municipal Utilities Water-Sewer Division		
Investment Type	Fair Value	Maturities in Years Less than 1
U.S. Agencies obligations	\$ 594,295	\$ 594,295
Money market account	3,268,985	3,268,985
	<u>\$ 3,863,280</u>	<u>\$ 3,863,280</u>

City of Bowling Green, Kentucky
Notes to Financial Statements
June 30, 2016

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

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

Carrying Value	
Deposits	\$ 7,112,545
Investments	<u>3,863,280</u>
	<u>\$ 10,975,825</u>

Included in the following captions:

Cash and cash equivalents	\$ 5,932,531
Noncurrent cash and investments	<u>5,043,294</u>
	<u>\$ 10,975,825</u>

Bowling Green Municipal Utilities Electric Division		
Investment Type	Fair Value	Maturities in
		Years
		Less than 1
U.S. Agencies obligations	\$ 136,341	\$ 136,341
Money market account	<u>797,830</u>	<u>797,830</u>
	<u>\$ 934,171</u>	<u>\$ 934,171</u>

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

Carrying Value	
Deposits	\$ 16,035,772
Investments	<u>934,171</u>
	<u>\$ 16,969,943</u>

Included in the following captions:

Cash and cash equivalents	\$ 15,835,162
Noncurrent cash and investments	<u>1,134,781</u>
	<u>\$ 16,969,943</u>

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

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2016, the Utility's investments in U.S. agencies obligations not directly guaranteed by the U.S. government were rated by Standard & Poor's and by Moody's Investors Services as AAA.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Utility will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of June 30, 2016 the Municipal Utilities were not exposed to custodial credit risk.

Concentration of Credit Risk - The Utility places no limit on the amount that may be invested in any one issuer. At June 30, 2016, the Water-Sewer Division's investment in Federal Home Loan Bank obligations constituted approximately 15% and 8%, respectively, of its total investments. At June 30, 2016, the Electric Division's

City of Bowling Green, Kentucky
Notes to Financial Statements
June 30, 2016

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

investment in Federal Home Loan Mortgage Corporation and Federal National Mortgage Association obligations constituted 4% and 10% of its total investments, respectively.

Recurring Fair Value Measurements - The following table represents both Water/Sewer and Electric Division assets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the measurements fall at June 30, 2016.

Investments by Fair Value Level	June 30, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S agencies obligations	\$ 730,636	\$ -	\$ 730,636	\$ -
Money Market account	4,066,815	4,066,815	-	-
Total Investments by Fair Value Level	\$ 4,797,451	\$ 4,066,815	\$ 730,636	\$ -

Policemen and Firefighters' Retirement Fund

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

Level 1 - Investments reflect prices quoted in active markets.

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

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

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

Investments by Fair Value Level	June 30, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	\$ 289,043	\$ 289,043	\$ -	\$ -
Corporate securities	2,336,385	603,054	1,733,331	-
Mutual funds	3,610,180	3,610,180	-	-
Kentucky local municipal bonds	819,179	-	819,179	-
United States government securities	128,272	128,272	-	-
Total Investments by Fair Value Level	\$ 7,183,059	\$ 4,630,549	\$ 2,552,510	\$ -

Approximately 34% of the net assets held in trust for pension benefits are invested in corporate securities. The fund has no investments in stocks or bonds of any commercial or industrial organization whose market value exceeds 5% of the plan's fiduciary net position. The funds does not have a formal investment policy.

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

City of Bowling Green, Kentucky
Notes to Financial Statements
June 30, 2016

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Government	\$ 128,272	\$ -	\$ -	\$ 128,272	\$ -
Corporate Securities	2,336,385	100,088	61,475	1,719,031	455,791
Kentucky Municipal Bonds	819,179	50,621	186,104	435,717	146,737
Mutual Funds	3,610,180	3,610,180	-	-	-
Total	\$ 6,894,016	\$ 3,760,889	\$ 247,579	\$ 2,283,020	\$ 602,528

Rate of Return - For the year ended June 30, 2016, 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 5.02%. 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, 2016, the Fund's carrying amounts for cash investments were uninsured, but held in the Fund by the corresponding bank's trust department.

B. Restricted Assets

Governmental Activities

Cemetery Perpetual Fund - Assets totaling \$934,803 are reported as restricted fund balance in the Cemetery Perpetual Fund, these assets are restricted for cemetery maintenance.

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

City of Bowling Green, Kentucky
Notes to Financial Statements
June 30, 2016

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Primary Government				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 18,267,521	\$ 92,549	\$ (439,488)	\$ 17,920,582
Infrastructure	104,276,106	3,713,047	(1,604,020)	106,385,133
Construction in progress	4,347,513	783,416	(1,674,853)	3,456,076
Total capital assets, not being depreciated	<u>126,891,140</u>	<u>4,589,012</u>	<u>(3,718,361)</u>	<u>127,761,791</u>
Capital assets, being depreciated:				
Stormwater Infrastructure	12,537,315	21,662	(42,731)	12,516,246
Buildings	46,586,300	291,397	-	46,877,697
Improvements other than buildings	32,299,368	917,852	(55,000)	33,162,220
Intangibles	1,235,687	305,067	(59,900)	1,480,854
Vehicles, equipment and furniture	23,717,215	1,622,076	(1,567,441)	23,771,850
Property held under capital lease	306,633	-	-	306,633
Total capital assets, being depreciated	<u>116,682,518</u>	<u>3,158,054</u>	<u>(1,725,072)</u>	<u>118,115,500</u>
Less accumulated depreciation:				
Stormwater Infrastructure	(2,167,492)	2,293	(230,974)	(2,396,173)
Buildings	(15,644,259)	-	(1,170,778)	(16,815,037)
Improvements	(14,520,277)	17,874	(1,211,840)	(15,714,243)
Intangibles	(318,129)	9,734	(108,012)	(416,407)
Vehicles, equipment and furniture	(19,808,636)	1,552,240	(1,176,080)	(19,432,476)
Property held under capital lease	(177,901)	-	(7,431)	(185,332)
Total accumulated depreciation	<u>(52,636,694)</u>	<u>1,582,141</u>	<u>(3,905,115)</u>	<u>(54,959,668)</u>
Total capital assets, being depreciated, net	<u>64,045,824</u>	<u>4,740,195</u>	<u>(5,630,187)</u>	<u>63,155,832</u>
Governmental activities, capital assets, net	<u>\$ 190,936,964</u>	<u>\$ 9,329,207</u>	<u>\$ (9,348,548)</u>	<u>\$ 190,917,623</u>

City of Bowling Green, Kentucky
Notes to Financial Statements
June 30, 2016

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Business-type assets:				
Capital assets, not being depreciated:				
Land	\$ 2,290,764	\$ -	\$ -	\$ 2,290,764
Construction in progress	-	43,226	-	43,226
Total capital assets, not being depreciated	<u>2,290,764</u>	<u>43,226</u>	<u>-</u>	<u>2,333,990</u>
Capital assets, being depreciated:				
Buildings	10,562,775	-	-	10,562,775
Vehicles, equipment and furniture	1,442,359	6,832	(534,544)	914,647
Total capital assets, being depreciated	<u>12,005,133</u>	<u>6,832</u>	<u>(534,544)</u>	<u>11,477,422</u>
Less accumulated depreciation:				
Buildings	(6,000,402)	-	(270,668)	(6,271,070)
Vehicles, equipment and furniture	(1,299,405)	534,542	(50,537)	(815,400)
Total accumulated depreciation	<u>(7,299,807)</u>	<u>534,542</u>	<u>(321,205)</u>	<u>(7,086,470)</u>
Total capital assets, being depreciated, net	<u>4,705,327</u>	<u>541,374</u>	<u>(855,749)</u>	<u>4,390,953</u>
Business-type activities, capital assets, net	<u>\$ 6,996,091</u>	<u>\$ 584,600</u>	<u>\$ (855,749)</u>	<u>\$ 6,724,943</u>

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

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

Governmental activities	
General government	\$ 462,492
Public safety	1,282,877
Public works	665,844
Parks and recreation	1,244,610
Housing and community development	249,292
Total depreciation expense - governmental activities	<u>\$ 3,905,115</u>
Business-type activities	
Convention Center	\$ 321,205
Total depreciation expense - business-type activities	<u>\$ 321,205</u>

City of Bowling Green, Kentucky
Notes to Financial Statements
June 30, 2016

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

Component unit capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Bowling Green Municipal Utilities				
Capital assets, not being depreciated:				
Construction in progress	\$ 3,495,789	\$ 4,827,959	\$ (3,609,974)	\$ 4,713,774
Capital assets, being depreciated:				
Transmission plant	2,244,253	156,930	(40,825)	2,360,358
Distribution plant	80,849,782	3,004,165	(722,676)	83,131,271
Structures and improvements, nodes	279,349	31,209	-	310,558
General plant	13,838,924	391,767	(350,924)	13,879,767
Water plant	90,301,484	3,216,186	-	93,517,670
Sewer plant	111,587,148	1,583,501	(253,205)	112,917,444
Equipment	6,611,206	503,204	(90,347)	7,024,063
Overhead conductors and devices	5,450,896	148,312	(1,237)	5,597,971
Trucks and autos	2,196,455	125,982	(8,850)	2,313,587
Office equipment	1,224,502	132,084	-	1,356,586
Office additions	65,716	-	-	65,716
Total capital assets, being depreciated	<u>314,649,715</u>	<u>9,293,340</u>	<u>(1,468,064)</u>	<u>322,474,991</u>
Less accumulated depreciation	<u>(122,130,428)</u>	<u>(9,856,186)</u>	<u>1,789,343</u>	<u>(130,197,271)</u>
Total capital assets, being depreciated, net	<u>192,519,287</u>	<u>(562,846)</u>	<u>321,279</u>	<u>192,277,720</u>
Bowling Green Municipal Utilities, capital assets, net	<u>\$ 196,015,076</u>	<u>\$ 4,265,113</u>	<u>\$ (3,288,695)</u>	<u>\$ 196,991,494</u>

D. Interfund Transfers

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

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

Transfers In	Transfers Out				Total
	General	Non-Major Governmental	Internal Service	Convention Center	
Within the primary government:					
General	\$ -	\$ 564,379	\$ -	\$ -	\$ 564,379
ITA Bond	1,264,788	-	-	-	1,264,788
Debt Service	2,688,803	2,611,914	-	-	5,300,717
Convention Center	-	1,287,080	-	-	1,287,080
Internal Service	1,545,000	-	200,000	-	1,745,000
Non-major governmental	13,051,246	617,534	322,500	300,000	14,291,280
Totals	<u>\$ 18,549,837</u>	<u>\$ 5,080,907</u>	<u>\$ 522,500</u>	<u>\$ 300,000</u>	<u>\$ 24,453,244</u>

City of Bowling Green, Kentucky
Notes to Financial Statements
June 30, 2016

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

E. Long-term Debt

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

Primary Government:

	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
Governmental Activities					
General Obligation and Revenue Bonds					
General Obligation Bond, Series 2007A	Lovers Lane Utilities, Park Community Center Expansion, Circus Square, Downtown Signalization, SkyPAC land acquisition, various road projects, Southwest Parkway property acquisition, Broadway Curve Straightening, Fields Drive and Skate Park	\$ 14,905,000	4.0% - 5.0%	June 30, 2033	\$ 2,510,000
General Obligation Bond, Series 2007B	Inter-Modal Transportation Authority, Inc. refinancing	20,615,000	3.375% - 4.625%	September 1, 2023	1415,000
General Obligation Bond, Series 2008A	Baseball Stadium construction	24,835,000	3.50% - 5.00%	June 1, 2038	1,160,000
General Obligation Bond, Series 2008B	Fire stations at Greenwood, Airport and Fire Headquarters	6,585,000	3.50% - 4.75%	June 1, 2028	600,000
General Obligation Bond, Series 2009	Refinance GO Series 1995, 1998 and 2000A	15,740,000	3.00% - 4.50%	June 1, 2020	6,195,000
General Obligation Bond, Series 2010/ 2011	Refinance GO Series 2002B and 2002C	29,580,000	0.5% - 3.75%	June 1, 2026	23,825,000
General Obligation Bond, Series 2012A	Refinance GO Series 2004A	6,320,000	2.0% - 3.0%	June 1, 2024	6,110,000
General Obligation Bond, Series 2012B	Refinance GO Series 2004B	1,400,000	10% - 3.3%	June 1, 2024	1,100,000
General Obligation Bond, Series 2013A	Refinance GO Series 2002A & 2004A	4,200,000	2.00%	December 1, 2017	1,420,000
General Obligation Bond, Series 2015A	Refinance portion of GO Series 2007A	9,245,000	2.25% - 3.0%	December 1, 2032	9,185,000
General Obligation Bond, Series 2016A	Refinance portion of GO Series 2007B	12,040,000	2.05%	September 1, 2023	12,040,000
General Obligation Bond, Series 2016B	Refinance GO Series 2007C	3,260,000	3.09%	September 1, 2023	3,260,000
General Obligation Bond, Series 2016C	Refinance portion of Series 2008A & 2008B	24,545,000	3.0% - 4.0%	June 1, 2038	24,545,000
					\$ 93,365,000
Premiums, deferred charges and discounts on bond obligations					3,157,378
Total General Obligation Bonds					\$ 96,522,378
	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
Notes and Lease Purchase Agreements					
BB&T	Relocation of operations division	\$ 1,630,000	10 yr. LIBOR	July 2, 2025	661,160
US Bank	Depot project	881,153	5.02%	June 30, 2019	176,476
Chase Bank	2007 Fire Pumper and Quint	1,019,193	3.97%	August 1, 2018	220,181
Chase Bank	2010 Fire Aerial & Pumper Trucks	1,309,391	2.66%	October 1, 2020	697,604
Total Notes Payable and Capital Leases					\$ 1,755,421
Other Long-Term Liabilities					
Component unit debt					86,929
Compensated Absences					1,771,263
Landfill					2,316,274
					\$ 4,174,466
Total long-term governmental liabilities					\$ 102,452,265
	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
Business-Type Activities					
General Obligation Bonds					
General Obligation Bond, Series 2013C	Refinancing of GO Series 2003	\$ 3,595,000	2.00%	December 1, 2018	\$ 2,145,000
					2,145,000
Premiums, deferred charges and discounts on bond obligations					57,371
Total General Obligation Bonds					2,202,371
Total long-term business-type liabilities					\$ 2,202,371

City of Bowling Green, Kentucky
Notes to Financial Statements
June 30, 2016

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the primary government for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016	Amounts Due In One Year
Governmental Activities:					
General obligation and revenue bonds	\$ 100,415,000	\$ 39,845,000	\$ (46,895,000)	\$ 93,365,000	\$ 7,620,000
Notes and lease purchase agreements	2,119,501	-	(364,080)	1,755,421	363,625
Adjustments for deferred amounts:					
Discount on bonds payable	(198,527)	-	21,019	(177,508)	-
Premium on bonds payable	1,341,497	2,085,795	(92,406)	3,334,886	-
Total bonds, notes, leases payable	103,677,471	41,930,795	(47,330,467)	98,277,799	7,983,625
Component Unit Debt	113,861	-	(26,932)	86,929	26,929
Compensated absences	1,779,762	907,479	(915,978)	1,771,263	921,057
Landfill postclosure care	1,640,244	676,030	-	2,316,274	74,917
Total governmental activities	107,211,338	43,514,304	(48,273,377)	102,452,265	9,006,528
Business Type Activities					
General obligation and revenue bonds	2,860,000	-	(715,000)	2,145,000	685,000
Less: unamortized bond discount and premiums from refunding	76,494	-	(19,123)	57,371	-
Total business-type activities	2,936,494	-	(734,123)	2,202,371	685,000
Total governmental and business-type activities	\$ 110,147,832	\$ 43,514,304	\$ (49,007,500)	\$ 104,654,636	\$ 9,691,528

Component Unit

Long-term liability activity for the component unit for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016	Amounts Due In One Year
Component Unit					
Bowling Green Municipal Utilities					
Water-Sewer Division					
Notes payable	\$ 71,929,143	\$ 1,190,489	\$ (4,179,998)	\$ 68,939,634	\$ 4,261,576
Electric Division					
Revenue bonds	11,710,000	5,885,000	(6,720,000)	10,875,000	485,000
General Services Division					
Notes payable	4,650,000	-	(600,000)	4,050,000	600,000
Capital lease obligation	85,824	-	(44,598)	41,226	41,226
Less: unamortized bond discount	(347,910)	235,716	129,164	16,970	-
	\$ 88,027,057	\$ 7,311,205	\$ (11,415,432)	\$ 83,922,830	\$ 5,387,802

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, \$23,597 of internal service fund compensated absences is included in the above amounts. Landfill postclosure liabilities are liquidated by the Landfill Closure special revenue fund and governmental compensated absences are liquidated by the general fund.

City of Bowling Green, Kentucky
Notes to Financial Statements
June 30, 2016

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

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

Fiscal Year	Governmental Activities				Business-Type Activities			
	General Obligation and Revenue Bonds		Notes and Lease Purchase Agreements		General Obligation and Revenue Bonds		Notes and Lease Purchase Agreements	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2017	\$ 2,982,849	\$ 7,620,000	\$ 59,472	\$ 363,625	\$ 30,538	\$ 685,000	\$ -	\$ -
2018	2,735,594	8,150,000	46,288	371,541	16,438	725,000	-	-
2019	2,489,953	8,135,000	35,066	266,547	4,594	735,000	-	-
2020	2,234,193	8,750,000	25,868	213,756	-	-	-	-
2021	1,957,811	7,500,000	19,430	220,098	-	-	-	-
2022-2026	6,344,556	32,750,000	33,831	319,854	-	-	-	-
2027-2031	2,709,467	9,870,000	-	-	-	-	-	-
2032-2036	1,191,615	7,825,000	-	-	-	-	-	-
2037-2041	135,526	2,765,000	-	-	-	-	-	-
	<u>\$ 22,781,564</u>	<u>\$ 93,365,000</u>	<u>\$ 219,955</u>	<u>\$ 1,755,421</u>	<u>\$ 51,570</u>	<u>\$ 2,145,000</u>	<u>\$ -</u>	<u>\$ -</u>

Component Unit

Principal requirements for component unit debt is as follows:

Fiscal Year	Bowling Green Municipal Utilities Water-Sewer Division	Bowling Green Municipal Utilities General Services Division	Bowling Green Municipal Utilities Electric Division	Total
2017	\$ 4,261,576	\$ -	\$ 485,000	\$ 4,746,576
2018	4,337,293	-	475,000	4,812,293
2019	4,390,106	-	485,000	4,875,106
2020	4,459,322	-	495,000	4,954,322
2021 - 2025	4,519,348	-	505,000	5,024,348
2026 - 2030	22,260,130	-	2,715,000	24,975,130
2031 - 2035	19,056,779	-	3,180,000	22,236,779
2036 - 2036	5,622,193	-	2,535,000	8,157,193
2037	32,887	-	-	32,887
	<u>\$ 68,939,634</u>	<u>\$ -</u>	<u>\$ 10,875,000</u>	<u>\$ 79,814,634</u>

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

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

1. \$14,905,000 general obligation bonds, Series 2007A, issued to finance costs for construction of public park improvements, construction of utilities, design and construction of a skate park, Circus Square acquisition and construction, land acquisition, construction of public roads, and installation of downtown signalization upgrades. In fiscal year 2015, this obligation was partially refunded by Series 2015A.
2. \$27,415,000 general obligation bonds, Series 2007B & C, issued for the purpose of refinancing existing mortgage-backed bond issues used for acquisition and construction of the Kentucky Transpark. Series B is comprised of \$20,615,000 tax-exempt bonds, and Series C is comprised of \$6,800,000 taxable bonds. During FY2016, these obligations were refunded by Series 2016A & B.

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

3. \$24,835,000 general obligation bonds, Series 2008A, issued for the purpose of constructing a baseball park and related infrastructure for the Bowling Green Hot Rods, a single A baseball team. This obligation was partially refunded in 2016 by Series 2016C.
4. \$6,585,000 general obligation bonds, Series 2008B, issued for the purpose of constructing the Greenwood Fire Station and the expansions and renovations of the Headquarters and Airport fire stations. This obligation was partially refunded in 2016 by Series 2016C.
5. \$15,740,000 general obligation bonds, Series 2009, issued for the purpose of refinancing the 1995 Bowling Green Municipal Projects Corporation Lease Revenue Bonds, the 1998 City of Bowling Green General Obligation Bonds, Series A and the 2000 City of Bowling Green General Obligation bonds.
6. \$29,580,000 general obligation and special revenue refunding bonds, Series 2010 and Series 2011, issued for the purpose of refinancing the series 2002B and series 2002C general obligation and special revenue bonds for Western Kentucky University.
7. \$6,320,000 general obligation bonds, Series 2012A, issued for the purpose of refinancing Series 2004A, general obligation bonds.
8. \$1,400,000 general obligation bonds, Series 2012B, issued for the purpose of refinancing Series 2004B, general obligation bonds.
9. \$4,200,000 general obligation bonds, Series 2013A, issued for the purpose of refinancing Series 2002A and 2004A general obligation bonds.
10. \$3,595,000 general obligation bonds, Series 2013C, issued for the purpose of refinancing Series 2003 general obligation bonds.
11. \$9,245,000 general obligation bonds, Series 2015A, issued for the purpose of refinancing a portion of Series 2007A general obligation bonds.
12. \$15,300,000 general obligation bonds, Series 2016A & B, issued for the purpose of refinancing a portion of Series 2007B & C general obligation bonds. As a result, the refunding portion is considered defeased and the corresponding liability removed from the primary government activities column of the statement of net position. The refunding was undertaken to reduce the total debt service payment and resulted in a net present value savings or benefit of \$1,216,517 or approximately 8.2%. The aggregate difference between the refunding debt and the refunded debt was \$470,000; with \$14,830,000 as the refunded principal.
13. \$24,545,000 general obligation bonds, Series 2016C, issued to refinance a portion of Series 2008A & 2008B general obligation bonds. The refunded portion of the debt is considered defeased and the corresponding liability has been removed from the primary government activities column of the statement of net position. The refunding was completed to reduce the total debt service payments and resulted in a net present value savings or benefit of \$3,072,159 or about 12.72%. The aggregate difference between the refunding debt and the refunded debt was \$395,000; with \$24,150,000 as the refunded principal.

Memorandum of Agreement/WKU Project Financing

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

Pursuant to a Memorandum of Agreement dated April 15, 2002 and amended by Supplement No. 1 dated June 1, 2002, between the City, WKU and the Hilltopper Athletic Foundation (HAF), WKU and HAF, respectively, pledge to

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

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

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

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,915,000	\$ 828,605	\$ 2,743,605
2018	2,045,000	771,155	2,816,155
2019	2,185,000	709,805	2,894,805
2020	2,340,000	644,255	2,984,255
2021	2,500,000	568,205	3,068,205
2022-2026	12,840,000	1,491,241	14,331,241
	<u>\$ 23,825,000</u>	<u>\$ 5,013,266</u>	<u>\$ 28,838,266</u>

As of June 30, 2016 the City has recorded a receivable from WKU and deferred revenue of \$23,825,000 in the WKU Athletics Special Revenue Fund applicable to future revenues to be received from WKU related to the above agreement.

Fund Depository and Administration Agreement/WKU Project Financing

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

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

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

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

TIF District

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

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

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

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

Prior Year Defeasance of Debt

In a prior year the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2016, \$71,230,000 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, 2016, the cash, investments and due from other governments available totaled \$1,241,762.

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

The estimate of present value of remaining closure and post-closure care liabilities for all three landfill sites as of June 30, 2016 is \$2,316,274. 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).

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

Glen Lily Road Landfill

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

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

Butler County Landfill

The City submitted a closure plan for its Butler County landfill in May 1991. The site ceased receiving solid waste in June 1992. The closure plan was approved by the state in 1996. The facility met closure standards for a residential landfill rather than a contained landfill. Drawing upon funds from the Landfill Closure Special Revenue Fund, established from proceeds of the 1991 bond issue, the City added a leachate collection system and a passive methane gas venting system. Construction of the landfill cap was completed in fiscal year 1995 and the City received a permit for closure construction in 1996. A quality assurance/quality control report was submitted on November 15, 1996. The original closure permit expired in July 1997, and a new permit extending to 2002 was issued. The City submitted quarterly and annual inspections and reports to the cabinet. In 2004, consultants Kamp, Dresser and McKee were engaged to assist in development of a plan to effect final closure of the landfill. In 2005, the City completed the third year of a three-year closure care period. However, the state has not granted final closure to date. From 2012-2016, the Kentucky Division of Waste Management used HB174 funds to design and construct a leachate consolidation system as well as improve the cap to decrease leachate production rates. The City continues to monitor and care for the landfill, submit required reports, and dispose of the leachate generated. It is assumed that the City will incur landfill maintenance costs at least through 2034.

Old Louisville Road

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

Responding to Cabinet directives, in September 2000, the City awarded a project to install a leachate collection system at the Old Louisville Road landfill. The project cost was \$521,955 and was completed in December 2001. The City anticipated a decision from the Cabinet on the closure application in July 2002. However, the Cabinet has not acted on the application. In 2010, the Cabinet, through HB174, deemed the groundwater monitoring program at the landfill compliant and complete and removed the groundwater monitoring wells at the site. In order to move the closure process forward, the City must restrict the deed for the property that remains with the Kentucky Transportation Cabinet. In 2016, the City delivered a new survey to the Kentucky Transportation Cabinet and a decision to either restrict the deed appropriately or transfer the property to the City is being awaited. The City continues to monitor and care for the landfill, submit required reports, and assume that maintenance costs will be incurred at least through 2034. A two year post-closure and thirty year closure period will follow the date upon which the state should grant closure if the application is processed in accordance with precedent.

NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)

F. Net Position

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

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

NOTE 4. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1995, the City established the Employee Health Care Fund (EHCF) (an internal service fund) to account for and finance employee medical costs relating to the City's employee self-insured medical benefit plan. The EHCF provides coverage for up to \$125,000 for each health insurance claim. The City purchases commercial insurance for claims in excess of coverage provided.

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

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

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

All funds of the City participate in the program and make payments to the EHCF and WCF based on historical cost information of the amounts needed to pay prior and current year claims. Claim liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported based on historical experience. 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 Financial Statements
June 30, 2016

NOTE 4. RISK MANAGEMENT (Continued)

Changes in the balances of claims liabilities during fiscal years 2016 and 2015 follows:

	Health Care	Workers Compensation	Property and Casualty
Liability at June 30, 2014	\$ 255,723	\$ 58,417	\$ -
Claims and changes in estimates FY 2015	3,018,391	8,313	229,947
Claims paid FY 2015	<u>(3,128,508)</u>	<u>(45,909)</u>	<u>(184,947)</u>
Liability at June 30, 2015	145,606	20,821	45,000
Claims and changes in estimates FY 2016	4,908,307	100,801	110,153
Claims paid FY 2016	<u>(4,706,934)</u>	<u>(79,524)</u>	<u>(123,463)</u>
Liability at June 30, 2016	<u>\$ 346,979</u>	<u>\$ 42,098</u>	<u>\$ 31,690</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, 2016 of \$4,552,880. 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 \$500,817 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, 2016. At year end, the City had the following commitments on construction contracts:

Project	Remaining Commitment
Sidewalk improvement projects	\$ 659,849
Smallhouse Road construction project	46,436
Street resurfacing project	1,120,515
Cemetery building construction	403,120
Parks construction projects	9,750
Convention Center lobby renovations	456,424
Police department renovations	22,300
Golf Course construction project	34,976
Records retention project construction	99,100

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, 2016 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

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

NOTE 5. COMMITMENTS AND CONTINGENCIES (Continued)

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

In March 2015, the City agreed to assign all State TIF revenues to the County and to adjust City base revenues in specific blocks within the TIF district. In exchange for the adjusted base revenues, the County will provide an annual, renewable lease to fund City debt service shortfalls. The City also agreed to convert the annual, renewable parking sublease to a General Obligation (G.O.) sublease as part of the permanent bond issue that closed in January 2016. Additionally, the agreement with the original sub-developer was terminated in July 2015, and a new sub-developer was selected to complete construction of the four-story mixed use development and act as the leasing agent for the building. The City considers the previous risk of funding debt shortfalls eliminated with the reassignment of the City's share of State TIF revenues to the County, and the County's pledge to reimburse the City for any shortfalls on debt service of the IRB financing.

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

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

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

As of June 30, 2016, there were three series of industrial revenue bonds and six series of special assessment bonds outstanding with an aggregate principal balance of \$68,110,000 and \$1,226,000, respectively.

G. Lease Commitments - The Golf program in the General Fund leases approximately 53 acres of real estate from the Bowling Green-Warren County Airport Board. This lease provides for future minimum lease payments as of June 30, 2016 as follows:

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

In addition, the Golf program in the General Fund leases the Crosswinds municipal golf course pro shop facility from The Convention Center Corporation, a component unit. The buildings, furnishings and equipment elements of

NOTE 5. COMMITMENTS AND CONTINGENCIES (Continued)

this lease are classified as capital leases and included in the long-term debt footnote. The land element of this lease is classified as an operating lease. Rental payments are based on 7.62% of the total annual debt service of Mortgage Revenue Bonds, Series 1993. Rental payments attributed to the golf pro shop facility is based upon the facility's original cost (\$660,000) as a percentage of total project costs financed by Bonds (\$8,660,000). The following is a schedule of minimum future rentals of the land element of the pro shop lease as of June 30, 2016:

Year Ending June 30,	
2017	\$ 30,268
2018	31,067
2019	31,036
Total	<u>\$ 92,371</u>

NOTE 6. THE SINGLE AUDIT ACT

The U.S. Office of Management and Budget's Uniform Administrative Requirements (2 CFR 200.501), Cost Principles, and Audit Requirements for Federal Awards, which replaced Circular No. A-133 for *Audits of States, Local Governments and Non-Profit Organizations*, requires non-federal entities that expend \$750,000 or more a year in federal awards to have an audit performed in accordance with the provisions of the guidance. A separate supplemental report will be issued on active grant programs of the City of Bowling Green in accordance with applicable provisions of the Single Audit Act of 1984, P.L. 98-502 and the Single Audit Act Amendments of 1996, P.L. 104-156.

NOTE 7. DEFINED BENEFIT PENSION PLANS

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

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

Plan membership. As of June 30, 2016, the plan consisted of the following:

Active Employees	0
Retirees and Disabled Participants	18
Widow Participants	22
Terminated Vested Employees	0

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

At the time of active employee participation, two types of disability coverage were provided. If a member became disabled due to occupation-related causes, he/she commenced receipt of an annuity equal to seventy percent of the final rate of pay. A member rendered disabled through other than occupation-related causes became entitled to

NOTE 7. DEFINED BENEFIT PENSION PLANS (Continued)

an annuity based on his/her average salary and years of service, subject to a maximum payment of fifty percent of his/her average salary.

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

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

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

Contributions. The retirement fund's funding policy provided for employee contributions of eight percent of their annual salary. A member reserve was established for member contributions and earnings allocations. As there are no longer any active members, members made no contribution for the year ended June 30, 2016.

The City of Bowling Green (The City) only contributes amounts required to fund current service costs and interest on unfunded past service costs as determined by actuarial valuations in compliance with Kentucky Revised Statutes. The City is not required to make an annual contribution. For 2015-2016, the City made a contribution of \$400,000. For fiscal year 2016-2017, the Board of Trustees did approve a cost of living increase of 1.0%. The City will fund the Plan at least at the actuarial determined amount per year and the Board will determine a COLA each year based on the net pension liability of the plan. The City's General Fund covers the administrative costs of the plan, approximately \$20,000 per year. There are no assets legally reserved for purposes other than the payment of plan member benefits.

In future years, cost of living increases will be considered based upon the Plan's Funding Policy, which was adopted on September 7, 2016. The Policy states that when the funded ratio is maintained at 95% or above, as measured by the 0% cost of living actuarial calculation, the board of trustees will consider a cost of living adjustment. The City will fund the Plan on the 5-year 1% cost of living adjustment amortization amount found in the "Summary of Funding Levels" section of the annual actuarial report in order to eliminate any unfunded accrued liability within 5 years.

Net Pension Liability

The City's net pension liability (asset) was measured as of July 1, 2016, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market Value adjusted for accruals
Inflation	None

City of Bowling Green, Kentucky
Notes to Financial Statements
June 30, 2016

NOTE 7. DEFINED BENEFIT PENSION PLANS (Continued)

COLAs	Average of the cost of living adjustments made over the prior 5 years, rounded to the nearest 1.0%. For July 1, 2016 valuation, this result is 1.0% per annum.
Investment rate of return	6.0% per annum
Mortality	IRS Generational Mortality tables for Males and Females with Improvements under projection Scale AA.

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

Asset Class	Long Term Expected Real Rate of Return
Inflation (CPI)	N/A
US Equity	4.80%
Non-US Equity	7.40%
Fixed Income	0.90%
Cash	-1.38%

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:

	Current Discount Rate		
	1% Decrease (5.0%)	(6.0%)	1% Increase (7.0%)
<i>City of Bowling Green's net pension liability</i>	\$ 1,140,289	\$ 591,858	\$ 106,874

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

Pension expense. For the year ended June 30, 2016, the City recognized pension expense of -\$338,889.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2016, 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	\$ 145,032	\$ -
Change of assumptions	-	-
Experience losses (gains)	-	-
	\$ 145,032	\$ -
Total	\$ 145,032	\$ -

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2016," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

NOTE 7. DEFINED BENEFIT PENSION PLANS (Continued)

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:		
2017	\$	44,034
2018		44,034
2019		44,034
2020		12,930
2021		-
	<u>\$</u>	<u>145,032</u>

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

B. The County Employees' Retirement System (CERS)

General Information about the Pension Plan

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

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

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

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

NOTE 7. DEFINED BENEFIT PENSION PLANS (Continued)

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

Contributions. Contributions for employees are established in the statutes governing the KRS and may only be changed by the Kentucky General Assembly. Non-Hazardous employees contribute 5% and Hazardous employees contribute 8% of salary if they were plan members prior to September 1, 2008. Non-Hazardous and Hazardous employees that entered the plan after September 1, 2008, are required to contribute 6% and 9%, respectively, of their annual creditable compensation. The additional 1% is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E). The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2016, total employer contributions for the City were \$5,940,751 based on a rate of 17.06% for Non-Hazardous and 32.95% for Hazardous members through covered payroll. The contribution rate of 17.06% for Non-Hazardous is comprised of amounts for pension and insurance benefits, 12.42% or \$1,186,797 was dedicated to pensions and 4.64% or \$443,377 was allocated to insurance. The total contribution rate of 32.95% for Hazardous consists of 20.26% or \$2,650,449 toward pension benefits and 12.69% or \$1,660,128 for insurance benefits. The total City contribution in 2016 for pension benefits was \$3,837,246.

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

Net Pension Liability

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

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

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

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

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on plan assets is reviewed as part of the regular experience study prepared every five years for KRS. The most recent analysis, performed for the period covering fiscal years 2008 through

City of Bowling Green, Kentucky
Notes to Financial Statements
June 30, 2016

NOTE 7. DEFINED BENEFIT PENSION PLANS (Continued)

2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class (See chart below). These were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

<u>Asset Class</u>	<u>Long Term Expected</u>	
	<u>Real Rate of Return</u>	<u>Target Allocation</u>
Combined Equity	5.40%	44.00%
Combined Fixed Income	1.50%	19.00%
Real Return (Diversified		
Inflation Strategies)	3.50%	10.00%
Real Estate	4.50%	5.00%
Absolute Return (Diversified)		
Hedge Funds)	4.25%	10.00%
Private Equity	8.50%	10.00%
Cash Equivalent	-0.25%	2.00%
		100.00%

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

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

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

	Current Discount Rate		
	1% Decrease (6.50%)	(7.50%)	1% Increase (8.50%)
<i>City of Bowling Green's net pension liability</i>			
Hazardous	\$ 49,571,312	\$ 38,726,554	\$ 29,741,476
Nonhazardous	22,436,088	17,574,544	13,411,062
Total	\$ 72,007,401	\$ 56,301,098	\$ 43,152,538

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

Pension expense. For the year ended June 30, 2016, the City recognized pension expense of \$5,769,516.

City of Bowling Green, Kentucky
Notes to Financial Statements
June 30, 2016

NOTE 7. DEFINED BENEFIT PENSION PLANS (Continued)

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following table:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 400,742	\$ -
Net difference between expected and actual experience	987,170	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	441,070	107,473
Change of assumptions	5,118,807	-
Contributions subsequent to the measurement date of June 30, 2015	3,437,245	-
Total	<u><u>\$ 10,385,034</u></u>	<u><u>\$ 107,473</u></u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2016,” 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:	
2017	\$ 1,433,391
2018	1,433,391
2019	1,433,391
2020	2,540,143
2021	-
	<u><u>\$ 6,840,316</u></u>

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

Changes in assumptions. Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated. The changes are noted below:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

NOTE 8. DEFINED CONTRIBUTION PLANS

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

Investments are managed by ICMA Retirement Corporation, plan administrator, with various investment options. The choice of the investment option(s) is made by the participants. Participating employees can contribute to the Plan based on either a percentage of compensation or a fixed dollar amount per pay period. The limits for the plan are up to \$18,000 per year for regular contributions and \$6,000 for catch-up contributions. The limits for the Roth plan are up to \$5,500 per year for regular contributions and \$1,000 for catch-up contributions. During the fiscal year ended June 30, 2016, employee contributions for both plans totaled \$356,029.

On December 5, 1995, the City Commission also adopted Municipal Order 95-269 authorizing participation in the Kentucky Public Employees 401(k) Deferred Compensation Plan. During the year ended June 30, 2009, the City also began offering a Roth 401(k) option. The Plans are administered by the Kentucky Public Employees Deferred Compensation Authority and are offered to all eligible City employees as a voluntary retirement supplement. Participating employees can defer a maximum of \$18,000 for regular contributions and \$6,000 for catch-up contributions for the 401(k) and \$5,500 for regular contributions and \$1,000 dollars for the Roth. Benefits are available upon termination of employment, retirement, death or for hardship withdrawal. Employee contributions for both plans totaled \$263,501 for the fiscal year ended June 30, 2016.

NOTE 9. SUBSEQUENT EVENTS

The City was awarded the bid to provide fiscal agent services related to the Workforce Innovation and Opportunity Act (WIOA) grant funding effective on July 1, 2016. As fiscal agent, the City will be responsible for receiving grant funds, disbursing funds as directed by the WIOA Board and providing accounting services for the funds. All accounting transactions for this funding source will be tracked in an agency fund and all cash transactions will be processed through a new bank account. The term of the contract is two years.

Additionally, effective July 1, 2016, the City's minimum General Fund reserve balance was increased to 25% from 20% of the adopted revenue budget by Board of Commissioner approval. The increased reserve balance will allow the City to counteract the potential volatility of the largest revenue source, employee withholding fees, which is adversely affected by any downturns in the economy and subsequent decreases in employment levels. The reserve balance will continue to be accounted for as Committed fund balance and will be adjusted accordingly after the annual budget is adopted. For FY2017, the 25% reserve balance will equate to approximately \$16.3 million in the General Fund, which is an increase of \$3.3 million over the 20% reserve requirement.

NOTE 10. IMPLEMENTATION OF GASB 72

In February 2016, the GASB issued Statement No. 72, Fair Value and Measurement and Application. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. This statement establishes standards for valuation techniques and establishes a hierarchy of inputs to valuation techniques used to measure fair value. This statement also requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

The adoption of this provision did not impact the City's financial position.

NOTE 11. RECENT PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75, Accounting and Reporting for Postemployment Other Than Pensions. The provisions of this statement are effective for fiscal years beginning after June 15, 2017. This statement establishes new accounting and financial reporting requirements for OPEB plans provided to employees of state and local governments. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit

NOTE 11. RECENT PRONOUNCEMENTS (Continued)

OPEB, this Statement identifies the methods and assumptions required to project benefit payments, discount projected benefit payments to actuarial present value, and attribute present value to periods of employee service. Note disclosure and required supplementary information requirements of defined benefit OPEB also are addressed.

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

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

The City is currently evaluating the impact of GASB No. 77 and believes no impact to the financial position of the City will result of its adoption.

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

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget - Positive (Negative)
REVENUES				
Taxes				
Real estate	\$ 8,141,000	\$ 8,141,000	\$ 8,330,430	\$ 189,430
Personal property	1,656,000	1,656,000	1,791,440	135,440
Insurance premium	1,571,000	1,571,000	1,698,897	127,897
Motor vehicle and boat	926,000	926,000	950,285	24,285
Payment in lieu of taxes	150,000	150,000	156,073	6,073
Franchise	990,000	990,000	1,018,288	28,288
Other taxes	16,000	16,000	16,299	299
Penalties and Interest	80,000	80,000	53,224	(26,776)
Total taxes	13,530,000	13,530,000	14,014,936	484,936
Licenses and permits				
Occupational:				
Employees' w ithholding	34,071,000	34,071,000	37,614,159	3,543,159
Net profits	7,725,000	7,725,000	8,112,119	387,119
Other fees	221,000	221,000	320,002	99,002
Special licenses	230,000	230,000	257,285	27,285
Permits	776,000	776,000	1,299,802	523,802
Total licenses and permits	43,023,000	43,023,000	47,603,367	4,580,367
Intergovernmental				
Federal grants	41,300	125,941	79,527	(46,414)
State grants	-	-	-	-
Local grants	57,050	74,200	74,128	(72)
Total intergovernmental	98,350	200,141	153,655	(46,486)
Charges for services				
School tax collection fees	200,000	200,000	209,194	9,194
Other general government fees	10,500	10,500	8,957	(1,543)
Public safety fees	60,000	60,000	54,177	(5,823)
Cemetery lot sales	93,480	93,480	98,773	5,293
Cemetery fees	152,520	152,520	153,597	1,077
Other	57,500	57,500	53,147	(4,353)
Total charges for services	574,000	574,000	577,845	3,845
Parks and recreation	2,122,710	2,141,210	2,125,466	(15,744)
Miscellaneous				
Investment income	144,500	144,500	284,859	140,359
ABC and parking violations fees	8,500	8,500	5,460	(3,040)
Contributions and donations	55,500	152,453	110,084	(42,369)
Judgements and settlements	38,500	38,500	25,879	(12,621)
Other	125,040	131,540	130,926	(614)
Total miscellaneous	372,040	475,493	557,208	81,715
Total revenues	\$ 59,720,100	\$ 59,943,844	\$ 65,032,477	\$ 5,088,633

**City of Bowling Green, Kentucky
Budgetary Comparison Schedule
General Fund (Continued)
Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		Budget - Positive (Negative)
EXPENDITURES				
General government				
Legislative	\$ 160,368	\$ 153,150	\$ 150,181	\$ 2,969
Executive	991,431	1,159,345	1,021,192	138,153
Finance	1,471,862	1,347,929	1,341,209	6,720
Human resources	975,307	977,876	895,868	82,008
Law	333,282	487,042	270,805	216,237
Information technology	1,607,329	1,599,848	1,587,694	12,154
Administrative services	270,180	359,405	321,124	38,281
Total general government	<u>5,809,759</u>	<u>6,084,595</u>	<u>5,588,073</u>	<u>496,522</u>
Public safety				
Police	13,267,689	13,088,806	12,946,057	142,749
Fire	11,738,365	11,967,941	11,763,386	204,555
Total public safety	<u>25,006,054</u>	<u>25,056,747</u>	<u>24,709,443</u>	<u>347,304</u>
Public works				
Public works administration	1,392,480	1,568,044	1,395,865	172,179
Highway and streets	2,607,565	2,811,500	2,668,590	142,910
Building and plant	2,538,358	2,768,531	2,571,624	196,907
Environmental Compliance	516,208	753,765	260,792	492,973
Transportation	245,220	325,220	245,220	80,000
Total public works	<u>7,299,831</u>	<u>8,227,060</u>	<u>7,142,091</u>	<u>1,084,969</u>
Parks and recreation				
Parks	2,246,116	2,456,694	2,233,060	223,634
Recreation	1,152,211	1,306,930	1,178,979	127,951
Athletics	500,140	408,195	362,735	45,460
Community centers	931,028	855,188	780,735	74,453
Golf Courses	1,739,988	1,865,715	1,539,179	326,536
Other parks	1,455,375	1,314,382	1,160,163	154,219
Total parks and recreation	<u>8,024,858</u>	<u>8,207,104</u>	<u>7,254,851</u>	<u>952,253</u>
Neighborhood & Community Services	<u>2,157,607</u>	<u>2,382,625</u>	<u>1,927,557</u>	<u>455,068</u>
Community services				
Community services	767,175	876,385	764,721	111,664
Intergovernmental	1,144,610	1,170,610	1,094,942	75,668
Total community services	<u>1,911,785</u>	<u>2,046,995</u>	<u>1,859,663</u>	<u>187,332</u>
Total Expenditures	<u>50,209,894</u>	<u>52,005,126</u>	<u>48,481,678</u>	<u>3,523,448</u>
Excess of revenues over expenditures	<u>9,510,206</u>	<u>7,938,718</u>	<u>16,550,799</u>	<u>8,612,081</u>
Other financing sources (uses):				
Transfers in	516,400	546,400	564,379	17,979
Transfers out	(10,050,606)	(18,583,322)	(18,549,837)	33,485
Proceeds from sale of capital assets	24,000	24,000	198,179	174,179
Total other financing sources (uses)	<u>(9,510,206)</u>	<u>(18,012,922)</u>	<u>(17,787,279)</u>	<u>225,643</u>
Net change in fund balances	-	(10,074,204)	(1,236,480)	8,837,724
Fund balances, beginning	<u>22,521,691</u>	<u>22,521,691</u>	<u>22,521,691</u>	-
Fund balances, ending	<u>\$ 22,521,691</u>	<u>\$ 12,447,487</u>	<u>\$ 21,285,211</u>	<u>\$ 8,837,724</u>

City of Bowling Green, Kentucky
Notes to Required Supplementary Information on Budgetary Accounting and Control
Year Ended June 30, 2016

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

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

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

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

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

The following funds had purchase orders outstanding at June 30, 2016 as follows:

General fund	\$	866,175
Convention Center		481,024
Nonmajor governmental		4,102,853
Internal Service		21,022
	\$	<u>5,471,074</u>

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

	2016	2015	2014**	2013	2012	2011	2010	2009	2008	2007*
Total pension liability										
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on TPL	490,156	499,000	582,820	603,247	613,792	655,937	673,236	694,343	695,443	710,928
Changes of benefit terms	(82,559)	(42,390)	-	-	-	-	-	-	-	-
Differences between expected & actual experience in measurement of the TPL	170,136	241,872	(1,495,216)	(49,224)	162,348	(413,563)	(16,086)	(78,390)	274,623	18,580
Changes of assumptions about future economic or demographic factors or other inputs	(536,108)	46,957	-	-	-	-	-	-	-	-
Benefit payments	(891,272)	(894,710)	(894,455)	(951,864)	(944,811)	(945,459)	(967,741)	(988,432)	(987,559)	(977,021)
Net change in total pension liability	(849,647)	(149,271)	(1,806,851)	(397,841)	(168,671)	(703,085)	(310,591)	(372,479)	(17,493)	(247,513)
Total pension liability - beginning	\$ 8,652,032	\$ 8,801,303	\$ 10,608,154	\$ 11,005,995	\$ 11,174,666	\$ 11,877,751	\$ 12,188,342	\$ 12,560,821	\$ 12,578,314	\$ 12,825,827
Total pension liability - ending (a)	\$ 7,802,385	\$ 8,652,032	\$ 8,801,303	\$ 10,608,154	\$ 11,005,995	\$ 11,174,666	\$ 11,877,751	\$ 12,188,342	\$ 12,560,821	\$ 12,578,314
Plan fiduciary net position										
Contribution from City	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 450,000	\$ 410,000	\$ 384,000	\$ 328,000	\$ 328,000
Contribution from nonemployers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions from plan members	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan net investment income	359,902	284,522	918,243	630,239	375,513	788,139	621,436	(546,203)	(52,042)	916,577
Benefit payments	(891,272)	(894,710)	(894,455)	(951,864)	(944,811)	(945,459)	(967,741)	(988,432)	(987,559)	(977,021)
Plan administrative expense	-	-	-	(19,774)	(18,694)	(19,087)	(18,863)	(18,969)	(20,026)	(19,230)
Other changes	-	-	-	-	-	-	-	-	(5,174)	5,174
Net change in plan fiduciary net position	(131,370)	(210,188)	423,788	58,601	(187,992)	273,593	44,832	(1,169,604)	(736,801)	253,500
Plan fiduciary net position - beginning	\$ 7,341,897	\$ 7,552,085	\$ 7,128,297	\$ 7,069,696	\$ 7,257,688	\$ 6,984,095	\$ 6,939,263	\$ 8,108,867	\$ 8,845,668	\$ 8,592,168
Plan fiduciary net position - ending (b)	\$ 7,210,527	\$ 7,341,897	\$ 7,552,085	\$ 7,128,297	\$ 7,069,696	\$ 7,257,688	\$ 6,984,095	\$ 6,939,263	\$ 8,108,867	\$ 8,845,668
City net pension liability ending (a)-(b)	\$ 591,858	\$ 1,310,135	\$ 1,249,218	\$ 3,479,857	\$ 3,936,299	\$ 3,916,978	\$ 4,893,656	\$ 5,249,079	\$ 4,451,954	\$ 3,732,646
Plan fiduciary net position as a percentage of the total pension liability	92.41%	84.86%	85.81%	67.20%	64.23%	64.95%	58.80%	56.93%	64.56%	70.32%
Covered-employee payroll	-	-	-	-	-	-	-	-	-	-
NPL as % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Bi-annual actuarial valuation dated 7/1/2006 was utilized for the total pension liability calculation for 2007.

All other years were derived from annual actuarial reports.

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

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

	2016	2015
Actuarially determined contribution	\$ 311,021	\$ 330,058
Contributions in relation to the actuarially determined contribution	400,000	400,000
Contribution deficiency (excess)	\$ (88,979)	\$ (69,942)
City's covered-employee payroll	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A

Notes to Schedule

Valuation date: July 1, 2016

Methods and Assumptions used to determine contribution rates:

Actuarial cost method Entry Age Normal

Asset valuation method Fair Market Value adjusted for accruals

Salary Scale Not applicable

Disability, Withdrawal, & Retirement Rates Not applicable

Rate of Investment Return 6.0% per annum

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

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

Mortality In the June 30, 2015 actuarial valuation, the mortality rates for non-disabled lives were changed to the IRS Generational Mortality tables for Males and Females with Improvements Under Projection Scale AA. In prior years, these assumptions were based on the UP-1994 Mortality Rates Projected to 2002 Under Projection Scale AA.

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Annual money-weighted rate of return	5.02%	3.85%	12.70%	12.65%	9.64%	4.23%	8.02%	11.59%	-11.55%	6.68%

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

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

	<u>2016</u>	<u>2015</u>
Total Net Pension Liability for County Employees Retirement Systems	\$ 5,834,631,445	\$ 4,446,199,755
City's proportion of the net pension liability (asset)	0.9649%	0.9719%
City's proportionate share of the net pension liability (asset)	\$ 56,301,098	\$ 43,211,000
City's covered-employer payroll	\$ 22,529,147	\$ 22,141,166
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employer payroll	249.90%	195.16%
Total Pension Plan's Fiduciary Net Position	\$ 8,519,001,523	\$ 8,615,148,614
Total Pension Plan's Pension Liability	\$ 14,353,632,968	\$ 13,061,348,369
Total Pension Plan's fiduciary net position as a percentage of the total pension liability	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 Employer's Retirement System measurement date is 12 months prior to the City's Financial Statements; the 2016 measurement date is 6/30/2015 and the 2015 measurement date is 6/30/2014.

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

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

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

City of Bowling Green, Kentucky
Modified Approach for City Streets Infrastructure Capital Assets
Year Ended June 30, 2016

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

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

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

Roads

The City began using its computerized pavement management system in 1997. Surface distress and ride comfort assessments are conducted on all segments. Street assessments are conducted annually, and all segments are assessed within a three year cycle. The most recent assessment was conducted in the spring of 2016.

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

The following pavement quality conditions have been defined:

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

Established Condition Level

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

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

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

**City of Bowling Green, Kentucky
 Modified Approach for City Streets Infrastructure Capital Assets (Continued)
 Year Ended June 30, 2016**

Assessed Conditions

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

<u>Year</u>	<u>Percentage</u>
2016	97%
2015	97%
2014	98%
2013	98%
2012	97%
2011	95%
2010	94%
2009	90%
2008	90%
2007	85%
2006	85%

Budgeted and Estimated Costs to Maintain

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

<u>Fiscal Year</u>	<u>Estimated Spending</u>	<u>Actual Spending</u>
2016-2017	\$2,000,000	\$0
2015-2016	\$1,300,000	\$886,796
2014-2015	\$1,000,000	\$1,826,000
2013-2014	\$900,000	\$709,000
2012-2013	\$850,000	\$572,000
2011-2012	\$850,000	\$1,090,000
2010-2011	\$811,000	\$431,000
2009-2010	\$850,000	\$810,000
2008-2009	\$915,000	\$915,000
2007-2008	\$842,000	\$835,000
2006-2007	\$1,192,000	\$842,000
2005-2006	\$842,000	\$842,000
2004-2005	\$875,000	\$920,000

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

Sidewalks

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

**City of Bowling Green, Kentucky
 Modified Approach for City Streets Infrastructure Capital Assets (Continued)
 Year Ended June 30, 2016**

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

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

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

Established Condition Level

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

Assessed Conditions

The sidewalk management system indicates that 86% of city maintained sidewalks had an OCI value greater than or equal to the minimum rating of 76.0 as of June 30, 2016.

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
2016-2017	\$100,000	\$0
2015-2016	\$100,000	\$249,176
2014-2015	\$100,000	\$215,000
2013-2014	\$100,000	\$10,000
2012-2013	\$100,000	\$41,000
2011-2012	\$100,000	\$41,000
2010-2011	\$100,000	\$133,000
2009-2010	\$100,000	\$0
2008-2009	\$100,000	\$100,000
2007-2008	\$100,000	\$60,000
2006-2007	\$100,000	\$5,000
2005-2006	\$100,000	\$113,000

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Community Development Fund

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

Fire Improvement Fund

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

Municipal Aid Funds

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

Job Development Fund

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

Parks Development Fund

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

Landfill Closure Fund

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

Local Law Enforcement Block Grant Fund

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

Trunking Operation Fund

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

Police Improvement Fund

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

Lampkin Park Trust Fund

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

Homeland Security Fund

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

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

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

Riverfront Development Fund

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

Equipment Replacement Fund

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

Road Construction Fund

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

Hennessey Way Construction Fund

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

Heritage Trail Construction Fund

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

Sidewalk Improvement Fund

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

Stormwater Infrastructure Improvement Fund

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

Municipal Facilities Fund

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

Technology Capital Improvement Fund

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

Smallhouse Road Construction Fund

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

Parks Capital Improvement Fund

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

800 Trunking Radio Systems Improvement Fund

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

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS (Continued)

Downtown Development Fund

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

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

TIF District

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

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

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

Cemetery Perpetual Trust Fund

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

City of Bowling Green, Kentucky
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2016

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund - TIF District	Nonmajor Permanent Fund - Cemetery Perpetual	Total Nonmajor Governmental Funds
ASSETS					
Pooled cash and cash equivalents	\$ 6,658,113	\$ 19,782,604	\$ 3,275,928	\$ 78,806	\$ 29,795,451
Non-pooled cash and cash equivalents	1,289,787	-	-	-	1,289,787
Investments	2,960,009	-	-	-	2,960,009
Receivables (net of allowances for uncollectibles):					
Accounts	12,407	-	-	-	12,407
Interest	5,711	-	-	-	5,711
Due from other governmental units	408,726	-	-	-	408,726
Restricted assets:					
Non-pooled cash and cash equivalents	-	-	-	934,803	934,803
Total assets	\$ 11,334,753	\$ 19,782,604	\$ 3,275,928	\$ 1,013,609	\$ 35,406,894

LIABILITIES AND FUND BALANCES

Liabilities					
Vouchers and accounts payable	\$ 446,395	\$ 70,671	\$ -	\$ -	\$ 517,066
Accrued payroll	6,872	-	-	-	6,872
Total liabilities	453,267	70,671	-	-	523,938
Fund Balances					
Assigned	-	19,587,986	3,275,928	78,806	22,942,720
Committed	5,314,947	-	-	-	5,314,947
Restricted	5,566,539	123,947	-	934,803	6,625,289
Total fund balances	10,881,486	19,711,933	3,275,928	1,013,609	34,882,956
Total liabilities and fund balances	\$ 11,334,753	\$ 19,782,604	\$ 3,275,928	\$ 1,013,609	\$ 35,406,894

City of Bowling Green, Kentucky
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016

	Community Development	Fire Improvement	Municipal Aid	Job Development Incentive	Parks Development	Landfill Closure
ASSETS						
Pooled cash and cash equivalents	\$ -	\$ 1,728,844	\$ 2,989,067	\$ 1,222,980	\$ -	\$ 271,081
Non-pooled cash and cash equivalents	1,130,826	158,961	-	-	-	-
Investments	500,000	34,392	1,455,209	-	-	970,408
Receivables (net of allowances for uncollectibles)						
Accounts	12,367	-	-	-	-	-
Interest	5,037	-	401	-	-	273
Due from other governmental units	10,576	-	380,390	-	-	-
Total assets	\$ 1,658,806	\$ 1,922,197	\$ 4,825,067	\$ 1,222,980	\$ -	\$ 1,241,762
LIABILITIES AND FUND BALANCES						
Liabilities						
Vouchers and accounts payable	\$ 21,007	\$ 11,895	\$ 412,796	\$ 500	\$ -	\$ 197
Accrued payroll	4,119	-	2,753	-	-	-
Total liabilities	25,126	11,895	415,549	500	-	197
Fund Balances						
Committed	661,396	1,897,426	95,833	1,222,480	-	1,241,565
Restricted	972,284	12,876	4,313,685	-	-	-
Total fund balances	1,633,680	1,910,302	4,409,518	1,222,480	-	1,241,565
Total liabilities and fund balances	\$ 1,658,806	\$ 1,922,197	\$ 4,825,067	\$ 1,222,980	\$ -	\$ 1,241,762

City of Bowling Green, Kentucky
 Combining Balance Sheet
 Nonmajor Special Revenue Funds (Continued)
 June 30, 2016

	Local Law Enforcement Block Grant	Trunking Operation	Police Improvement	Lampkin Park Trust	Homeland Security	Total Nonmajor Special Revenue Funds
ASSETS						
Pooled cash and cash equivalents	\$ -	\$ 224,543	\$ 178,487	\$ 43,111	\$ -	\$ 6,658,113
Non-pooled cash and cash equivalents	-	-	-	-	-	1,289,787
Investments	-	-	-	-	-	2,960,009
Receivables (net of allowances for uncollectibles)						
Accounts	-	40	-	-	-	12,407
Interest	-	-	-	-	-	5,711
Due from other governmental units	-	-	17,760	-	-	408,726
Total assets	\$ -	\$ 224,583	\$ 196,247	\$ 43,111	\$ -	\$ 11,334,753
LIABILITIES AND FUND BALANCES						
Liabilities						
Vouchers and accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 446,395
Accrued payroll	-	-	-	-	-	6,872
Total liabilities	-	-	-	-	-	453,267
Fund Balances						
Committed	-	-	196,247	-	-	5,314,947
Restricted	-	224,583	-	43,111	-	5,566,539
Total fund balances	-	224,583	196,247	43,111	-	10,881,486
Total liabilities and fund balances	\$ -	\$ 224,583	\$ 196,247	\$ 43,111	\$ -	\$ 11,334,753

City of Bowling Green, Kentucky
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2016

	Riverfront Development	Equipment Replacement	Road Construction	Hennessey Way Construction	Heritage Trail Construction	Sidewalk Improvement	Stormwater Infrastructure Improvement
ASSETS							
Pooled cash and cash equivalents	\$ 216,113	\$ 1,849,035	\$ 3,688,208	\$ -	\$ 196,701	\$ 819,144	\$ 1,264,502
Total assets	<u>\$ 216,113</u>	<u>\$ 1,849,035</u>	<u>\$ 3,688,208</u>	<u>\$ -</u>	<u>\$ 196,701</u>	<u>\$ 819,144</u>	<u>\$ 1,264,502</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Vouchers and accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,808	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,808</u>	<u>-</u>
Fund Balances							
Assigned	208,833	1,849,035	3,688,208	-	80,034	795,336	1,264,502
Restricted	<u>7,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,667</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>216,113</u>	<u>1,849,035</u>	<u>3,688,208</u>	<u>-</u>	<u>196,701</u>	<u>795,336</u>	<u>1,264,502</u>
Total liabilities and fund balances	<u>\$ 216,113</u>	<u>\$ 1,849,035</u>	<u>\$ 3,688,208</u>	<u>\$ -</u>	<u>\$ 196,701</u>	<u>\$ 819,144</u>	<u>\$ 1,264,502</u>

City of Bowling Green, Kentucky
 Combining Balance Sheet
 Nonmajor Capital Projects Funds (Continued)
 June 30, 2016

	Municipal Facilities	Technology Capital Improvement	Smallhouse Road Construction	Parks Capital Improvements	800 Trunking Radio Systems Improvements	Downtown Development	Total Nonmajor Capital Project Funds
ASSETS							
Pooled cash and cash equivalents	\$ 1,778,290	\$ 1,853,328	\$ 2,272,733	\$ 3,985,675	\$ 933,875	\$ 925,000	\$ 19,782,604
Total assets	<u>\$ 1,778,290</u>	<u>\$ 1,853,328</u>	<u>\$ 2,272,733</u>	<u>\$ 3,985,675</u>	<u>\$ 933,875</u>	<u>\$ 925,000</u>	<u>\$ 19,782,604</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Vouchers and accounts payable	\$ -	\$ -	\$ -	\$ 46,863	\$ -	\$ -	\$ 70,671
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,863</u>	<u>-</u>	<u>-</u>	<u>70,671</u>
Fund Balances							
Assigned	1,778,290	1,853,328	2,272,733	3,938,812	933,875	925,000	19,587,986
Restricted	-	-	-	-	-	-	123,947
Total fund balances	<u>1,778,290</u>	<u>1,853,328</u>	<u>2,272,733</u>	<u>3,938,812</u>	<u>933,875</u>	<u>925,000</u>	<u>19,711,933</u>
Total liabilities and fund balances	<u>\$ 1,778,290</u>	<u>\$ 1,853,328</u>	<u>\$ 2,272,733</u>	<u>\$ 3,985,675</u>	<u>\$ 933,875</u>	<u>\$ 925,000</u>	<u>\$ 19,782,604</u>

**City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund - TIF District	Nonmajor Permanent Fund - Cemetery Perpetual	Total Nonmajor Governmental Funds
REVENUES					
Property taxes	\$ 672,690	\$ -	\$ -	\$ -	\$ 672,690
Insurance premium taxes	2,140,425	-	-	-	2,140,425
Wages and net profits taxes	2,777,318	-	-	-	2,777,318
Judgements and settlements	13,392	25,198	-	-	38,590
Intergovernmental	6,935,773	15,943	-	-	6,951,716
Investment income	104,321	-	-	11,005	115,326
Charges for services	103,115	-	-	-	103,115
Contributions and donations	87,879	102,564	183,801	-	374,244
Miscellaneous	160,287	-	248,628	24,107	433,022
Total Revenues	12,995,200	143,705	432,429	35,112	13,606,446
EXPENDITURES					
Current:					
General government	-	531,321	50,000	-	581,321
Public safety	1,886,104	188,012	-	-	2,074,116
Public works	2,345,988	179,652	-	-	2,525,640
Parks and recreation	-	131,359	-	2,500	133,859
Neighborhood and community services	3,148,891	2,700	-	-	3,151,591
Capital Outlay	156,458	3,575,227	-	22,743	3,754,428
Debt service:					
Principal	-	-	540,000	-	540,000
Interest	-	-	1,160,594	-	1,160,594
Total Expenditures	7,537,441	4,608,271	1,750,594	25,243	13,921,549
Excess (deficiency) of revenues over (under) expenditures	5,457,759	(4,464,566)	(1,318,165)	9,869	(315,103)
Other financing sources (uses):					
Proceeds from sale of capital assets	242,250	-	-	-	242,250
Transfers in	319,247	12,362,533	1,609,500	-	14,291,280
Transfers out	(4,757,699)	(323,208)	-	-	(5,080,907)
Proceeds from bond refunding	-	-	20,800,000	-	20,800,000
Premium from bond refunding	-	-	1,557,466	-	1,557,466
Discount on bond refunding	-	-	-	-	-
Payment to refunded debt escrow agent	-	-	(22,434,313)	-	(22,434,313)
Total other financing sources (uses)	(4,196,202)	12,039,325	1,532,653	-	9,375,776
Net change in fund balances	1,261,557	7,574,759	214,488	9,869	9,060,673
Fund balances, beginning	9,619,929	12,137,174	3,061,440	1,003,740	25,822,283
Fund balances, ending	\$ 10,881,486	\$ 19,711,933	\$ 3,275,928	\$ 1,013,609	\$34,882,956

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds
Year Ended June 30, 2016

	Community Development	Fire Improvement	Municipal Aid	Job Development Incentive	Parks Development	Landfill Closure	Local Law Enforcement Block Grant	Trunking Operation
REVENUES								
Property taxes	\$ -	\$ -	\$ 169,674	\$ 76,338	\$ 426,678	\$ -	\$ -	\$ -
Insurance premium taxes	-	2,140,425	-	-	-	-	-	-
Wages and net profits taxes	-	-	-	1,352,536	1,424,782	-	-	-
Judgments and settlements	-	13,392	-	-	-	-	-	-
Intergovernmental	3,101,573	-	3,824,492	-	-	-	9,708	-
Investment income	4,930	989	68,303	-	-	30,099	-	-
Charges for services	-	-	7,417	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-	-	83,583
Miscellaneous	73,287	-	87,000	-	-	-	-	-
Total Revenues	3,179,790	2,154,806	4,156,886	1,428,874	1,851,460	30,099	9,708	83,583
EXPENDITURES								
Current:								
Public safety	-	323,975	1,405,028	-	-	-	9,708	15,075
Public works	-	-	2,226,347	-	-	119,641	-	-
Neighborhood and community services	3,107,891	-	-	41,000	-	-	-	-
Capital outlay	3,581	117,525	4,994	-	-	30,358	-	-
Total Expenditures	3,111,472	441,500	3,636,369	41,000	-	149,999	9,708	15,075
Excess (deficiency) of revenues over (under) expenditures	68,318	1,713,306	520,517	1,387,874	1,851,460	(119,900)	-	68,508
Other financing sources (uses):								
Transfers in	-	-	24,922	-	-	-	-	294,325
Transfers out	-	(1,372,075)	-	(1,239,839)	(1,851,460)	-	-	(294,325)
Proceeds from sale of capital assets	242,250	-	-	-	-	-	-	-
Total other financing sources (uses)	242,250	(1,372,075)	24,922	(1,239,839)	(1,851,460)	-	-	-
Net change in fund balances	310,568	341,231	545,439	148,035	-	(119,900)	-	68,508
Fund balances, beginning	1,323,112	1,569,071	3,864,079	1,074,445	-	1,361,465	-	156,075
Fund balances, ending	\$ 1,633,680	\$ 1,910,302	\$ 4,409,518	\$ 1,222,480	\$ -	\$ 1,241,565	\$ -	\$ 224,583

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds (Continued)
Year Ended June 30, 2016

	Police Improvement	Lampkin Park	Homeland Security	Total Special Revenue Funds
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 672,690
Insurance premium taxes	-	-	-	2,140,425
Wages and net profits taxes	-	-	-	2,777,318
Judgments and settlements	-	-	-	13,392
Intergovernmental	-	-	-	6,935,773
Investment income	-	-	-	104,321
Charges for services	95,698	-	-	103,115
Contributions and donations	-	4,296	-	87,879
Miscellaneous	-	-	-	160,287
Total Revenues	95,698	4,296	-	12,995,200
EXPENDITURES				
Current:				
Public safety	132,318	-	-	1,886,104
Public works	-	-	-	2,345,988
Neighborhood and community services	-	-	-	3,148,891
Capital outlay	-	-	-	156,458
Total Expenditures	132,318	-	-	7,537,441
Excess (deficiency) of revenues over (under) expenditures	(36,620)	4,296	-	5,457,759
Other financing sources (uses):				
Transfers in	-	-	-	319,247
Transfers out	-	-	-	(4,757,699)
Proceeds from sale of capital assets	-	-	-	242,250
Total other financing sources (uses)	-	-	-	(4,196,202)
Net change in fund balances	(36,620)	4,296	-	1,261,557
Fund balances, beginning	232,867	38,815	-	9,619,929
Fund balances, ending	\$ 196,247	\$ 43,111	\$ -	\$ 10,881,486

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Funds
Year Ended June 30, 2016

	Riverfront Development	Equipment Replacement	Road Construction	Hennessey Way Construction	Heritage Trail Construction	Sidewalk Improvement	Stormwater Infrastructure Improvement
REVENUES							
Intergovernmental	\$ 15,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-	-	-
Judgments and settlements	-	25,198	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-	-
Total Revenues	15,943	25,198	-	-	-	-	-
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	-
Public safety	-	188,012	-	-	-	-	-
Public works	-	4,822	-	-	-	41,046	-
Parks and recreation	-	1,300	-	-	-	-	-
Neighborhood and community services	2,700	-	-	-	-	-	-
Capital outlay	-	962,237	-	140,750	-	1,043,013	599,717
Total Expenditures	2,700	1,156,371	-	140,750	-	1,084,059	599,717
Excess (deficiency) of revenues over (under) expenditures	13,243	(1,131,173)	-	(140,750)	-	(1,084,059)	(599,717)
Other financing sources (uses):							
Transfers in	-	1,200,000	2,688,208	-	-	400,000	500,000
Transfers out	-	-	-	(323,208)	-	-	-
Total other financing sources (uses)	-	1,200,000	2,688,208	(323,208)	-	400,000	500,000
Net change in fund balances	13,243	68,827	2,688,208	(463,958)	-	(684,059)	(99,717)
Fund balances, beginning	202,870	1,780,208	1,000,000	463,958	196,701	1,479,395	1,364,219
Fund balances, ending	\$ 216,113	\$ 1,849,035	\$ 3,688,208	\$ -	\$ 196,701	\$ 795,336	\$ 1,264,502

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Funds (Continued)
Year Ended June 30, 2016

	Municipal Facilities	Technology Capital Improvement	Smallhouse Road Construction	Parks Capital Improvements	800 Trucking Radio Systems Improvements	Downtown Development	Total Nonmajor Capital Project Funds
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,943
Investment income	-	-	-	-	-	-	-
Judgments and settlements	-	-	-	-	-	-	25,198
Contributions and donations	-	-	-	54,355	48,209	-	102,564
Total Revenues	-	-	-	54,355	48,209	-	143,705
EXPENDITURES							
Current:							
General Government	-	531,321	-	-	-	-	531,321
Public safety	-	-	-	-	-	-	188,012
Public works	-	-	133,784	-	-	-	179,652
Parks and recreation	-	-	-	130,059	-	-	131,359
Neighborhood and community services	-	-	-	-	-	-	2,700
Capital outlay	35,823	180,535	24,990	588,162	-	-	3,575,227
Total Expenditures	35,823	711,856	158,774	718,221	-	-	4,608,271
Excess (deficiency) of revenues over (under) expenditures	(35,823)	(711,856)	(158,774)	(663,866)	48,209	-	(4,464,566)
Other financing sources (uses):							
Transfers in	500,000	1,375,000	1,072,500	3,407,500	294,325	925,000	12,362,533
Transfers out	-	-	-	-	-	-	(323,208)
Total other financing sources (uses)	500,000	1,375,000	1,072,500	3,407,500	294,325	925,000	12,039,325
Net change in fund balances	464,177	663,144	913,726	2,743,634	342,534	925,000	7,574,759
Fund balances, beginning	1,314,113	1,190,184	1,359,007	1,195,178	591,341	-	12,137,174
Fund balances, ending	\$ 1,778,290	\$ 1,853,328	\$ 2,272,733	\$ 3,938,812	\$ 933,875	\$ 925,000	\$ 19,711,933

See accompanying independent auditor's report

City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Debt Service Fund
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance w ith Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 43,916	\$ 43,916
Total revenues	-	-	43,916	43,916
EXPENDITURES				
Debt Service				
Principal	4,149,750	4,107,884	4,107,286	598
Interest and fiscal charges	1,147,650	1,229,159	1,224,365	4,794
Total expenditures	5,297,400	5,337,043	5,331,651	5,392
Excess (deficiency) of revenues over (under) expenditures	(5,297,400)	(5,337,043)	(5,287,735)	49,308
Other financing sources (uses):				
Proceeds from bond refunding	-	3,789,000	3,745,000	(44,000)
Premium from bond refunding	-	528,500	528,329	(171)
Payment to refunded debt escrow agent	-	(4,290,857)	(4,290,792)	65
Transfers in	5,297,400	5,310,400	5,300,717	(9,683)
Total other financing sources (uses)	5,297,400	5,337,043	5,283,254	(53,789)
Net change in fund balances	-	-	(4,481)	(4,481)
Fund balances, beginning	4,481	4,481	4,481	-
Fund balances, ending	\$ 4,481	\$ 4,481	\$ -	\$ (4,481)

City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 WKU Athletics Debt Service Fund
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,648,000	\$ 2,648,000	\$ 2,647,980	\$ (20)
Total revenues	2,648,000	2,648,000	2,647,980	(20)
EXPENDITURES				
Debt Service				
Principal	1,775,000	1,775,000	1,775,000	-
Interest	873,000	873,000	872,980	20
Total expenditures	2,648,000	2,648,000	2,647,980	20
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 ITA Bond Debt Service Fund
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 9	\$ 9
Rent Income	1,296,500	1,846,500	1,814,788	(31,712)
Miscellaneous	-	-	234,280	234,280
Total revenues	<u>1,296,500</u>	<u>1,846,500</u>	<u>2,049,077</u>	<u>202,577</u>
EXPENDITURES				
Current:				
Community Services	435,000	435,000	435,000	-
Capital outlay	-	346,165	346,162	3
Debt Service:				
Principal	1,360,000	1,910,000	1,910,000	-
Interest	<u>798,000</u>	<u>798,000</u>	<u>734,576</u>	<u>63,424</u>
Total expenditures	<u>2,593,000</u>	<u>3,489,165</u>	<u>3,425,738</u>	<u>63,427</u>
Excess (deficiency) of revenues over (under) expenditures	(1,296,500)	(1,642,665)	(1,376,661)	266,004
Other financing sources (uses):				
Transfers In	1,296,500	1,296,500	1,264,788	(31,712)
Issuance of refunding debt	-	15,535,000	15,300,000	(235,000)
Payment to refunded debt escrow agent	<u>-</u>	<u>(15,535,000)</u>	<u>(15,534,280)</u>	<u>720</u>
Total other financing sources (uses)	<u>1,296,500</u>	<u>1,296,500</u>	<u>1,030,508</u>	<u>(265,992)</u>
Net change in fund balances	-	(346,165)	(346,153)	12
Fund balances, beginning	<u>1,885,591</u>	<u>1,885,591</u>	<u>1,885,591</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,885,591</u>	<u>\$ 1,539,426</u>	<u>\$ 1,539,438</u>	<u>\$ 12</u>

City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 TIF District Bond Debt Service Fund
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Contributions and donations	\$ 94,000	\$ 94,000	\$ 183,801	\$ 89,801
Miscellaneous	-	-	248,628	248,628
Total revenues	94,000	94,000	432,429	338,429
EXPENDITURES				
Current:				
Community Services	-	50,000	50,000	-
Debt Service:				
Principal	540,000	540,000	540,000	-
Interest and fiscal charges	1,069,500	1,241,684	1,160,594	81,090
Total expenditures	1,609,500	1,831,684	1,750,594	81,090
Excess (deficiency) of revenues over (under) expenditures	(1,515,500)	(1,737,684)	(1,318,165)	419,519
Other financing sources (uses):				
Proceeds from bond refunding	-	21,049,000	20,800,000	(249,000)
Premium from bond refunding	-	1,557,500	1,557,466	(34)
Payment to refunded debt escrow agent	-	(22,434,316)	(22,434,313)	3
Transfers in	1,609,500	1,609,500	1,609,500	-
Total other financing sources (uses)	1,609,500	1,781,684	1,532,653	(249,031.00)
Net change in fund balances	94,000	44,000	214,488	170,488
Fund balances, beginning	3,061,400	3,061,440	3,061,440	-
Fund balances, ending	\$ 3,155,400	\$ 3,105,440	\$ 3,275,928	\$ 170,488

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Community Development Special Revenue Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 3,548,465	\$ 4,074,545	\$ 3,101,573	\$ (972,972)
Investment income	2,500	2,500	4,930	2,430
Miscellaneous	31,000	31,000	73,287	42,287
Total revenues	<u>3,581,965</u>	<u>4,108,045</u>	<u>3,179,790</u>	<u>(928,255)</u>
EXPENDITURES				
Current:				
Neighborhood and community services	3,266,050	3,444,151	3,107,891	336,260
Capital outlay	313,415	458,749	3,581	455,168
Total expenditures	<u>3,579,465</u>	<u>3,902,900</u>	<u>3,111,472</u>	<u>791,428</u>
Excess (deficiency) of revenues over (under) expenditures	2,500	205,145	68,318	(136,827)
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	242,250	242,250
Total other financing sources (uses)	-	-	242,250	242,250
Net change in fund balances	2,500	205,145	310,568	105,423
Fund balances, beginning	<u>1,323,112</u>	<u>1,323,112</u>	<u>1,323,112</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,325,612</u>	<u>\$ 1,528,257</u>	<u>\$ 1,633,680</u>	<u>\$ 105,423</u>

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Fire Improvement Special Revenue Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Insurance premium taxes	\$ 2,000,000	\$ 2,000,000	\$ 2,140,425	\$ 140,425
Judgments and settlements	13,500	13,500	13,392	(108)
Investment income	1,000	1,000	989	(11)
Total revenues	<u>2,014,500</u>	<u>2,014,500</u>	<u>2,154,806</u>	<u>140,306</u>
EXPENDITURES				
Current:				
Public safety	344,445	375,244	323,975	51,269
Capital outlay	117,000	128,612	117,525	11,087
Total expenditures	<u>461,445</u>	<u>503,856</u>	<u>441,500</u>	<u>62,356</u>
Excess (deficiency) of revenues over (under) expenditures	1,553,055	1,510,644	1,713,306	202,662
Other financing sources (uses):				
Transfers out	<u>(1,386,000)</u>	<u>(1,386,000)</u>	<u>(1,372,075)</u>	<u>13,925</u>
Total other financing sources (uses)	<u>(1,386,000)</u>	<u>(1,386,000)</u>	<u>(1,372,075)</u>	<u>13,925</u>
Net change in fund balances	167,055	124,644	341,231	216,587
Fund balances, beginning	<u>1,569,071</u>	<u>1,569,071</u>	<u>1,569,071</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,736,126</u>	<u>\$ 1,693,715</u>	<u>\$ 1,910,302</u>	<u>\$ 216,587</u>

City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Municipal Aid Special Revenue Fund
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 4,070,277	\$ 5,051,332	\$ 3,824,492	\$ (1,226,840)
Property taxes	200,000	200,000	169,674	(30,326)
Investment income	31,500	31,500	68,303	36,803
Charges for services	12,500	12,500	7,417	(5,083)
Miscellaneous	72,000	72,000	87,000	15,000
Total revenues	<u>4,386,277</u>	<u>5,367,332</u>	<u>4,156,886</u>	<u>(1,210,446)</u>
EXPENDITURES				
Current:				
Public safety	1,550,420	1,551,487	1,405,028	146,459
Public works	2,743,000	2,580,810	2,226,347	354,463
Capital outlay	-	89,740	4,994	84,746
Total expenditures	<u>4,293,420</u>	<u>4,222,037</u>	<u>3,636,369</u>	<u>585,668</u>
Excess (deficiency) of revenues over (under) expenditures	92,857	1,145,295	520,517	(624,778)
Other financing sources (uses):				
Transfers in	27,206	27,206	24,922	(2,284)
Total other financing sources (uses)	<u>27,206</u>	<u>27,206</u>	<u>24,922</u>	<u>(2,284)</u>
Net change in fund balances	120,063	1,172,501	545,439	(627,062)
Fund balances, beginning	<u>3,864,079</u>	<u>3,864,079</u>	<u>3,864,079</u>	-
Fund balances, ending	<u>\$ 3,984,142</u>	<u>\$ 5,036,580</u>	<u>\$ 4,409,518</u>	<u>\$ (627,062)</u>

City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Job Development Incentive Special Revenue Fund
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Wages and net profits taxes	\$ 1,253,000	\$ 1,253,000	\$ 1,352,536	\$ 99,536
Property taxes	73,000	73,000	76,338	3,338
Total revenues	<u>1,326,000</u>	<u>1,326,000</u>	<u>1,428,874</u>	<u>102,874</u>
EXPENSES				
Current:				
General Government	-	11,157	-	11,157
Neighborhood and community services	73,000	73,000	41,000	32,000
Excess of revenues over expenditures	<u>1,253,000</u>	<u>1,241,843</u>	<u>1,387,874</u>	<u>146,031</u>
Other financing sources (uses):				
Transfers out	<u>(1,240,500)</u>	<u>(1,240,500)</u>	<u>(1,239,839)</u>	<u>661</u>
Total other financing sources (uses)	<u>(1,240,500)</u>	<u>(1,240,500)</u>	<u>(1,239,839)</u>	<u>661</u>
Net change in fund balances	12,500	1,343	148,035	146,692
Fund balances, beginning	<u>1,074,445</u>	<u>1,074,445</u>	<u>1,074,445</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,086,945</u>	<u>\$ 1,075,788</u>	<u>\$ 1,222,480</u>	<u>\$ 146,692</u>

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Parks Development Special Revenue Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Property taxes	\$ 426,500	\$ 426,500	\$ 426,678	\$ 178
Wages and net profits taxes	1,186,000	1,442,250	1,424,782	(17,468)
Total revenues	1,612,500	1,868,750	1,851,460	(17,290)
Other financing sources (uses):				
Transfers out	(1,612,500)	(1,868,750)	(1,851,460)	17,290
Total other financing sources (uses)	(1,612,500)	(1,868,750)	(1,851,460)	17,290
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Landfill Closure Special Revenue Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest income	\$ 25,500	\$ 25,500	\$ 30,099	\$ 4,599
Total revenues	25,500	25,500	30,099	4,599
EXPENDITURES				
Current:				
Public works	61,888	194,963	119,641	75,322
Capital outlay	-	31,559	30,358	1,201
Total expenditures	61,888	226,522	149,999	76,523
Net change in fund balances	(36,388)	(201,022)	(119,900)	81,122
Fund balances, beginning	1,361,465	1,361,465	1,361,465	-
Fund balances, ending	\$ 1,325,077	\$ 1,160,443	\$ 1,241,565	\$ 81,122

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Local Law Enforcement Block Grant Special Revenue Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 26,255	\$ 9,708	\$ (16,547)
EXPENDITURES				
Current:				
Public safety	-	22,836	9,708	13,128
Total expenditures	-	22,836	9,708	13,128
Net change in fund balances	-	3,419	-	(3,419)
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ 3,419	\$ -	\$ (3,419)

City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Trunking Operation Special Revenue Fund
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Contributions and donations	\$ 426,000	\$ 431,000	\$ 83,583	\$ (347,417)
Total revenues	426,000	431,000	83,583	(347,417)
EXPENDITURES				
Current:				
Public Safety	30,000	41,000	15,075	25,925
Total expenditures	30,000	41,000	15,075	25,925
Excess (deficiency) of revenues over (under) expenditures	396,000	390,000	68,508	(321,492)
Other financing sources (uses):				
Transfers in	324,000	324,000	294,325	(29,675)
Transfers out	-	(294,325)	(294,325)	-
Total other financing sources (uses)	324,000	29,675	-	(29,675)
Net change in fund balances	720,000	419,675	68,508	(351,167)
Fund balances, beginning	156,075	156,075	156,075	-
Fund balances, ending	\$ 876,075	\$ 575,750	\$ 224,583	\$ (351,167)

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Police Improvement Special Revenue Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Charges for services	\$ 101,000	\$ 101,000	\$ 95,698	\$ (5,302)
Total revenues	101,000	101,000	95,698	(5,302)
EXPENDITURES				
Current:				
Public safety	140,000	152,614	132,318	20,296
Total expenses	140,000	152,614	132,318	20,296
Net change in fund balances	(39,000)	(51,614)	(36,620)	14,994
Fund balances, beginning	232,867	232,867	232,867	-
Fund balances, ending	\$ 193,867	\$ 181,253	\$ 196,247	\$ 14,994

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Lampkin Park Special Revenue Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Contributions and donations	\$ 5,000	\$ 5,000	\$ 4,296	\$ (704)
Total revenues	5,000	5,000	4,296	(704)
Net change in fund balances	5,000	5,000	4,296	(704)
Fund balances, beginning	38,815	38,815	38,815	-
Fund balances, ending	\$ 43,815	\$ 43,815	\$ 43,111	\$ (704)

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Homeland Security Special Revenue Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ 26,000	\$ -	\$ (26,000)
Total revenues	-	26,000	-	(26,000)
EXPENDITURES				
Current:				
Public safety	-	26,000	-	26,000
Total expenditures	-	26,000	-	26,000
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Riverfront Development Capital Projects Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 197,377	\$ 15,943	\$ (181,434)
Total revenues	-	197,377	15,943	(181,434)
EXPENDITURES				
Current:				
Neighborhood and community services	-	81,029	2,700	78,329
Capital outlay	-	267,474	-	267,474
Total expenditures	-	348,503	2,700	345,803
Net change in fund balances	-	(151,126)	13,243	164,369
Fund balances, beginning	202,870	202,870	202,870	-
Fund balances, ending	\$ 202,870	\$ 51,744	\$ 216,113	\$ 164,369

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Equipment Replacement Capital Projects Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Judgments and settlements	\$ -	\$ 25,198	\$ 25,198	\$ -
Total revenues	-	25,198	25,198	-
EXPENDITURES				
Current:				
Public Safety	185,100	209,180	188,012	21,168
Public Works	-	4,822	4,822	-
Parks and recreation	-	1,300	1,300	-
Capital outlay	953,400	1,067,237	962,237	105,000
Total expenditures	1,138,500	1,282,539	1,156,371	126,168
Excess (deficiency) of revenues over (under) expenditures	(1,138,500)	(1,257,341)	(1,131,173)	126,168
Other financing sources (uses):				
Transfers in	500,000	1,200,000	1,200,000	-
Total other financing sources (uses)	500,000	1,200,000	1,200,000	-
Net change in fund balances	(638,500)	(57,341)	68,827	126,168
Fund balances, beginning	1,780,208	1,780,208	1,780,208	-
Fund balances, ending	\$ 1,141,708	\$ 1,722,867	\$ 1,849,035	\$ 126,168

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Road Construction Capital Projects Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Other financing sources (uses):				
Transfers in	\$ 700,000	\$ 2,688,210	\$ 2,688,208	\$ (2)
Total other financing sources (uses)	700,000	2,688,210	2,688,208	-
Net change in fund balances	700,000	2,688,210	2,688,208	(2)
Fund balances, beginning	1,000,000	1,000,000	1,000,000	-
Fund balances, ending	<u>\$ 1,700,000</u>	<u>\$ 3,688,210</u>	<u>\$ 3,688,208</u>	<u>\$ (2)</u>

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Hennessey Way Construction Capital Projects Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Capital outlay	\$ -	\$ 140,750	\$ 140,750	\$ -
Total expenditures	-	140,750	140,750	-
Other financing sources (uses):				
Transfers out	-	(323,208)	(323,208)	-
Total other financing sources (uses)	-	(323,208)	(323,208)	-
Net change in fund balances	-	(463,958)	(463,958)	-
Fund balances, beginning	463,958	463,958	463,958	-
Fund balances, ending	\$ 463,958	\$ -	\$ -	\$ -

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Heritage Trail Construction Capital Projects Fund
Year Ended June 30, 2016

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

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Sidewalk Improvement Capital Projects Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance w ith Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Public w orks	\$ -	\$ 46,452	\$ 41,046	\$ 5,406
Capital outlay	400,000	1,401,420	1,043,013	358,407
Total expenditures	400,000	1,447,872	1,084,059	363,813
Other financing sources (uses):				
Transfers in	400,000	400,000	400,000	-
Total other financing sources (uses)	400,000	400,000	400,000	-
Net change in fund balances	-	(1,047,872)	(684,059)	363,813
Fund balances, beginning	1,479,395	1,479,395	1,479,395	-
Fund balances, ending	\$ 1,479,395	\$ 431,523	\$ 795,336	\$ 363,813

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Stormwater Infrastructure Improvement Capital Projects Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
EXPENDITURES				
Current:				
Public Works	\$ -	\$ 15,454	\$ -	\$ 15,454
Capital Outlay	500,000	1,768,778	599,717	1,169,061
Total expenditures	500,000	1,784,232	599,717	1,184,515
Other financing sources (uses):				
Transfers in	500,000	500,000	500,000	-
Total other financing sources (uses)	500,000	500,000	500,000	-
Net change in fund balances	-	(1,284,232)	(99,717)	1,184,515
Fund balances, beginning	1,364,219	1,364,219	1,364,219	-
Fund balances, ending	<u>\$ 1,364,219</u>	<u>\$ 79,987</u>	<u>\$ 1,264,502</u>	<u>\$ 1,184,515</u>

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Municipal Facilities Capital Projects Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Capital outlay	\$ -	\$ 714,691	\$ 35,823	\$ 678,868
Total Expenditures	-	714,691	35,823	678,868
Other financing sources (uses):				
Transfers in	-	500,000	500,000	-
Total other financing sources (uses)	-	500,000	500,000	-
Net change in fund balances	-	(214,691)	464,177	678,868
Fund balances, beginning	1,314,113	1,314,113	1,314,113	-
Fund balances, ending	<u>\$ 1,314,113</u>	<u>\$ 1,099,422</u>	<u>\$ 1,778,290</u>	<u>\$ 678,868</u>

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Downtown Development Capital Projects Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
EXPENDITURES				
Current:				
Neighborhood and community services	\$ 50,000	\$ 300,000	\$ -	\$ 300,000
Total expenditures	50,000	300,000	-	300,000
Other financing sources (uses):				
Transfers in	50,000	925,000	925,000	-
Total other financing sources (uses)	50,000	925,000	925,000	-
Net change in fund balances	-	625,000	925,000	300,000
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ 625,000	\$ 925,000	\$ 300,000

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
800 Trunking Radio Systems Capital Projects Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Contributions and donations	\$ -	\$ 314,921	\$ 48,209	\$ (266,712)
Total revenues	-	314,921	48,209	(266,712)
EXPENDITURES				
Capital Outlay	-	210,000	-	210,000
Total expenditures	-	210,000	-	210,000
Other financing sources (uses):				
Transfers in	-	294,325	294,325	-
Total other financing sources (uses)	-	294,325	294,325	-
Net change in fund balances	-	399,246	342,534	(56,712)
Fund balances, beginning	591,341	591,341	591,341	-
Fund balances, ending	\$ 591,341	\$ 990,587	\$ 933,875	\$ (56,712)

City of Bowling Green, Kentucky
Budgetary Comparison Schedule
Technology Capital Improvements Projects Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
General government	\$ 741,500	\$ 877,397	\$ 531,321	\$ 346,076
Capital outlay	95,000	185,678	180,535	5,143
Total expenditures	836,500	1,063,075	711,856	351,219
Other financing sources (uses):				
Transfers in	200,000	1,375,000	1,375,000	-
Total other financing sources (uses)	200,000	1,375,000	1,375,000	-
Net change in fund balances	(636,500)	311,925	663,144	351,219
Fund balances, beginning	1,190,184	1,190,184	1,190,184	-
Fund balances, ending	\$ 553,684	\$ 1,502,109	\$ 1,853,328	\$ 351,219

City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Smallhouse Road Construction
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
EXPENDITURES				
Current:				
Public Works	\$ -	\$ 279,014	\$ 133,784	\$ 145,230
Capital outlay	1,072,500	2,106,058	24,990	2,081,068
Total expenditures	1,072,500	2,385,072	158,774	2,226,298
Other financing sources (uses):				
Transfers in	1,072,500	1,072,500	1,072,500	-
Total other financing sources (uses)	1,072,500	1,072,500	1,072,500	-
Net change in fund balances	-	(1,312,572)	913,726	2,226,298
Fund balances, beginning	1,359,007	1,359,007	1,359,007	-
Fund balances, ending	<u>\$ 1,359,007</u>	<u>\$ 46,435</u>	<u>\$ 2,272,733</u>	<u>\$ 2,226,298</u>

**City of Bowling Green, Kentucky
 Budgetary Comparison Schedule
 Parks Capital Improvement Fund
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Contributions and donations	\$ -	\$ 54,355	\$ 54,355	\$ -
EXPENDITURES				
Current:				
Parks and recreation	26,000	844,988	130,059	714,929
Capital outlay	274,000	673,443	588,162	85,281
Total expenditures	300,000	1,518,431	718,221	800,210
Excess (deficiency) of revenues over (under) expenditures	(300,000)	(1,464,076)	(663,866)	800,210
Other financing sources (uses):				
Transfers in	300,000	3,407,500	3,407,500	-
Total other financing sources (uses)	300,000	3,407,500	3,407,500	-
Net change in fund balances	-	1,943,424	2,743,634	800,210
Fund balances, beginning	1,195,178	1,195,178	1,195,178	-
Fund balances, ending	\$ 1,195,178	\$ 3,138,602	\$ 3,938,812	\$ 800,210

NONMAJOR GOVERNMENTAL FUNDS

INTERNAL SERVICE FUNDS

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

Fleet Maintenance Fund

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

Employee Health Care Fund

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

Workers Compensation Fund

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

Property and Casualty Fund

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

City of Bowling Green, Kentucky
Combining Statement of Net Position – Internal Service Funds
June 30, 2016

	Fleet Maintenance	Employee Health Care	Workers Compensation	Property and Casualty	Total
ASSETS					
Current assets					
Pooled cash and cash equivalents	\$ 667,025	\$ 1,374,703	\$ 578,507	\$ 1,208,846	\$ 3,829,081
Investments	-	1,604,681	1,160,879	-	2,765,560
Accounts receivable	15,349	-	-	-	15,349
Interest receivable	-	1,011	192	-	1,203
Inventories	221,788	-	-	-	221,788
Total current assets	904,162	2,980,395	1,739,578	1,208,846	6,832,981
Noncurrent assets					
Capital assets					
Building	200,985	198,701	-	-	399,686
Machinery and equipment	258,601	-	38,785	-	297,386
	459,586	198,701	38,785	-	697,072
Less accumulated depreciation	(332,874)	(2,484)	(30,562)	-	(365,920)
Total capital assets, net of accumulated depreciation	126,712	196,217	8,223	-	331,152
Total noncurrent assets	126,712	196,217	8,223	-	331,152
Total assets	\$ 1,030,874	\$ 3,176,612	\$ 1,747,801	\$ 1,208,846	\$ 7,164,133
LIABILITIES					
Current liabilities					
Vouchers and accounts payable	\$ 50,358	\$ 34,048	\$ 3,692	\$ 1,332	\$ 89,430
Accrued payroll	10,555	-	397	-	10,952
Insurance claims payable	-	346,979	42,098	31,690	420,767
Current portion of compensated absences payable	12,271	-	-	-	12,271
Total current liabilities	73,184	381,027	46,187	33,022	533,420
Noncurrent liabilities					
Compensated absences payable, net of current portion	11,326	-	-	-	11,326
Total liabilities	84,510	381,027	46,187	33,022	544,746
NET POSITION					
Net investment in capital assets	126,712	196,217	8,223	-	331,152
Unrestricted	819,652	2,599,368	1,693,391	1,175,824	6,288,235
Total net position	\$ 946,364	\$ 2,795,585	\$ 1,701,614	\$ 1,175,824	\$ 6,619,387

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, 2016

	Fleet Maintenance	Employee Health Care	Workers Compensation	Property and Casualty	Total
OPERATING REVENUES					
Charges for services	\$ 2,030,403	\$ -	\$ -	\$ -	\$ 2,030,403
Insurance premiums	-	4,750,754	594,615	-	5,345,369
Judgments and settlements	348	-	-	178,393	178,741
Contributions and donations	-	200	5,982	-	6,182
Miscellaneous	691	-	-	-	691
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total operating revenues	2,031,442	4,750,954	600,597	178,393	7,561,386
OPERATING EXPENSES					
Personnel services	633,838	-	23,353	-	657,191
Contractual services	11,620	328,455	72,731	13,110	425,916
Supplies	882,138	99,286	40,720	11,302	1,033,446
Utilities	35,965	-	-	-	35,965
Repairs and maintenance	193,808	-	-	9,713	203,521
Insurance premiums and claims	-	5,493,161	405,238	1,001,840	6,900,239
Depreciation	9,643	2,484	298	-	12,425
Miscellaneous	4,130	-	1,233	1,109	6,472
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	1,771,142	5,923,386	543,573	1,037,074	9,275,175
Operating income (loss)	260,300	(1,172,432)	57,024	(858,681)	(1,713,789)
NONOPERATING REVENUES (EXPENSES)					
Interest income	-	46,620	15,602	-	62,222
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	-	46,620	15,602	-	62,222
Income (loss) before transfers	260,300	(1,125,812)	72,626	(858,681)	(1,651,567)
Transfer in	-	845,000	-	900,000	1,745,000
Transfers out	(100,000)	-	(200,000)	(222,500)	(522,500)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Change in net position	160,300	(280,812)	(127,374)	(181,181)	(429,067)
Net position, beginning	786,064	3,076,397	1,828,988	1,357,005	7,048,454
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net position, ending	\$ 946,364	\$ 2,795,585	\$ 1,701,614	\$ 1,175,824	\$ 6,619,387

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Statement of Cash Flows – Internal Service Funds
Year Ended June 30, 2016

	Fleet Maintenance	Employee Health Care	Workers Compensation	Property and Casualty	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 2,022,444	\$ 4,750,954	\$ 600,597	\$ 403,204	\$ 7,777,199
Payments to employees	(649,977)	-	(24,050)	-	(674,027)
Payments to suppliers	(1,184,657)	(311,735)	(132,820)	(38,724)	(1,667,936)
Insurance premiums and claims paid	-	(5,291,787)	(383,961)	(1,015,150)	(6,690,898)
Net cash (used in) provided by operating activities	<u>187,810</u>	<u>(852,568)</u>	<u>59,766</u>	<u>(650,670)</u>	<u>(1,255,662)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	845,000	-	900,000	1,745,000
Transfers out	(100,000)	-	(200,000)	(222,500)	(522,500)
Net cash provided by (used in) noncapital financing activities	<u>(100,000)</u>	<u>845,000</u>	<u>(200,000)</u>	<u>677,500</u>	<u>1,222,500</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(29,362)	(198,701)	(8,528)	-	(236,591)
Net cash used in capital and related financing activities	<u>(29,362)</u>	<u>(198,701)</u>	<u>(8,528)</u>	<u>-</u>	<u>(236,591)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	-	46,874	19,906	-	66,780
Sale of investments	-	479,284	(1,374)	-	477,910
Net cash provided by investing activities	<u>-</u>	<u>526,158</u>	<u>18,532</u>	<u>-</u>	<u>544,690</u>
Net increase (decrease) in cash and cash equivalents	58,448	319,889	(130,230)	26,830	274,937
Cash and cash equivalents, beginning of year	608,577	1,054,814	708,737	1,182,016	3,554,144
Cash and cash equivalents, end of year	<u>\$ 667,025</u>	<u>\$ 1,374,703</u>	<u>\$ 578,507</u>	<u>\$ 1,208,846</u>	<u>\$ 3,829,081</u>
Reconciliation of operating income to net cash used in operating activities					
Operating income (loss)	\$ 260,300	\$ (1,172,432)	\$ 57,024	\$ (858,681)	\$ (1,713,789)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	9,643	2,484	298	-	12,425
Change in assets and liabilities					
Accounts receivable	(8,998)	-	-	224,811	215,813
Inventories	(31,022)	-	-	-	(31,022)
Prepaid items	-	323,000	-	-	323,000
Accounts payable	(25,974)	(206,994)	(18,136)	(3,490)	(254,594)
Compensated absences	1,694	-	-	-	1,694
Accrued payroll	(17,833)	-	(697)	-	(18,530)
Insurance claims payable	-	201,374	21,277	(13,310)	209,341
Net cash provided by (used in) operating activities	<u>\$ 187,810</u>	<u>\$ (852,568)</u>	<u>\$ 59,766</u>	<u>\$ (650,670)</u>	<u>\$ (1,255,662)</u>

See accompanying independent auditor's report

NONMAJOR GOVERNMENTAL FUNDS

AGENCY FUNDS

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

Claims Fund

Imprest vendor paying agent for all government funds.

Payroll Fund

Imprest paying agent for City payroll.

Tourist & Convention Fund

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

Tax Distribution Fund

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

Treasurer's Distribution Fund

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

Evidence Storage Fund

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

Bowling Green/Warren County Adjusted TIF Increment Fund

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

City of Bowling Green, Kentucky
 Combining Statement of Changes in Assets and Liabilities – Agency Funds
 Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
CLAIMS FUND				
Assets				
Non-pooled cash and cash equivalents	\$ 1,328,219	\$ 131,509,196	\$ 131,017,170	\$ 1,820,245
Liabilities				
Other liabilities	\$ 1,328,219	\$ 131,509,196	\$ 131,017,170	\$ 1,820,245
PAYROLL FUND				
Assets				
Non-pooled cash and cash equivalents	\$ 16,486	\$ 37,359,900	\$ 36,395,549	\$ 980,837
Liabilities				
Other liabilities	\$ 16,486	\$ 37,359,900	\$ 36,395,549	\$ 980,837
TOURIST & CONVENTION FUND				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 2,262,149	\$ 2,262,149	\$ -
Liabilities				
Due to Tourist Commission	\$ -	\$ 1,703,109	\$ 1,703,109	\$ -
Due to Convention Center Corp.	-	559,040	559,040	-
Total liabilities	\$ -	\$ 2,262,149	\$ 2,262,149	\$ -
TAX DISTRIBUTION FUND				
Assets				
Pooled cash and cash equivalents	\$ 751	\$ 21,845,173	\$ 21,845,924	\$ -
Liabilities				
Due to other funds	\$ 247	\$ 11,146,388	\$ 11,146,635	\$ -
Due to other taxing units - School Board	504	10,423,015	10,423,519	-
Other liabilities	-	195,495	195,495	-
Total liabilities	\$ 751	\$ 21,764,898	\$ 21,765,649	\$ -

See accompanying independent auditor's report

City of Bowling Green, Kentucky
 Combining Statement of Changes in Assets and Liabilities – Agency Funds (Continued)
 Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
TREASURER'S DISTRIBUTION FUND				
Assets				
Pooled cash and cash equivalents	\$ 7,000	\$ 133,808	\$ 140,808	\$ -
Liabilities				
Due to other governmental units	\$ 7,000	\$ 133,808	\$ 140,808	\$ -
BOWLING GREEN WARREN COUNTY ADJUSTED TIF FUND				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 120,094	\$ 70	\$ 120,024
Liabilities				
Due to other governmental units	\$ -	\$ 120,094	\$ 70	\$ 120,024
EVIDENCE STORAGE FUND				
Assets				
Pooled cash and cash equivalents	\$ 143,268	\$ 33,325	\$ 23,274	\$ 153,319
Liabilities				
Due to other governmental units	\$ 143,268	\$ 33,325	\$ 23,274	\$ 153,319
TOTALS - ALL AGENCY FUNDS				
Assets				
Pooled cash and cash equivalents	\$ 151,019	\$ 24,394,549	\$ 24,272,225	\$ 273,343
Non-pooled cash and cash equivalents	1,344,705	168,869,096	167,412,719	2,801,082
Total assets	<u>\$ 1,495,724</u>	<u>\$ 193,263,645</u>	<u>\$ 191,684,944</u>	<u>\$ 3,074,425</u>
Liabilities				
Due to other funds	\$ 247	\$ 11,146,388	\$ 11,146,635	\$ -
Due to Tourist Commission	-	1,703,109	1,703,109	-
Due to Convention Center Corp.	-	559,040	559,040	-
Due to other taxing units - School Board	504	10,423,015	10,423,519	-
Due to other governmental units	150,268	287,227	164,152	273,343
Other liabilities	1,344,705	169,064,591	167,608,214	2,801,082
Total liabilities	<u>\$ 1,495,724</u>	<u>\$ 193,183,370</u>	<u>\$ 191,604,669</u>	<u>\$ 3,074,425</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky
Combining Statement of Net Position – Component Units – Bowling Green Municipal Utilities
June 30, 2016

	Bowling Green Municipal Utilities			
	Electric Division	Water-Sewer Division	General Services Division	Total
ASSETS				
Non-pooled cash and cash equivalents	\$ 15,835,162	\$ 5,932,531	\$ 217,865	\$ 21,985,558
Receivables (net):				
Accounts	8,195,033	1,316,797	46,701	9,558,531
Other	22,763	103,759	-	126,522
Inventories	879,175	193,475	112,613	1,185,263
Prepaid items	336,609	233,268	17,152	587,029
Long-term investments	100,000	-	-	100,000
Prepayment to TVA	413,090	-	-	413,090
Investments and restricted funds	1,034,781	5,043,294	-	6,078,075
Due from component units	11,293	4,446,279	11,587	4,469,159
Capital assets, net of accumulated depreciation:				
Non-depreciable	3,269,427	1,412,016	32,331	4,713,774
Depreciable	52,301,416	135,442,263	4,534,041	192,277,720
Other assets	69,321	306,417	180,895	556,633
Total assets	\$ 82,468,070	\$ 154,430,099	\$ 5,153,185	\$ 242,051,354
Deferred Outflow s of Resources - Pension contributions subsequent to the measurement date	1,721,543	1,890,047	244,603	3,856,193
Deferred Outflow s of Resources - Deferred Loss on Bond Defeasance	-	237,159	-	237,159
Total assets and deferred outflow s of resources	\$ 84,189,613	\$ 156,557,305	\$ 5,397,788	\$ 246,144,706
LIABILITIES				
Vouchers and accounts payable	7,893,184	767,787	102,289	8,763,260
Compensated absences payable	462,948	227,002	-	689,950
Accrued interest payable	973,517	93,850	-	1,067,367
Due to component unit	407,866	-	-	407,866
Customer deposits	5,618,069	100	-	5,618,169
Other current liabilities	889,979	305,408	101,990	1,297,377
Net pension liability, noncurrent	9,991,271	10,081,994	1,393,005	21,466,270
Compensated absences payable, noncurrent	267,153	169,619	-	436,772
Customer advances, noncurrent	51,486	-	-	51,486
Noncurrent liabilities:				
Due w ithin one year	485,000	4,261,576	641,226	5,387,802
Due in more than one year	10,587,468	64,497,560	3,450,000	78,535,028
Total liabilities	\$ 37,627,941	\$ 80,404,896	\$ 5,688,510	\$ 123,721,347
NET POSITION				
Net investment in capital assets	44,498,375	68,095,143	475,146	113,068,664
Restricted	1,134,781	5,043,294	-	6,178,075
Unrestricted	928,516	3,013,972	(765,868)	3,176,620
Total net position	\$ 46,561,672	\$ 76,152,409	\$ (290,722)	\$ 122,423,359

See accompanying independent auditor's report

City of Bowling Green, Kentucky
 Combining Statement of Activities – Component Units – Bowling Green Municipal Utilities
 Year Ended June 30, 2016

Bowling Green Municipal Utilities	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Contributions	Capital Contributions	Electric System	Water and Sewer System	Fiber Optic System	Totals
Electric Division	\$ 84,216,323	\$ 84,777,439	\$ -	\$ -	\$ 561,116	\$ -	\$ -	\$ 561,116
Water-Sewer Division	21,970,928	23,837,230	-	641,057	-	2,507,359	-	2,507,359
General Services Division	2,835,129	3,434,318	-	-	-	-	599,189	599,189
Total component units	<u>\$ 109,022,380</u>	<u>\$ 112,048,987</u>	<u>\$ -</u>	<u>\$ 641,057</u>	<u>561,116</u>	<u>2,507,359</u>	<u>599,189</u>	<u>3,667,664</u>
General revenues:								
					79,410	64,061	-	143,471
					122,613	-	13,966	136,579
					-	(6,239)	(30,454)	(36,693)
					<u>202,023</u>	<u>57,822</u>	<u>(16,488)</u>	<u>243,357</u>
					763,139	2,565,181	582,701	3,911,021
					45,798,533	73,587,228	(873,423)	118,512,338
					<u>\$ 46,561,672</u>	<u>\$ 76,152,409</u>	<u>\$ (290,722)</u>	<u>\$ 122,423,359</u>

See accompanying independent auditor's report

STATISTICAL SECTION

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

Financial Trends: Tables 1 - 4

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

Revenue Capacity: Tables 5 - 10

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

Debt Capacity: Tables 11 - 20

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

Demographic and Economic Information: Tables 21 - 22

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

Operating Information: Tables 23 - 25

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

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities										
Net investment in capital assets	\$ 164,964,407	\$ 156,304,559 ^a	\$ 155,028,352	\$ 137,092,802	\$ 135,364,894	\$ 124,378,964	\$ 115,406,434	\$ 110,124,978	\$ 95,299,980	\$ 70,506,798
Restricted	27,174,588	19,415,538	13,291,912	9,755,642	8,334,411	7,678,890	8,489,209	12,648,978	13,706,589	16,471,139
Unrestricted	(31,716,893)	(28,174,114) ^b	(29,848,657) ^b	22,355,235	14,779,013	11,861,503	10,322,628	3,791,321	30,702,914	35,938,960
Total governmental activities net position	\$ 160,422,102	\$ 147,545,983	\$ 138,471,607	\$ 169,203,679	\$ 158,478,318	\$ 143,919,357	\$ 134,218,271	\$ 126,565,277	\$ 139,709,483	\$ 122,916,897
Business-type activities										
Net investment in capital assets	\$ 4,524,334	\$ 4,061,947 ^a	\$ 1,797,454	\$ 6,831,728	\$ 6,697,127	\$ 6,601,646	\$ 6,073,639	\$ 5,673,876	\$ 4,914,526	\$ 4,536,514
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	7,840,586	6,715,057	8,057,826	6,966,658	5,855,494	5,109,640	4,408,480	3,763,476	2,954,021	2,723,849
Total business-type activities net position	\$ 12,364,920	\$ 10,777,004	\$ 9,855,280	\$ 13,798,386	\$ 12,552,621	\$ 11,711,286	\$ 10,482,119	\$ 9,437,352	\$ 7,868,547	\$ 7,260,363
Primary government										
Net investment in capital assets	\$ 169,488,741	\$ 160,366,506	\$ 156,825,806	\$ 143,924,530	\$ 142,062,021	\$ 130,980,610	\$ 121,480,073	\$ 115,798,854	\$ 100,214,506	\$ 75,043,312
Restricted	27,174,588	19,415,538	13,291,912	9,755,642	8,334,411	7,678,890	8,489,209	12,648,978	13,706,589	16,471,139
Unrestricted	(23,876,307)	(21,459,057)	(21,790,831)	29,321,893	20,634,507	16,971,143	14,731,108	7,554,797	33,656,935	38,662,809
Total primary government net position	\$ 172,787,022	\$ 158,322,987	\$ 148,326,887	\$ 183,002,065	\$ 171,030,939	\$ 155,630,643	\$ 144,700,390	\$ 136,002,629	\$ 147,578,030	\$ 130,177,260

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

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

See accompanying independent auditor's report

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities:										
General government	\$ 19,038,235	\$ 16,081,900	\$ 14,940,954	\$ 16,265,264	\$ 15,273,247	\$ 15,155,819	\$ 12,874,758	\$ 14,240,674	\$ 14,963,398	\$ 11,585,397
Public safety	23,723,294	25,081,145	24,384,208	23,180,539	22,297,308	21,843,704	22,477,932	20,629,290	20,888,002	18,477,954
Public works	9,547,794	15,513,082	8,781,909	6,207,967	7,576,164	6,700,923	7,782,325	6,276,210	6,445,139	8,024,218
Parks and recreation	7,751,367	7,434,798	4,899,266	5,280,474	5,011,216	5,478,404	4,895,725	4,715,430	4,643,176	4,579,136
Neighborhood and comm. services	5,014,886	4,308,565	3,734,515	4,787,160	5,158,144	4,948,826	4,739,011	5,562,852	4,533,189	5,891,219
Community services	1,950,663	1,267,637	1,362,100	1,070,544	1,341,318	1,238,015	2,446,270	24,078,708	4,087,698	3,016,601
Interest expense (restated)	3,999,109	5,931,620	6,869,043	7,568,802	6,498,659	5,670,703	6,789,892	7,033,869	4,380,214	3,501,788
Total governmental activities expenses	<u>71,025,348</u>	<u>75,618,747</u>	<u>64,971,995</u>	<u>64,360,750</u>	<u>63,156,056</u>	<u>61,036,394</u>	<u>62,005,913</u>	<u>82,537,033</u>	<u>59,940,816</u>	<u>55,076,313</u>
Business-type activities:										
Golf course	\$ -	\$ -	\$ 1,750,045	\$ 2,066,604	\$ 2,759,341	\$ 2,366,430	\$ 2,323,270	\$ 2,342,624	\$ 2,379,799	\$ 2,375,208
Aquatics	-	-	884,164	885,993	919,636	871,429	849,210	848,501	1,231,201	862,409
Convention center	471,616	715,458	984,699	673,102	904,908	607,015	823,333	742,829	850,659	682,734
Total business-type activities expenses	<u>471,616</u>	<u>715,458</u>	<u>3,618,908</u>	<u>3,625,699</u>	<u>4,583,885</u>	<u>3,844,874</u>	<u>3,995,813</u>	<u>3,933,954</u>	<u>4,461,659</u>	<u>3,920,351</u>
Total primary government expenses	<u>\$ 71,496,964</u>	<u>\$ 76,334,205</u>	<u>\$ 68,590,903</u>	<u>\$ 67,986,449</u>	<u>\$ 67,739,941</u>	<u>\$ 64,881,268</u>	<u>\$ 66,001,726</u>	<u>\$ 86,470,987</u>	<u>\$ 64,402,475</u>	<u>\$ 58,996,664</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,865,512	\$ 2,084,612	\$ 1,898,623	\$ 4,650,906	\$ 3,728,986	\$ 3,415,888	\$ 3,095,600	\$ 3,545,304	\$ 2,234,584	\$ 2,124,151
Public safety	244,291	239,223	259,539	252,181	269,502	187,098	187,228	250,696	294,866	191,964
Public works	-	-	-	-	-	-	-	-	-	-
Parks and recreation	2,257,783	1,942,755	381,975	380,360	389,486	398,333	421,798	390,693	382,818	323,999
Operating grants and contributions	10,084,318	9,338,213	9,387,792	9,538,468	7,308,403	8,425,923	8,986,469	7,311,410	7,544,586	6,445,180
Capital grants and contributions	1,844,479	7,396,801	4,544,651	5,169,106	13,461,928	9,941,334	8,339,284	7,689,270	14,582,910	17,335,681
Total governmental activities program revenues	<u>17,296,383</u>	<u>21,001,604</u>	<u>16,472,580</u>	<u>19,991,021</u>	<u>25,158,305</u>	<u>22,368,576</u>	<u>21,030,379</u>	<u>19,187,373</u>	<u>25,039,764</u>	<u>26,420,975</u>
Business-type activities:										
Charges for services:										
Golf course	\$ -	\$ -	\$ 1,247,622	\$ 1,368,727	\$ 1,438,517	\$ 1,275,821	\$ 1,316,218	\$ 1,429,946	\$ 1,416,483	\$ 1,430,200
Aquatics	-	-	449,284	477,508	649,347	578,532	518,834	511,395	475,673	421,185
Convention center	201,378	183,961	210,800	212,823	205,503	216,665	214,459	223,958	203,324	194,675
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>201,378</u>	<u>183,961</u>	<u>1,907,706</u>	<u>2,059,058</u>	<u>2,293,367</u>	<u>2,071,018</u>	<u>2,049,511</u>	<u>2,165,299</u>	<u>2,095,480</u>	<u>2,046,060</u>
Total primary government program revenues	<u>\$ 17,497,761</u>	<u>\$ 21,185,565</u>	<u>\$ 18,380,286</u>	<u>\$ 22,050,079</u>	<u>\$ 27,451,672</u>	<u>\$ 24,439,594</u>	<u>\$ 23,079,890</u>	<u>\$ 21,352,672</u>	<u>\$ 27,135,244</u>	<u>\$ 28,467,035</u>
Net (Expense)/Revenue										
Governmental activities	\$ (53,728,965)	\$ (54,617,143)	\$ (48,499,415)	\$ (44,369,729)	\$ (37,997,751)	\$ (38,667,818)	\$ (40,975,534)	\$ (63,349,660)	\$ (34,901,052)	\$ (28,655,338)
Business-type activities	<u>(270,238)</u>	<u>(531,497)</u>	<u>(1,711,202)</u>	<u>(1,566,641)</u>	<u>(2,290,518)</u>	<u>(1,773,856)</u>	<u>(1,946,302)</u>	<u>(1,768,655)</u>	<u>(2,366,179)</u>	<u>(1,874,291)</u>
Total primary government net expense	<u>\$ (53,999,203)</u>	<u>\$ (55,148,640)</u>	<u>\$ (50,210,617)</u>	<u>\$ (45,936,370)</u>	<u>\$ (40,288,269)</u>	<u>\$ (40,441,674)</u>	<u>\$ (42,921,836)</u>	<u>\$ (65,118,315)</u>	<u>\$ (37,267,231)</u>	<u>\$ (30,529,629)</u>

See accompanying independent auditor's report

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 12,988,729	\$ 12,760,797	\$ 12,253,118	\$ 11,763,153	\$ 11,377,484	\$ 11,220,959	\$ 11,346,706	\$ 10,824,938	\$ 11,871,893	\$ 10,835,879
Insurance premium taxes ^a	3,839,322	3,660,165	3,545,527	3,342,087	3,156,411	3,087,621	3,140,598	3,100,377	3,154,521	3,097,857
Wages and net profits taxes	48,670,998	46,774,186	43,188,734	41,392,272	39,490,949	37,220,689	35,502,869	36,016,500	36,502,625	37,247,653
Gain (loss) on sale of capital assets	368,040	223,557	(98,712)	53,678	-	(1,839,170)	-	-	-	(872,410)
Judgements and settlements	-	-	-	-	-	-	-	-	-	-
Investment income	462,415	362,436	597,329	644,577	815,700	886,084	1,031,911	2,435,228	2,351,828	2,253,732
Miscellaneous	1,262,660	724,169	562,905	251,083	262,868	270,561	144,527	696,997	327,802	159,972
Transfers	(987,080)	(813,791)	(2,044,823)	(2,351,760)	(2,546,700)	(2,477,840)	(2,538,083)	(2,868,586)	(2,515,031)	(2,406,373)
Total governmental activities	<u>66,605,084</u>	<u>63,691,519</u>	<u>58,004,078</u>	<u>55,095,090</u>	<u>52,556,712</u>	<u>48,368,904</u>	<u>48,628,528</u>	<u>50,205,454</u>	<u>51,693,638</u>	<u>50,316,310</u>
Business-type activities:										
Taxes										
Property taxes ^b	\$ 114,542	\$ 96,848	\$ 100,322	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transient room taxes	559,040	450,592	405,516	460,640	432,158	420,300	382,340	396,518	398,381	369,162
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Judgements and settlements	-	-	-	-	-	-	-	-	-	-
Investment income	177,491	91,990	85,883	6	152,995	84,510	70,646	72,356	60,951	59,860
Miscellaneous	20,000	-	35	-	-	20,373	-	-	-	-
Transfers	987,080	813,791	2,044,823	2,351,760	2,546,700	2,477,840	2,538,083	2,868,586	2,515,031	2,406,373
Total business-type activities	<u>1,858,153</u>	<u>1,453,221</u>	<u>2,636,579</u>	<u>2,812,406</u>	<u>3,131,853</u>	<u>3,003,023</u>	<u>2,991,069</u>	<u>3,337,460</u>	<u>2,974,363</u>	<u>2,835,395</u>
Total primary government	<u>\$ 68,463,237</u>	<u>\$ 65,144,740</u>	<u>\$ 60,640,657</u>	<u>\$ 57,907,496</u>	<u>\$ 55,688,565</u>	<u>\$ 51,371,927</u>	<u>\$ 51,619,597</u>	<u>\$ 53,542,914</u>	<u>\$ 54,668,001</u>	<u>\$ 53,151,705</u>
Changes in Net Position										
Governmental activities	\$ 12,876,119	\$ 9,074,376	\$ 9,504,663	\$ 10,725,361	\$ 14,558,961	\$ 9,701,086	\$ 7,652,994	\$ (13,144,206)	\$ 16,792,586	\$ 21,660,972
Business-type activities	1,587,915	921,724	925,377	1,245,765	841,335	1,229,167	1,044,767	1,568,805	608,184	961,104
Total primary government	<u>\$ 14,464,034</u>	<u>\$ 9,996,100</u>	<u>\$ 10,430,040</u>	<u>\$ 11,971,126</u>	<u>\$ 15,400,296</u>	<u>\$ 10,930,253</u>	<u>\$ 8,697,761</u>	<u>\$ (11,575,401)</u>	<u>\$ 17,400,770</u>	<u>\$ 22,622,076</u>

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

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

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

See accompanying independent auditor's report

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Nonspendable	\$ 223,820	\$ 217,129	\$ 190,343	\$ 102,022	\$ 110,067	\$ 116,591	\$ -	\$ -	\$ -	\$ -
Reserved	-	-	-	-	-	-	580,258	1,843,259	2,175,158	853,653
Restricted	9,838	2,289	-	-	-	28,381	-	-	-	-
Committed	12,052,100	11,772,500	10,716,400	10,476,400	10,142,001	7,153,358	-	-	-	-
Assigned	3,236,165	5,234,158	2,367,637	4,147,690	3,946,030	2,350,558	-	-	-	-
Unassigned	5,763,288	5,295,615	5,904,641	4,084,127	4,288,920	8,083,626	-	-	-	-
Unreserved	-	-	-	-	-	-	16,393,728	13,888,739	15,328,742	20,593,019
Total General Fund	<u>\$ 21,285,211</u>	<u>\$ 22,521,691</u>	<u>\$ 19,179,021</u>	<u>\$ 18,810,239</u>	<u>\$ 18,487,018</u>	<u>\$ 17,732,514</u>	<u>\$ 16,973,986</u>	<u>\$ 15,731,998</u>	<u>\$ 17,503,900</u>	<u>\$ 21,446,672</u>
All Other Governmental Funds										
Restricted	\$ 6,625,289	\$ 6,001,112	\$ 11,555,838	\$ 17,445,124	\$ 17,804,417	\$ 20,223,543	\$ 4,992,442	\$ 3,672,061	\$ 6,198,535	\$ 6,364,120
Committed	5,314,947	4,989,083	4,722,507	4,093,440	3,875,464	-	-	-	-	-
Assigned	24,482,158	16,722,160	15,074,918	11,005,485	9,810,617	11,382,712	-	-	-	-
Unreserved, reported in:										
Special Revenue funds	-	-	-	-	-	-	25,691,575	27,562,694	24,465,839	7,658,317
Capital Projects funds	-	-	-	-	-	-	3,285,091	8,778,626	8,619,293	13,733,273
Debt Service funds	-	-	-	-	-	-	-	-	47,702	104,610
Permanent fund	-	-	-	-	-	-	36,806	93,736	67,610	47,988
Total all other governmental funds	<u>\$ 36,422,394</u>	<u>\$ 27,712,355</u>	<u>\$ 31,353,263</u>	<u>\$ 32,544,049</u>	<u>\$ 31,490,498</u>	<u>\$ 31,606,255</u>	<u>\$ 34,005,914</u>	<u>\$ 40,107,117</u>	<u>\$ 39,398,979</u>	<u>\$ 27,908,308</u>

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

- Nonspendable
- Committed
- Assigned
- Unassigned

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

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

See accompanying independent auditor's report

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

	Fiscal Year										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	
Revenues											
Taxes	\$ 12,988,729	\$ 12,642,600	\$ 12,149,933	\$ 11,642,257	\$ 11,233,161	\$ 11,094,132	\$ 11,174,838	\$ 10,633,642	\$ 11,743,169	\$ 10,835,879	^a
Insurance premium taxes	3,839,322	3,660,165	3,545,527	3,342,087	3,131,426	3,087,621	3,140,598	3,100,377	3,154,521	3,097,857	^a
Wage and net profit taxes	48,503,596	46,774,184	43,188,734	41,392,272	39,490,949	37,218,764	35,502,869	36,111,281	36,681,744	37,406,227	^b
Licenses and permits	1,877,089	1,315,429	1,053,434	1,196,829	1,225,876	1,008,531	1,164,737	898,603	945,383	735,949	^b
Intergovernmental	9,753,351	9,847,448	9,761,879	9,699,484	10,282,887	10,490,457	12,457,418	9,836,174	10,453,862	11,392,786	
Investment income	400,194	313,327	539,104	597,234	709,096	774,589	940,504	2,236,555	2,099,729	2,017,219	^c
Charges for services	680,960	657,839	673,241	655,280	617,189	572,038	616,196	481,491	547,340	595,021	
Parks and recreation	2,125,466	1,918,822	348,223	345,951	352,727	379,821	410,111	380,317	372,484	323,999	
Rental Income	1,814,788	1,289,025	1,303,456	3,698,284	1,418,056	1,410,533	976,868	1,685,901	-	-	
Miscellaneous	1,396,401	2,382,712	2,207,881	2,045,088	678,284	1,007,904	492,125	954,532	591,109	965,356	
Total revenues	83,379,896	80,801,551	74,771,412	74,614,766	69,139,651	67,044,390	66,876,264	66,318,873	66,589,341	67,370,293	
Expenditures											
General government	\$ 6,169,394	\$ 5,814,708	\$ 5,322,276	\$ 5,929,691	\$ 6,416,600	\$ 6,319,543	\$ 6,753,844	\$ 6,899,349	\$ 8,512,371	\$ 7,018,903	
Public safety	26,783,559	26,415,077	26,050,921	26,153,318	24,472,880	23,911,824	24,774,100	23,200,660	23,276,993	21,382,962	
Public works	9,667,731	9,239,652	7,442,511	7,611,230	7,879,907	7,330,975	7,590,188	7,862,753	6,885,983	7,369,126	
Parks and recreation	7,388,710	7,553,819	5,495,961	5,733,383	5,298,687	5,591,502	4,986,858	5,412,954	5,758,676	5,107,121	
Neighborhood & Community Services	5,079,148	5,011,788	4,991,338	4,979,298	5,756,566	5,194,215	6,937,549	27,800,163	6,062,010	6,652,290	
Community services	2,294,663	1,642,637	2,037,928	423,326	625,098	461,995	751,278	1,066,412	3,116,912	3,016,601	
Capital outlay	4,100,590	7,316,707	6,092,831	3,883,548	2,491,802	5,879,013	5,675,679	12,407,497	10,561,509	9,324,923	
Debt service:											
Principal	8,332,286	12,229,806	12,979,281	10,131,855	7,391,770	6,798,046	5,489,095	5,009,606	4,201,347	4,757,074	
Interest and fiscal charges	3,992,515	4,470,886	4,801,181	5,315,979	5,632,984	6,145,566	6,655,188	7,277,785	4,500,337	3,403,076	
Total Expenditures	73,808,596	79,695,080	75,214,228	70,161,625	65,966,294	67,632,679	69,613,779	96,937,179	72,876,138	68,032,076	
Excess (deficiency) of revenues over (under) expenditures	9,571,300	1,106,471	(442,816)	4,453,141	3,173,357	(588,289)	(2,737,515)	(30,618,306)	(6,286,797)	(661,783)	

See accompanying independent auditor's report

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Other Financing Sources (Uses)										
Transfers in	\$ 21,421,164	\$ 16,008,355	\$ 17,052,527	\$ 12,547,232	\$ 13,721,906	\$ 10,727,493	\$ 14,823,177	\$ 19,275,432	\$ 14,236,314	\$ 12,653,038
Transfers out	(23,630,744)	(17,522,146)	(19,747,350)	(15,632,723)	(16,452,014)	(13,105,332)	(17,011,260)	(22,144,018)	(16,816,345)	(15,186,551)
Issuance of debt	-	-	-	-	-	-	-	31,420,000	-	-
Premium on general obligation bonds	-	359,645	-	-	-	-	-	667,110	-	83,038
Discount on general obligation bonds	-	(95,408)	-	-	-	-	-	(8,009)	-	-
Capital lease proceeds	-	-	-	-	-	1,309,391	-	-	-	-
General Obligation note proceeds	-	-	-	-	-	-	-	-	-	-
General Obligation bond proceeds	-	-	-	-	-	-	-	-	-	14,682,962
Issuance of refunding debt	39,845,000	9,345,485	-	4,099,807	7,409,463	29,627,561	-	12,119,800	30,443,095	-
Payment to refunded bonds redeemed	-	-	-	170,747	-	-	-	(2,147,888)	-	-
Payments to refunded debt escrow agent	(42,259,385)	(9,605,241)	-	(4,281,161)	(7,718,497)	(29,627,561)	-	(9,971,912)	(13,803,815)	-
Premium from bond refunding	2,085,795	-	-	19,731	319,639	-	-	-	-	-
Other financing costs	-	-	-	-	-	-	-	-	(319,653)	-
Sale of capital assets	440,429	104,601	267,853	-	184,893	15,604	66,383	344,027	95,100	466,807
Total other financing sources (uses)	(2,097,741)	(1,404,709)	(2,426,970)	(3,076,367)	(2,534,610)	(1,052,844)	(2,121,700)	29,554,542	13,834,696	12,699,294
Net Change in fund balances	\$ 7,473,559	\$ (298,238)	\$ (2,869,786)	\$ 1,376,774	\$ 638,747	\$ (1,641,133)	\$ (4,859,215)	\$ (1,063,764)	\$ 7,547,899	\$ 12,037,511
Debt service as a percentage of noncapital expenditures	17.59%	23.93%	26.14%	24.37%	24.37%	22.78%	21.03%	15.55%	21.74%	18.28%

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

See accompanying independent auditor's report

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

Fiscal Year Ended June 30,	Total Gross Wages	Occupational Withholding Fees ^(b)	City of Bowling Green Direct Rate ^(c)	Total Direct Tax Rate
2007	\$ 1,437,833,982	\$ 28,103,464	1.85%	1.85% ^a
2008	1,528,058,865	28,269,089	1.85%	1.85%
2009	1,506,249,500	27,865,616	1.85%	1.85%
2010	1,517,902,824	28,081,202	1.85%	1.85%
2011	1,559,791,267	28,856,139	1.85%	1.85%
2012	1,672,226,810	30,936,196	1.85%	1.85%
2013	1,732,990,595	32,060,326	1.85%	1.85%
2014	1,829,239,189	33,840,925	1.85%	1.85%
2015	1,884,772,230	34,868,286	1.85%	1.85%
2016	2,033,197,759	37,614,159	1.85%	1.85%

Source: City of Bowling Green, Department of Finance

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

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

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

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

Fiscal Year	Occupational Withholdings Fees ^(a)	Occupational Net Profit Fees ^(a)	Other Occupational Fees ^(b)	Total	Percentage Growth
2007	\$ 28,103,464	\$ 6,837,977	\$ 223,733	\$ 35,165,174	3.6%
2008	28,269,089	5,932,608	258,663	34,460,360	-2.0%
2009	27,865,616	6,052,000	332,031	34,249,647	-0.6%
2010	28,081,202	5,464,301	304,338	33,849,841	-1.2%
2011	28,856,139	6,329,845	256,642	35,442,626	4.7%
2012	30,936,196	6,220,162	265,902	37,422,260	5.6%
2013	32,060,326	7,031,910	286,827	39,379,063	5.2%
2014	33,840,925	6,989,859	244,705	41,075,489	4.3%
2015	34,868,286	9,280,035	261,163	44,409,484	8.1%
2016	37,614,159	8,112,119	320,002	46,046,280	3.7%

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

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

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

Fiscal Year	Estimated Actual Value ^(a)	Total Real and Personal Property Assessment ^(b)	Franchise	PILOT	Total Assessment Including Franchise & Pilot	Total Current Levy ^(c)	Current Taxes Collected	Percent of Levy Collected	Delinquent Tax Collected	Total Delinquent Taxes Receivable
2007	\$4,222,403,365	\$3,773,500,650	\$ 79,073,761	\$ 73,983,875	\$ 3,926,558,286	\$9,664,741	\$9,264,470	95.86%	\$ 156,977	\$ 320,052
2008	4,596,075,764	4,094,335,746	94,823,254	80,866,610	4,270,025,610	10,289,689	10,000,589	97.19%	213,505	323,650
2009	4,972,421,020	4,394,868,241	65,627,694	92,746,427	4,553,242,362	9,539,918	8,989,136	94.23%	89,785	439,776
2010	4,970,737,685	4,489,771,784	130,612,165	96,571,573	4,716,955,522	9,727,086	9,406,084	96.70%	152,234	451,563
2011	5,038,648,946	4,551,808,439	138,966,922	90,257,388	4,781,032,749	9,858,019	9,376,998	95.12%	95,730	459,652
2012	4,944,600,194	4,565,229,850	114,829,884	97,865,757	4,777,925,491	9,560,597	9,433,523	98.67%	182,375	418,272
2013	5,192,942,433	4,725,859,276	128,861,650	97,906,563	4,952,627,489	9,896,421	9,894,881	99.98%	139,199	442,058
2014	5,308,858,978	4,941,833,867	108,613,121	85,038,850	5,135,485,838	10,420,333	10,376,147	99.58%	151,450	492,409
2015	5,260,320,031	5,105,744,064	120,948,806	71,700,175	5,298,393,045	10,580,908	10,703,816	101.16%	232,348	369,773
2016	5,520,063,044	5,327,488,265	138,865,602	75,763,490	5,542,117,357	11,182,527	11,098,513	99.25%	458,973	371,907

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

Note: (a) Residential, Farm, & Commercial Property divided by Sales Ratio added to Personal, Franchise & Pilot Assessment.
(b) Annual PVA Assessment is valued as of January 1st.
(c) Original Levy, Warren County Property Value Administrators Office. Property taxes attach as an enforceable lien on property as of January 1st each year.

See accompanying independent auditor's report

Schedule 8
City of Bowling Green
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
2007	0.2550	0.1350	0.6920	0.1280	1.2100	0.2550	0.1350	0.3770	0.1280	0.8950
2008	0.2490	0.1645	0.6920	0.1240	1.2295	0.2490	0.1645	0.3710	0.1240	0.9085
2009	0.2060	0.2110	0.6910	0.1220	1.2300	0.2060	0.2110	0.3710	0.1220	0.9100
2010	0.2060	0.2110	0.7070	0.1220	1.2460	0.2060	0.2110	0.3710	0.1220	0.9100
2011	0.2060	0.2105	0.7070	0.1220	1.2455	0.2060	0.2105	0.3830	0.1220	0.9215
2012	0.2060	0.2170	0.7310	0.1220	1.2760	0.2060	0.2170	0.3950	0.1220	0.9400
2013	0.2060	0.2170	0.7310	0.1220	1.2760	0.2060	0.2170	0.4060	0.1220	0.9510
2014	0.2060	0.2170	0.7560	0.1220	1.3010	0.2060	0.2170	0.4200	0.1220	0.9650
2015	0.2060	0.2160	0.7560	0.1220	1.3000	0.2060	0.2160	0.4230	0.1220	0.9670
2016	0.2060	0.2160	0.7680	0.1220	1.3120	0.2060	0.2160	0.4350	0.1220	0.9790

PERSONAL PROPERTY

Fiscal Year	City Proper					City Annex				
	City	County	City School	State	Total	City	County	County School	State	Total
2007	0.2600	0.1850	0.6920	0.4500	1.5870	0.2600	0.1850	0.3800	0.4500	1.2750
2008	0.2600	0.2315	0.6920	0.4500	1.6335	0.2600	0.2315	0.3800	0.4500	1.3215
2009	0.2600	0.2843	0.6910	0.4500	1.6853	0.2600	0.2843	0.3800	0.4500	1.3743
2010	0.2600	0.2845	0.7070	0.4500	1.7015	0.2600	0.2845	0.3800	0.4500	1.3745
2011	0.2600	0.2858	0.7070	0.4500	1.7028	0.2600	0.2858	0.3830	0.4500	1.3788
2012	0.2600	0.2888	0.7310	0.4500	1.7298	0.2600	0.2888	0.3950	0.4500	1.3938
2013	0.2600	0.2689	0.7310	0.4500	1.7099	0.2600	0.2689	0.3950	0.4500	1.3739
2014	0.2600	0.2689	0.7560	0.4500	1.7349	0.2600	0.2689	0.4200	0.4500	1.3989
2015	0.2600	0.2716	0.7560	0.4500	1.7376	0.2600	0.2716	0.4230	0.4500	1.4046
2016	0.2600	0.2714	0.7680	0.4500	1.7494	0.2600	0.2714	0.4350	0.4500	1.4164

Sources: City of Bowling Green, Department of Finance

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

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

Taxpayer	
2016	2007
Bowling Green Metalforming LLC	Bowling Green Metalforming LLC
Commonwealth Health Corporation	Commonwealth of Kentucky
Country Oven Bakery	Desa Heating LLC
General Motors Corporation	General Motors Corporation
Graves-Gilbert Clinic PSC	Graves Gilbert Clinic PSC
Sun Products Corporation	Sun Products Corporation
The Medical Center at BG	The Medical Center at BG
Union Underwear Co. LLC	Union Underwear Co. LLC
Warren County Board of Education	Warren County Board of Education
Western Kentucky University	Western Kentucky University

Source: City of Bowling Green, Department of Finance

Note: Taxpayer information is listed alphabetically.

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

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

Taxpayer	Type of Business	2016			2007		
		Rank	Assessed Value	Percent of Total Assessment ^(a)	Rank	Assessed Value	Percent of Total Assessment ^(b)
Union Underwear Co. Inc	Clothing Manufacturer	1	\$ 66,543,208	1.25%	1	\$ 49,503,654	1.31%
Greenwood Mall LLC/General Growth Prop	Retail Mall	2	51,090,000	0.96%	2	38,585,000	1.02%
Bowling Green Municipal Utilities	Utilities Provider	3	46,447,376	0.87%	3	23,950,177	0.63%
Wal Mart	Retail	4	38,500,304	0.72%			
Greenview Hospital, Inc	Healthcare Facility	5	38,222,957	0.72%	9	16,498,000	0.44%
General Motors	Vehicle Manufacturer	6	37,837,889	0.71%	---	---	---
Kroger Limited Partnership	Food Retailer	7	32,035,738	0.60%	---	---	---
Chandler Park Apartments	Apartment Complex	8	28,284,949	0.53%	---	---	---
NHK Associated Spring	Automobile Suspension Mfg	9	20,860,691	0.39%	---	---	---
The Registry at Western	Apartment Complex	10	16,742,171	0.31%	8	19,140,000	0.51%
Huish Detergents Inc	Factory	---	---	---	4	23,462,000	0.62%
Insight Midwest LP	Cable Service	---	---	---	5	22,184,283	0.59%
Bellsouth Telecommunications	Phone Service	---	---	---	6	21,896,216	0.58%
DHP Holdings	Holdings Company	---	---	---	7	21,451,371	0.57%
Atmos Energy	Utilities/gas	---	---	---	10	12,676,873	0.34%

Source: City of Bowling Green, Department of Finance

Note: (a) Percent of Total Assessed Value for real property of \$5,327,488,265 (January 1, 2015)
(b) Percent of Total Assessed Value for real property of \$3,773,500,650 (January 1, 2006)

See accompanying independent auditor's report

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

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income ^b	Per Capita ^b
	General Obligation Bonds	Lease Revenue Bonds	Special Assessment Bonds ^a	Notes Payable and Capital Leases	General Obligation Bonds	Lease Revenue Bonds	Notes Payable and Capital Leases			
2007	\$ 77,134,277	\$ 1,350,000	\$ 143,167	\$ 6,106,234	\$ 13,385,722	-	\$ 153,352	\$ 98,272,752	3.34%	1,890
2008	102,042,174	1,230,000	136,590	5,577,154	12,287,828	-	98,893	121,372,639	3.98%	2,248
2009	132,181,377	-	131,906	4,510,477	11,288,624	-	60,698	148,173,082	4.64%	2,694
2010	128,561,433	-	125,229	3,241,585	10,073,568	-	47,544	142,049,359	4.17%	2,492
2011	124,964,655	-	118,419	3,944,088	9,165,353	-	28,925	138,221,440	4.02%	2,383
2012	119,325,846	-	112,506	3,412,034	8,274,155	-	50,256	131,174,797	3.90%	2,223
2013	108,501,710	-	-	2,871,504	6,752,559	-	34,390	118,160,163	3.19%	1,950
2014	102,591,166	-	-	2,459,472	6,188,330	-	21,671	111,260,639	2.84%	1,809
2015	101,557,970	-	-	2,119,501	2,936,494	-	-	106,613,965	2.66%	1,706
2016	96,522,378	-	-	1,755,421	2,202,371	-	-	100,480,170	2.43%	1,580

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

(a) Warren County Water District bonds.

(b) See Schedule 21 for personal income and population data. The ratios are calculated using personal income and population for the prior calendar year.

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

Fiscal Year	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
TAX SUPPORTED										
General Bonds and Notes ^(a)	\$ 98,277,799	\$ 102,534,501	\$ 113,587,806	\$ 113,371,309	\$ 119,325,846	\$ 124,964,655	\$ 128,561,433	\$ 132,181,377	\$ 102,042,174	\$ 77,134,277
REVENUE SUPPORTED										
Revenue Supported Debt & Leases ^(b)	32,182,500	37,537,500	43,207,178	45,452,569	49,346,908	50,598,299	54,355,619	56,113,822	57,594,020	44,485,658
TOTAL REVENUE SUPPORTED	\$ 32,182,500	\$ 37,537,500	\$ 43,207,178	\$ 45,452,569	\$ 49,346,908	\$ 50,598,299	\$ 54,355,619	\$ 56,113,822	\$ 57,594,020	\$ 44,485,658
TOTAL DEBT	\$ 130,460,299	140,072,001	156,794,984	158,823,878	168,672,754	175,562,954	182,917,052	188,295,199	159,636,194	121,619,935
Less: Revenue Supported Debt	(32,182,500)	(37,537,500)	(43,207,178)	(45,452,569)	(49,346,908)	(50,598,299)	(54,355,619)	(56,113,822)	(57,594,020)	(44,485,658)
Less: Debt Service Fund Balance ^(c)	-	-	-	-	-	-	-	-	(47,702)	(104,610)
NET DIRECT DEBT	\$ 98,277,799	\$ 102,534,501	\$ 113,587,806	\$ 113,371,309	\$ 119,325,846	\$ 124,964,655	\$ 128,561,433	\$ 132,181,377	\$ 101,994,472	\$ 77,029,667
OVERLAPPING DEBT ^(d)	\$ 246,190,489	\$ 237,949,657	\$ 233,949,409	\$ 245,533,153	\$ 238,339,565	\$ 193,880,494	\$ 172,966,306	\$ 152,602,820	\$ 147,461,136	\$ 132,476,959
NET DIRECT & OVERLAPPING DEBT	\$ 344,468,288	\$ 340,484,158	\$ 347,537,215	\$ 358,904,462	\$ 357,665,411	\$ 318,845,149	\$ 301,527,739	\$ 284,784,197	\$ 249,455,608	\$ 209,506,626
PROPERTY TAX BASE										
Estimated Actual Value	\$5,636,975,792	\$5,327,488,265	\$5,105,744,064	\$4,941,833,867	\$4,725,859,276	\$4,565,229,650	\$4,551,808,439	\$4,489,771,784	\$4,394,868,241	\$4,094,335,746

Source: City of Bowling Green, Department of Finance

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

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

(c) Based on information in the CAFR.

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

See accompanying independent auditor's report

Schedule 13
City of Bowling Green
General Debt
Future Debt Services Requirements as of June 30th

Fiscal Year	Principal	Interest	TOTAL ^(a)
2017	\$ 7,983,625	\$ 3,042,321	\$ 11,025,946
2018	8,521,541	2,781,882	11,303,423
2019	8,401,547	2,525,019	10,926,566
2020	8,963,756	2,260,061	11,223,817
2021	7,720,098	1,977,241	9,697,339
2022	7,760,785	1,732,287	9,493,072
2023	7,778,505	1,501,990	9,280,495
2024	8,041,324	1,254,811	9,296,135
2025	4,689,240	1,033,642	5,722,882
2026	4,800,000	855,657	5,655,657
2027	2,115,000	679,340	2,794,340
2028	2,195,000	605,888	2,800,888
2029	1,800,000	529,338	2,329,338
2030	1,850,000	476,538	2,326,538
2031	1,910,000	418,363	2,328,363
2032	1,970,000	361,063	2,331,063
2033	2,040,000	290,513	2,330,513
2034	1,235,000	217,413	1,452,413
2035	1,270,000	180,363	1,450,363
2036	1,310,000	142,263	1,452,263
2037	1,360,000	89,863	1,449,863
2038	1,405,000	45,663	1,450,663

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

Source: City of Bowling Green, Department of Finance

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

Fiscal Year	Principal	Interest	TOTAL ^(a)
2017	\$ 685,000	\$ 30,538	\$ 715,538
2018	725,000	16,438	741,438
2019	735,000	4,594	739,594

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

Source: City of Bowling Green, Department of Finance

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

Fiscal Year	Principal ^(a)				Interest				Total Debt Service
	Series 2007B Bonds	2016A Bonds	2016B Bonds	Total Principal ^(b)	2007B Bonds	2016A Bonds	2016B Bonds	Total Interest	
2017	\$ 1,415,000	\$ -	\$ -	\$ 1,415,000	\$ 28,300	\$ 246,820	\$ 101,004	\$ 376,124	\$ 1,791,124
2018	-	1,625,000	40,000	1,665,000	-	230,164	100,116	330,280	1,995,280
2019	-	1,655,000	140,000	1,795,000	-	196,544	97,335	293,879	2,088,879
2020	-	1,685,000	580,000	2,265,000	-	162,309	86,211	248,520	2,513,520
2021	-	1,715,000	600,000	2,315,000	-	127,459	67,980	195,439	2,510,439
2022	-	1,755,000	615,000	2,370,000	-	91,891	49,208	141,099	2,511,099
2023	-	1,780,000	635,000	2,415,000	-	55,657	29,896	85,553	2,500,553
2024	-	1,825,000	650,000	2,475,000	-	18,706	10,043	28,749	2,503,749

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

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

Source: City of Bowling Green, Department of Finance

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

Fiscal Year	Principal ^(a)		Interest		Total Debt Service
	Series 2010 Bonds	Total Principal ^(b)	Series 2010 Bonds	Total Interest	
2017	\$ 1,915,000	\$ 1,915,000	\$ 828,605	\$ 828,605	\$ 2,743,605
2018	2,045,000	2,045,000	771,155	771,155	2,816,155
2019	2,185,000	2,185,000	709,805	709,805	2,894,805
2020	2,340,000	2,340,000	644,255	644,255	2,984,255
2021	2,500,000	2,500,000	568,205	568,205	3,068,205
2022	2,525,000	2,525,000	480,705	480,705	3,005,705
2023	2,415,000	2,415,000	392,330	392,330	2,807,330
2024	2,520,000	2,520,000	302,975	302,975	2,822,975
2025	2,625,000	2,625,000	208,475	208,475	2,833,475
2026	2,755,000	2,755,000	106,756	106,756	2,861,756

(a) Payable from revenues received from Western Kentucky University (WKU). Since the City was the issuer of the bonds, the debt is a direct obligation of the City, but WKU is responsible and makes all debt service payments.

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

Source: City of Bowling Green, Department of Finance

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General bonded debt outstanding										
General obligation bonds	\$ 98,724,749	\$ 104,494,464	\$ 108,779,496	\$ 115,254,269	\$ 127,600,001	\$ 134,130,008	\$ 138,635,001	\$ 143,470,001	\$ 114,330,002	\$ 90,519,999
Lease revenue bonds	-	-	-	-	-	-	-	-	1,230,000	1,350,000
Special Assessment bonds	-	-	-	-	112,506	118,419	125,229	131,906	136,590	143,167
Total	98,724,749	104,494,464	108,779,496	115,254,269	\$ 127,712,507	134,248,427	138,760,230	143,601,907	115,696,592	92,013,166
Less: Amounts set aside to repay general debt	-	-	-	-	-	-	-	-	(47,702)	(104,610)
Net general bonded debt	<u>\$ 98,724,749</u>	<u>\$ 104,494,464</u>	<u>\$ 108,779,496</u>	<u>\$ 115,254,269</u>	<u>\$ 127,712,507</u>	<u>\$ 134,248,427</u>	<u>\$ 138,760,230</u>	<u>\$ 143,601,907</u>	<u>\$ 115,648,890</u>	<u>\$ 91,908,556</u>
Property Values	\$5,636,975,792	\$5,327,488,265	\$5,105,744,064	\$4,941,833,867	\$4,725,859,276	\$4,565,229,850	\$4,551,808,439	\$4,489,771,784	\$4,394,868,241	\$4,094,335,746
Percentage of estimated actual taxable value of property	1.75%	1.96%	2.13%	2.33%	2.70%	2.94%	3.05%	3.20%	2.63%	2.24%
Per capita ^(a)	1,552	1,672	1,769	1,902	2,165	2,194	2,434	2,611	2,142	1,767

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

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

Schedule 18
City of Bowling Green
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

<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	\$ 36,384,130	100.00%	\$ 36,384,130
Warren County	93,225,000	57.83%	53,915,104
Warren County Schools	143,166,000	50.31%	72,026,621
Bowling Green Municipal Utilities	83,864,634	100.00%	<u>83,864,634</u>
Subtotal, overlapping debt			246,190,489
City direct debt			<u>98,277,799</u>
Total direct and overlapping debt			<u><u>\$ 344,468,288</u></u>

Notes:

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

Sources:

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

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

<u>Legal Debt Margin Calculation for Fiscal Year 2016</u>	
Assessed value	\$5,636,975,792
Debt Limit, 10% of assessed value ^(a)	563,697,579
Debt applicable to limit:	
General Obligation bonds	98,724,749
Notes and Capital Leases payable	1,755,421
Less: Non tax-supported debt	-
Total net debt applicable to limit	<u>100,480,170</u>
Legal debt margin	<u>\$ 463,217,409</u>

	<u>Fiscal Year</u>										
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Debt Limit	\$ 563,697,579	\$ 532,748,827	\$ 510,574,406	\$ 494,183,387	\$ 472,585,927	\$ 456,522,985	\$ 455,180,844	\$ 448,977,178	\$ 439,486,824	\$ 409,433,575	\$ 339,413,009
Total net debt applicable to limit	<u>100,480,170</u>	<u>106,613,965</u>	<u>111,260,639</u>	<u>118,194,553</u>	<u>129,153,378</u>	<u>135,935,233</u>	<u>140,594,305</u>	<u>145,580,339</u>	<u>117,768,696</u>	<u>94,166,847</u>	<u>80,217,030</u>
Legal Debt Margin	<u>\$ 463,217,409</u>	<u>\$ 426,134,862</u>	<u>\$ 399,313,767</u>	<u>\$ 375,988,834</u>	<u>\$ 343,432,549</u>	<u>\$ 320,587,752</u>	<u>\$ 314,586,539</u>	<u>\$ 303,396,839</u>	<u>\$ 321,718,128</u>	<u>\$ 315,266,728</u>	<u>\$ 259,195,979</u>
Total net debt applicable to limit as a percentage of debt limit	17.83%	20.01%	21.79%	23.92%	27.33%	29.78%	30.89%	32.42%	26.80%	23.00%	23.63%

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

See accompanying independent auditor's report

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

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

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

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

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

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Median Age ^d	School Enrollment ^e	Percentage of Workforce Unemployed
2007	52,000	\$ 2,941,885,397	\$ 29,737	29	16,502	4.6%
2008	54,000	3,051,745,000	29,849	29	16,251	4.6%
2009	55,000	3,195,505,000	30,802	29	16,107	8.0%
2010	57,000	3,410,173,000	31,993	29	17,917	9.9%
2011	58,000	3,438,236,000	31,640	28	18,157	9.0%
2012	59,000	3,359,422,000	29,426	28	18,128	7.9%
2013	60,600	3,699,388,000	32,025	28	18,957	7.2%
2014	61,500	3,921,515,000	33,486	27	18,981	6.8%
2015	62,500	4,005,280,000	33,837	28	19,180	5.0%
2016	63,600	4,138,310,000	34,354	28	20,682	4.7%

Sources: (a) Estimated population statistics obtained from the U.S Census Bureau (<http://census.gov/quickfacts/table/PST045215/210892,00>).

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

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

(d) U.S. Department of the Census American FactFinder (2012 Census Est) (http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml).

(e) Refer to both Board of Educations for public school information and www.greatschools.org for private school information. Schools included are Bowling Green Board of Education, Warren County Board of Education, and private schools. Western Kentucky University is excluded.

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

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

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

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Western Kentucky University	4,646	1	6.28%	4,254	1	6.17%
The Medical Center at BG	2,222	2	3.00%	1,899	2	2.75%
BG Metalforming LLC	1,498	3	2.02%	992	5	1.44%
Union Underwear Co. LLC	1,410	4	1.91%	1,056	4	1.53%
Warren County Board of Education	1,031	5	1.39%	928	6	1.34%
Sun Products Corporation	994	6	1.34%	----		----
General Motors Corporation	950	7	1.28%	----		----
Graves-Gilbert Clinic PSC	794	8	1.07%	----		----
Houchens Food Group Inc.	720	9	0.97%	567	10	0.82%
City of Bowling Green	661	10	0.89%	627	8	0.91%
Wal-Mart Associates Inc.	----	----	----	1,128	3	1.63%
Express Services	----	----	----	642	7	0.93%
Bowling Green Independent Schools	----	----	----	575	9	0.83%
Total	14,926		20.17%	12,668		18.36%

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

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General government	42	40	42	41	41	42	41	45	45	44
Administration	8	8	8	7	7	7	7	6	6	6
Citizen's Assistance	-	-	-	-	-	-	-	6	7	7
Finance	16	15	17	17	18	18	18	18	17	17
Human Resources	7	6	6	6	5	6	6	5	6	6
Legal	2	2	2	2	2	2	2	2	2	2
Information Technology	9	9	9	9	9	9	8	8	7	6
Public Safety	270	269	265	267	266	269	263	276	265	260
Police										
Officers	115	112	108	110	109	110	104	114	111	107
Civilians	30	35	37	37	35	38	38	40	38	35
Fire										
Firefighters and officers	122	119	117	117	118	117	117	118	112	115
Civilians	3	3	3	3	4	4	4	4	4	3
Public Works	55	54	53	53	52	50	51	57	58	60
Parks and Recreation	52	56	54	57	58	57	61	60	60	58
Neighborhood & Community Services	26	26	24	23	23	21	21	22	22	26
Total	445	445	438	441	440	439	437	460	450	448

Source: City of Bowling Green Department of Finance

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

See accompanying independent auditor's report

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Citizen's Information										
Anti-Litter presentations/events	-	-	-	-	2	7	8	7	28	50
Neighborhood Meetings conducted	69	55	61	63	71	71	72	91	97	84
Finance										
Tax bills sent	22,352	22,220	21,864	21,703	21,495	21,405	21,372	21,238	20,946	20,444
Business registrations received	829	883	1,025	923	801	835	819	776	967	1,072
Human Resources										
Job applicants	2,488	1,559	1,011	1,299	1,394	1,346	1,137	1,938	1,567	2,505
Position filled	234	222	248	234	216	216	178	204	224	147
Police										
911 Service calls	81,072	78,465	75,800	61,859 ^a	67,842	65,440	54,754	60,013	59,041	54,294
Animal control calls	2,489	2,317	2,788	2,027	3,203	3,176	3,202	3,283	3,615	3,990
Traffic stops	8,594	9,071	13,189	11,897	13,476	15,650	15,777	17,356	13,021	14,066
Fire										
Accident runs	6,786	6,195	5,634	5,523	5,049	4,836	4,517	4,586	4,552	2,475
Fire runs	236	282	212	278	300	285	258	294	499	534
Fires investigated	36	63	17	61 ^b	71	2,845	3,373	3,838	2,761	937
Public Works										
Street resurfacing (miles)	8	7	4	7	12	5	5	4	5	18
Potholes repaired	575	826	426	772	392	478	466	385	408	294
Parks and Recreation										
Fitness & Athletic participants	902,073	883,654	970,174	859,614	927,403	765,462	878,035	871,724	842,043	845,618
Visits to Community Center	156,811	229,885	272,470	267,813	269,596	271,722	214,184	223,628	176,998	298,315
Neighborhood & Community Services ^c										
Households receiving asst	695	743	719	725	726	723	765	791	688	579
Bldg/Electrical & Code inspections	13,360	10,796	12,264	12,170	9,912	8,804	15,631	12,302	13,038	15,460

Notes: (a) Beginning in 2012, Public Safety became the answering point for both landline and cell phone 911 calls in Warren County.

(b) Effective in 2012, the Fire Department began tracking fires investigations rather than fire inspections.

(c) Neighborhood & Community Services was previously Community Development.

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

See accompanying independent auditor's report

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Substations	2	2	2	2	2	2	2	2	2	2
Fire										
Fire stations	7	7	7	7	7	7	7	6	5	5
Training centers	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	262	257	264	258	266	265	257	247	242	241
Sidewalks (miles)	114	113	112	112	109	104	95	94	90	88
Alleys (miles)	15	15	15 ^b	19	19	17	17	17	15	4
Parks and recreation										
Number of Parks	22	21	20	20	25	25	25	25	25	25
Number of Facilities	7	7	7	7 ^a	-	-	-	-	-	-
Acreage	970	974	972	972	972	970	970	970	970	970
Playgrounds	22	22	21	22	22	22	22	22	22	19
Baseball/Softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer fields	14	14	13	13	13	13	13	13	13	13
Community Centers	3	3	3	3	3	3	3	3	2	2
Community Development										
Building Permits Issued	2,193	2,003	1,824	1,868	1,609	1,515	1,571	1,523	2,082	2,400

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

Source: Various City of Bowling Green Departments

See accompanying independent auditor's report