

City of Bowling Green

Comprehensive Annual Financial Report

for the

Fiscal Year Ended June 30, 2007



Issued by the
Department of Finance

CITY OF BOWLING GREEN

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2007

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal.....	1-6
GFOA Certificate of Achievement for Excellence in Financial Reporting	7
Organizational Chart	8
Directory - Principal Officials	9
 FINANCIAL SECTION	
Independent Auditor's Report	10-11
Management's Discussion and Analysis	12-23
 Basic Financial Statements	
Government Wide Financial Statements	
Statement of Net Assets	24
Statement of Activities.....	25
 Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	26
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	27
Statement of Revenues, Expenditures and Changes in Fund Balances.....	28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
 Proprietary Fund Financial Statements	
Statement of Net Assets - Proprietary Funds	30
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	31
Statement of Cash Flows - Proprietary Funds.....	32
 Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets	33
Statement of Changes in Fiduciary Net Assets	34
 Component Units Financial Statements	
Statement of Net Assets	35
Statement of Activities	36

CITY OF BOWLING GREEN

TABLE OF CONTENTS - CONTINUED

YEAR ENDED JUNE 30, 2007

Notes to Financial Statements	37-71
--	--------------

Required Supplementary Information

Budgetary Comparison Schedules - Major Funds (General and Special Revenue)

General Fund	72-73
WKU Athletics Special Revenue Fund.....	74

Pension Schedules

Schedule of Funding Progress – Policemen and Firemen’s Retirement Fund.....	75
---	----

Modified Approach for City Streets Infrastructure Capital Assets	76-78
---	--------------

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Combining Balance Sheet - Nonmajor Governmental Funds	84
Combining Balance Sheet - Nonmajor Special Revenue Funds	85-86
Combining Balance Sheet - Nonmajor Capital Projects Funds	87-88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	90-91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	92-93
Budgetary Comparison Schedule:	
Community Development Special Revenue Fund.....	94
Fire Improvement Special Revenue Fund	95
Municipal Aid Special Revenue Fund	96
Parks Development Special Revenue Fund	97
Job Development Incentive Special Revenue Fund.....	98
Landfill Closure Special Revenue Fund	99
Local Law Enforcement Block Grant Special Revenue Fund	100
Trunking Operation Special Revenue Fund.....	101
Neighborhood Grant Special Revenue Fund	102
Technology Special Revenue Fund	103
Homeland Security Special Revenue Fund	104
Police Improvement Special Revenue Fund.....	105
Lampkin Park Trust Fund	106
Parks Community Center Capital Projects Fund	107

CITY OF BOWLING GREEN

TABLE OF CONTENTS - CONTINUED

YEAR ENDED JUNE 30, 2007

Nonmajor Governmental Funds - continued

Budgetary Comparison Schedule - continued:

SKyPAC Development Fund	108
Downtown Revitalization Fund	109
14 th Street Construction Fund.....	110
Riverfront Development Capital Projects Fund.....	111
Equipment Replacement Capital Projects Fund	112
Southwest Corridor Capital Projects Fund	113
Road Construction Capital Projects Fund	114
Downtown Signalization Capital Projects Fund	115
Broadway Curve Realignment Capital Projects Fund	116
Western Drive Realignment Capital Projects Fund	117
Fields Drive Extension Capital Projects Fund.....	118
Old Morgantown Road Rehab Capital Projects Fund	119
Heritage Trail Construction Capital Projects Fund.....	120
Parks Improvements Capital Projects Fund.....	121
Shive Lane Development Capital Projects Fund	122
Debt Service Fund	123

Internal Service Funds

Combining Statement of Net Assets	125
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	126
Combining Statement of Cash Flows.....	127

Fiduciary Funds

Combining Statement of Assets and Liabilities - Agency Funds.....	129-130
---	---------

Bowling Green Municipal Utilities

Combining Statement of Net Assets	131
Combining Statement of Activities.....	132

STATISTICAL SECTION

Net Assets by Component	133
Changes in Net Assets.....	134-135
Fund Balances, Governmental Funds	136
Changes in Fund Balances, Governmental Funds	137-138
Wage Withholding Fees	139
Direct Occupational License Tax Rates	140
Principal Occupational Withholdings Fees Payers	141
Ratios of Outstanding Debt by Type.....	142
Ratios of General Bonded Debt Outstanding.....	143
Direct and Overlapping Governmental Activities Debt.....	144

CITY OF BOWLING GREEN

TABLE OF CONTENTS - CONTINUED

YEAR ENDED JUNE 30, 2007

STATISTICAL SECTION - CONTINUED

Legal Debt Margin Information.....	145
Pledged Revenue Coverage.....	146
Demographic and Economic Statistics.....	147
Principal Employers.....	148
Full-time Equivalent City Governmental Employees by Function/Program	149
Operating Indicators by Function/Program.....	150
Capital Asset Statistics by Function/Program	151

JEFFERY B. MEISEL, CPA
Chief Financial Officer
jeff.meisel@bgky.org

WILMA B. BROWN
Comptroller
wilma.brown@bgky.org



DEPARTMENT OF FINANCE

DAVID L. LYNE
Occupational License Manager
david.lyne@bgky.org

JENNY L. PAINTER
Payroll Manager
jenny.painter@bgky.org

Phone: 270-393-3000

Web Site: www.bgky.org

Fax: 270-393-3047

December 5, 2007

Honorable Mayor Elaine Walker
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, 2007. 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 its component units.

Management of the City is responsible for the accuracy of the data presented as well as the completeness and fairness of the presentation of this information. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP.

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived from their use and that such cost-benefit evaluation requires estimates and judgment by management.

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

The independent accounting firm of Mountjoy & Bressler, 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, 2007 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 unqualified (“clean”) opinion that the City’s financial statements for the fiscal year ended June 30, 2007 are fairly presented in conformity with GAAP. Their report is the first component in the Financial Section of this report.

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

PROFILE OF THE CITY

Bowling Green, the “Park City” of Kentucky, was established in 1798, and is located in the south-central part of the state. The City occupies a land area of 38.5 square miles, has a population estimated at 52,000 and serves as the retail, educational, medical, commercial, and social hub for a population base of approximately 310,000.

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 its day-to-day operations. The City has 433 authorized full-time positions, with 58% of those being public safety related.

The City provides a full range of municipal services, including police and fire protection; engineering and inspection services, construction and maintenance of highways, 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 its board and it is either able to impose its will on that organization or there is potential for the organization to provide the City specific financial benefits, or impose specific financial burdens on the City.

In accordance with GASB Statement No. 39, “*The Financial Reporting Entity*”, and based on the foregoing criteria, the City has presented the Bowling Green Police and Firefighters’ Retirement Fund, the Convention Center Corporation and the Bowling Green Municipal Projects Corporation as

blended component units within the City's basic financial statements because the component unit's governing body is substantially the same as the governing body of the City, or the component unit provides services almost entirely to the City. Bowling Green Municipal Utilities, the Bowling Green Public Library, and the Bowling Green Enterprise Community, Inc. are included as discretely presented component units because the City is financially accountable and is able to impose its will on the organization or the component unit provides specific financial benefits or imposes specific financial burdens on the City. The Bowling Green - Warren County Airport, Bowling Green City School System, Housing Authority of Bowling Green, and other various related organizations providing services within the City do not meet the financial accountability criteria discussed above and, therefore, are not included in this report.

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

FACTORS AFFECTING FINANCIAL CONDITION

The local economy is a well-balanced blend of service, manufacturing, retail and financial industries. With a rich economic, social, and cultural environment, the City consistently scores high in national rankings of preferred business location and favorable environments for the creation and development of businesses. Bowling Green's high income and job growth combined with a low cost of doing business has led the City to be named to Forbes Magazine's list of the "Best Small Places for Business". In an evaluation of 179 cities across the nation, Forbes ranks Bowling Green 14th in which to do business. The list also ranks Bowling Green 11th nationwide for the lowest cost-of-living and 36th for highest job growth. Bowling Green was also included in National Geographic Adventure Magazine's 50 Best Places to Live and Play, ranking in the top 10 for Small Towns.

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

Economic Performance. The local economy continued to grow and expand with a mixture of professional, retail, and industrial development at a pace that exceeded the state and national economy. For the year, ten of the eleven major Standard Industry Code (SIC) groups of businesses posted an increase in payroll, which includes our largest group – Services (+7.1%), the second largest SIC group – Manufacturing (+19.3%) and the third largest group – Retail (+5.6%). The only group that posted a net decline in payroll was Mining (-33.4%). Overall, payroll in Bowling Green grew by approximately \$68.5 million (+5.0%) this year.

Business profits hit an all-time high this year, with over \$341.8 million in local net profits reported to the City, resulting in Net Profit Tax collections of approximately \$6.8 million. A total of 1,072 new business licenses were issued this fiscal year. Overall, the net profits did not see the robust

double-digit growth as in FY06 of +13.6% from the local economy, but still ended with solid growth of 8.2% for FY07.

Employment Opportunities. Bowling Green's unemployment rate continues to compare favorably to both the state and nation. We began the year in July 2006 with an unemployment rate of 5.2%, versus 5.9% for the state and 4.6% nationally. In June 2007, Bowling Green was at 4.6% versus 5.6% for the state and 4.6% for the nation.

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

During the fiscal year ending June 30, 2007, approximately \$618,000 in withholding tax credits was awarded to eight new or expanding companies. This investment in the future by the City should result in the creation of 477 new jobs which are expected to generate an additional 1.1 million in occupational taxes to the City over the next five years.

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

SIGNIFICANT EVENTS AND INITIATIVES

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

Occupational Tax Rate Reduction. The City's occupational tax rate was lowered from 2% to 1.85% for wage withholdings and net profits. The rate reduction took effect for payroll periods and business tax years beginning on or after January 1, 2007. The rate decrease was in response to unexpected revenue growth since the 2003 tax rate increase, which led to a surplus of reserves in excess of the minimum requirements. This change is expected to reduce revenues by approximately \$2.5 million once it is fully implemented, the actual results cannot be fully evaluated until the end of fiscal year 2008.

Roads and Transportation. The City issued \$14.8 million of general obligation bonds in April 2007, of which \$7.2 million is dedicated to constructing new roads and improving traffic flow. The biggest portion of this construction money, approximately \$4 million, will fund the extension and widening of a connector road for two of the City's main thoroughfares. In addition to road construction, another \$3.3 million will cover the cost of a street realignment project and traffic signalization upgrades in the downtown area, which is also expected to improve traffic flow.

Strong Neighborhoods. The City completed Phase I of a residential development plan in the downtown area. Over \$3 million dollars of Community Development Block Grant funds have been used to acquire, clear, and develop land to construct single-family residences. In FY07, 12 new homes were constructed in this downtown development, and 14 single family homes were rehabilitated during the year through other City sponsored programs.

Downtown Revitalizaion. A Tax Increment Financing (TIF) district was developed during FY07 which could result in over \$200 million in new development spanning from the downtown area to the Western Kentucky University campus. Included in the TIF project would be a minor league baseball stadium, a parking garage, two hotels, a performing arts center, and mixed-use development consisting of retail, professional and residential occupants.

Additionally, the remaining properties were purchased and cleared for the Circus Square project that will be located in the heart of downtown. Construction began in early fall of 2007 and is expected to be completed by the following summer. The 2007 general obligation bond issue allocated \$4 million of proceeds toward the remaining acquisition and construction for this project.

Other downtown projects during FY07 include the completion of a professionally designed skate park and a new community center. The Community Center facility will house a two-court gym, indoor track, along with classroom and office space. A portion of the 2007 general obligation bond proceeds was also allocated to these two projects.

FINANCIAL INFORMATION

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

Cash Management and Investment Policy. The Department of Finance is responsible for the custody, investment and disbursement of all funds of the City in accordance with the procedures adopted by the City Commission. It is the City's policy to invest funds in a manner that will provide the highest investment return with the maximum security of principal, while meeting the City's daily cash flow demands. The City's investments are governed by Kentucky Revised Statute (KRS) 66.480, and an investment policy approved by the City Commission. All funds were invested in either obligations of the United States or its agencies, or collateralized certificates of deposit. Interest income totaling approximately \$2.3 million was earned in all funds during this fiscal year.

Self -Insurance and Risk Management. Bowling Green has been self-insured for health insurance since 1992. The Employee Health Insurance Fund is overseen by the City's Department of Human Resources and is administered by a third party. The City reduces its financial risks in providing health insurance by purchasing various types of reinsurance policies. As of June 30, 2007, the Employee Health Insurance Fund had net assets of approximately \$3.9 million. Since the inception

of the City's Loss Management Program in 1990, the City has reduced its Workers Compensation expenditures dramatically. The City uses various risk control techniques to minimize accident-related losses, with our major emphasis concentrated in injury and accident prevention training.

Pension Trust Funds. All active City employees are covered by the County Employees' Retirement System (CERS), which is a multiple-employer, cost-sharing, defined benefit plan and is administered by the Kentucky Retirement System. The City contributed 13.19% for non-hazardous and 28.21% for hazardous employees during this fiscal year.

The City of Bowling Green Police and Firefighters' Retirement Fund is a single-employer, defined benefit plan created by ordinance and under state statute. On August 1, 1988, the fund was closed to new entrants. Police officers and firefighters on active duty on that date were given a choice of remaining in the fund or transferring their accounts into the CERS. As of June 30, 2007, there were no active employees, 32 retirees and 21 surviving spouses and children in the plan. The actuarial study conducted as of June 30, 2006, projected the plan's liabilities to exceed the plan's assets by \$1,115,000. The City plans to continue the funding recommended by the actuary each fiscal year to keep the fund solvent and provide for cost-of-living adjustments, if fiscally able.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bowling for its comprehensive annual financial report for the fiscal year ended June 30, 2006. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements. The preparation of this report could not have been accomplished without the dedicated services of the entire staff in the Department of Finance. We wish to express our sincere appreciation to all members of the department for their assistance, with special thanks to Wilma Brown, Comptroller; and to the staff of Mountjoy & Bressler, LLP, CPA's.

Respectfully submitted,

Jeff Meisel, CPA
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bowling Green
Kentucky

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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



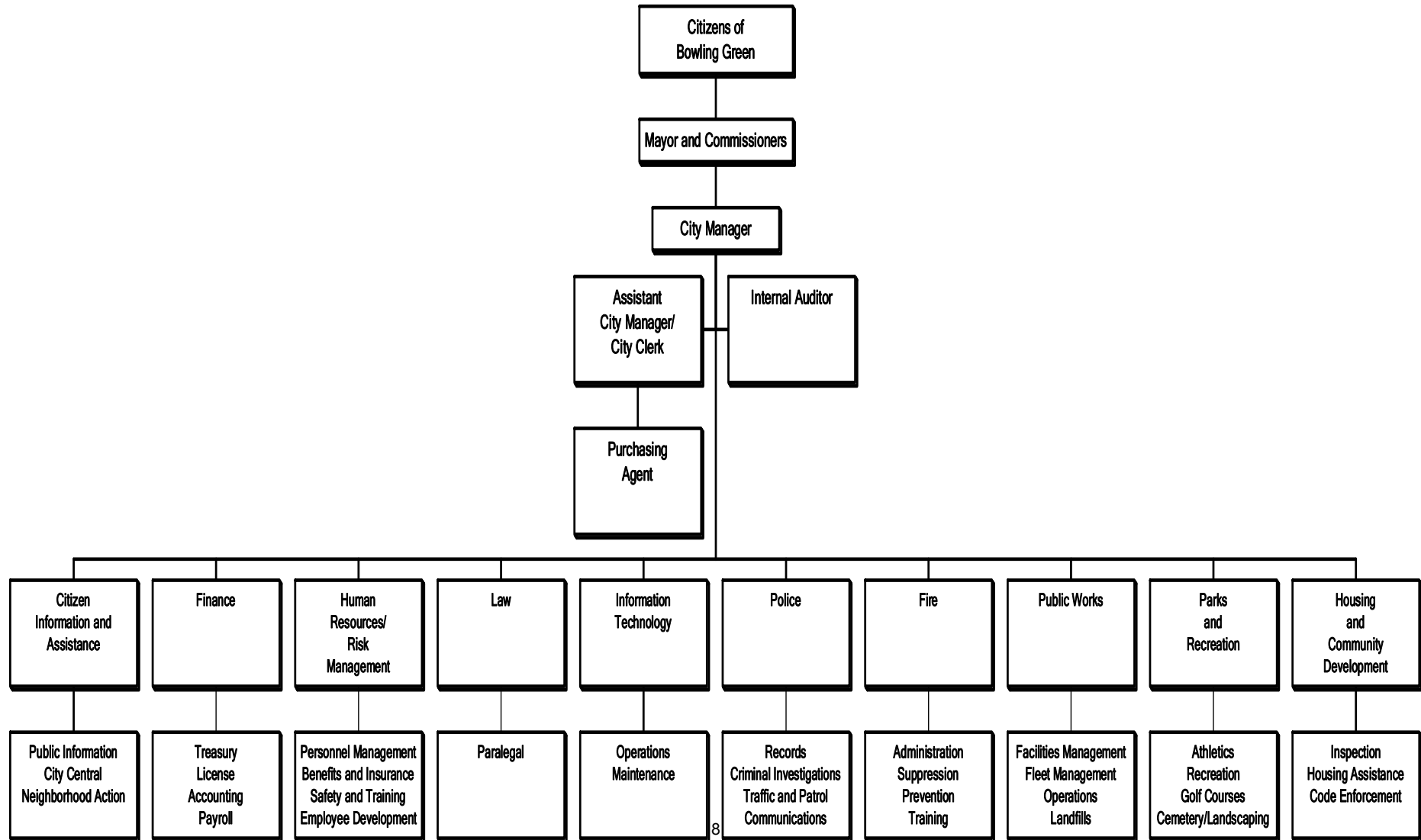
Charles S. Cox

President

Jeffrey R. Emen

Executive Director

CITY OF BOWLING GREEN



CITY OF BOWLING GREEN, KENTUCKY

Directory – Principal Officials

Mayor and Commissioners

Elaine Walker
Bruce Wilkerson
Joe Denning
Brian (Slim) Nash
Brian Strow

Mayor
Mayor Pro Tem
Commissioner
Commissioner
Commissioner

Kevin D. DeFebbo – City Manager

Administration:

Katie Schaller

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

Jennifer Portmann
Deborah Jenkins

Citizen Information & Assistance:

J. Michael Grubbs

Director

Finance:

Jeff Meisel, CPA
Wilma Brown

Chief Financial Officer
Comptroller

Human Resources:

Michele Tolbert

Director

Law:

H. Eugene Harmon

City Attorney

Information Technology:

Lynn Hartley

Chief Information Officer

Public Safety:

Doug Hawkins
Greg Johnson

Police Chief
Fire Chief

Public Works:

Emmett Wood, Jr., PE
Jeff Lashlee

Director
City Engineer

Parks and Recreation:

Ernie Gouvas

Director

Housing and Community Development:

Alice Burks

Director

Report of Independent Accountants

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bowling Green, Kentucky (the Government) as of and for the year ended June 30, 2007, which collectively comprise the Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Government's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Policemen and Firemen's Retirement Fund which reflects total assets of \$8,848,176 and total additions of \$1,249,751 for the year ended June 30, 2007. We did not audit the financial statements of Bowling Green Municipal Utilities and Bowling Green Public Library which represent substantially all of the assets and the revenues as of and for the year ended June 30, 2007 of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Policemen and Firemen's Retirement Fund, Bowling Green Municipal Utilities and Bowling Green Public Library is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2007 on our consideration of the Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 12 through 23 and 72 through 74 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Government's basic financial statements. The introductory section on pages 1 through 9 combining and individual funds statements and schedules on pages 84 through 132, and the statistical section on pages 133 through 151 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 have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mountjoy & Brissler, L.L.P.
Lexington, Kentucky
December 5, 2007

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, 2007. 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 its liabilities at the close of the fiscal year by \$130.2 million (net assets). This amount includes \$16.5 million of resources that are restricted to specific projects by laws, regulations or contractual agreements. A total of \$38.7 million of these resources are unrestricted and are available to fund the City's outstanding obligations and future programs.
- The City's total net assets increased \$22.6 million this year. Net assets of governmental activities increased \$21.6 million and net assets of business-type activities increased by \$1.0 million.
- As of June 30, 2007, the City's governmental funds reported combined ending fund balances of \$49.4 million, an increase of \$12.1 million from the prior year. Of this amount, \$10.1 million in the General Fund was unreserved, undesignated, and available for spending. The City has a minimum reserve retention policy of 15% of revenues, which was \$7.7 million for FY07. An additional \$2.8 million was reserved for debt service on the FY07 General Obligation bonds bringing the total to \$10.5 million reserved.
- The City's governmental activities total debt increased by \$10.2 million due to the issuance of new general obligation debt. Business-type activity debt decreased by \$1.0 million due to the payment of principal on outstanding debt.

Overview of Financial Statements

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

The GASB 34 reporting model is designed to provide improved information to the reader. The statements present a financial picture of the City as a whole through the use of a consolidated statement of all funds, eliminating interfund transfers. In addition, the

values of fixed assets of governmental-type operations are presented. Under prior reporting standards, the infrastructure assets for governmental type funds were not reported nor depreciated.

Government-Wide Financial Statements

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

The Statement of Net Assets presents information on all the City's assets and liabilities as of June 30, 2007. Net assets are the difference between assets and liabilities. Over time, increases or decreases in net assets are one indicator of whether financial health is improving or deteriorating. Information on other factors, such as changes in the revenue structure and the condition of the City's assets, is also needed to assess the overall financial situation of the City.

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

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

- Governmental activities - Most of the City's basic services are reported here, including police, fire, public works, parks, community development and general administration. Occupational license fees, property taxes and service charges finance most of these activities.
- Business-type activities - Activities primarily paid for from the charges and fees to cover the cost of services are reported here. This includes our golf programs, the aquatics program and the operations of the Sloan Convention Center.
- Component units - The City includes three separate legal entities in its report. They are Bowling Green Municipal Utilities, the Bowling Green Public Library and the Bowling Green Enterprise Community, Inc. Although legally separate, these component units are important because the City is financially accountable for them.

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

The City as Trustee

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

Government-wide Financial Analysis

Net Assets

The following table summarizes City's financial position as of June 30, 2007. The City as a whole had net assets greater than its liabilities by \$130.2 million, an increase of \$22.6 million over last year. Most of this increase was due to \$14.7 million in bond proceeds that were not spent by year end. Of the \$130.2 million, \$75 million or 57.6% was invested in capital assets, and \$38.7 million or 30.2% was unrestricted. Net assets of governmental activity funds were \$122.9 million, with \$70.5 million or 57.3% being invested in capital assets and \$35.9 million or 29.7% unrestricted. The unrestricted net assets of governmental funds include fund balances of the General Fund and various special revenue funds. Unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors in the future.

In March of 2003, an ordinance was enacted that increased the City's Occupational License Tax rate from 1.5% to 2.0%, effective July 1, 2003. This additional .5% rate increase was passed to provide the citizens of Bowling Green with an enhanced level of service and applies to Net Profit fees and Wage Withholding fees. This was the first increase in City Tax rates since 1970, when this fee was increased from 1.0% to 1.5%. The increase was to provide for an additional 31 police officers along with an additional 24 firefighters over the next seven years; expand our codes inspection program; implement the comprehensive pay plan study for all full-time employees undertaken in fiscal year 2002; implement the Federally-mandated storm water management program; undertake an ambitious parks redevelopment program; renovate and add to our Police Headquarters facility; relocate our Public Works Operations Division and to build our reserves to a more appropriate level for the future.

On August 15, 2006, an ordinance was enacted to decrease the City's Occupational License Tax from 2.0% to 1.85%. The decrease was due to unexpected revenue growth since the 2003 tax rate increase and unanticipated surplus reserves above the minimum requirement. This decrease applies to the Net Profit fees and the Wage Withholdings fees that began to take effect January 1, 2007.

Net Assets June 30, 2007 (In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$90.7	\$76.3	\$2.9	\$2.1	\$93.6	\$78.4
Capital assets	<u>124.9</u>	<u>105.8</u>	<u>17.6</u>	<u>18.4</u>	<u>142.5</u>	<u>124.2</u>
Total assets	<u>215.6</u>	<u>182.1</u>	<u>20.5</u>	<u>20.5</u>	<u>236.1</u>	<u>202.6</u>
Long-term liabilities	82.9	72.9	11.6	12.7	94.5	85.7

Other liabilities	<u>9.8</u>	<u>8.0</u>	<u>1.6</u>	<u>1.5</u>	<u>11.4</u>	<u>9.4</u>
Total liabilities	<u>92.7</u>	<u>80.9</u>	<u>13.2</u>	<u>14.2</u>	<u>105.9</u>	<u>95.1</u>
Net assets:						
Invested in capital assets, net of related debt	70.5	61.9	4.5	4.4	75.0	66.3
Restricted for:						
Capital Projects	15.5	6.0	0.0	0.0	15.5	6.0
Debt Service	0.1	0.1	0.0	0.0	0.1	0.1
Community Development	0.9	1.1	0.0	0.0	0.9	1.1
Unrestricted	<u>35.9</u>	<u>32.2</u>	<u>2.7</u>	<u>1.9</u>	<u>38.7</u>	<u>34.1</u>
Total net assets	<u>\$122.9</u>	<u>\$101.3</u>	<u>\$7.3</u>	<u>\$6.3</u>	<u>\$130.2</u>	<u>\$107.6</u>

*Numbers may not total due to rounding.

The net assets of the City's business-type activities were \$7.3 million. Of these net assets, \$4.5 million (61%) were invested in capital assets and there was an unrestricted fund balance of \$2.7 million (39%).

Analysis of City Operations

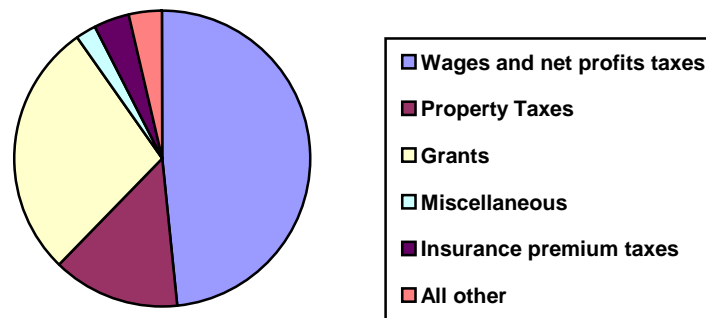
The following table summarizes City operations for the fiscal year ended June 30, 2007. Governmental activities increased the City of Bowling Green's net assets by \$19.5 million, accounting for 95% of the growth in the net assets. Business-type activities increased the City's net assets by \$1.0 million, which was 5% of the total increase.

Statement of Activities For the Year Ended June 30, 2007 (In millions)

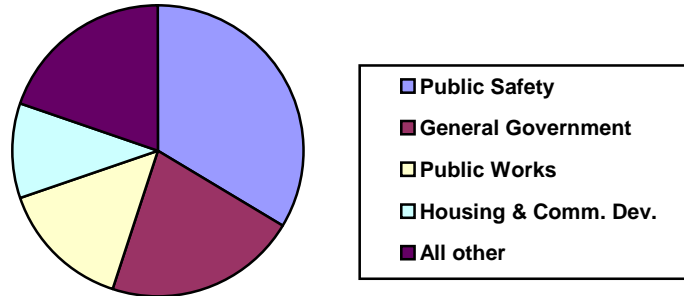
	Governmental Activities		Business- type Activities		Total Primary Government	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues						
Program Revenues:						
Charges for services	\$2.6	\$1.6	\$2.0	\$2.1	\$4.6	\$3.8
Operating grants and contributions	6.4	5.6			6.4	5.6
Capital grants and contributions	17.3	7.9			17.3	7.9
General revenue:						
Property taxes	10.8	13.2			10.8	13.2
Insurance premium taxes	3.1	0.0	0.0	0.0	3.1	0.0
Wages and net profits taxes	37.2	37.3	0.4	0.4	37.6	37.7
Other general revenues	<u>1.5</u>	<u>2.7</u>			<u>1.5</u>	<u>2.8</u>
Total revenues	<u>78.9</u>	<u>68.3</u>	<u>2.4</u>	<u>2.5</u>	<u>81.3</u>	<u>71.0</u>
Program expenses						
General government	11.6	10.6			11.6	10.6
Public safety	18.5	17.0			18.5	17.0
Public works	8.0	6.4			8.0	6.4
Parks and recreation	4.6	4.3			4.6	4.3

Housing and community development	5.9	5.2			5.9	5.2
Community services	3.0	2.6			3.0	2.6
Miscellaneous	0.0	0.0			0.0	0.0
Interest on long-term debt	3.5	3.5			3.5	3.5
Golf			2.4	2.3	2.4	2.3
Aquatics			0.9	0.9	0.9	0.9
Convention Center			<u>0.7</u>	<u>0.9</u>	<u>0.7</u>	<u>0.9</u>
Total expenses	55.1	49.6	3.9	4.1	59.0	53.8
Increase in net assets before transfers	23.8	18.6	(1.5)	(1.5)	22.3	17.1
Transfers	<u>(2.4)</u>	<u>(2.3)</u>	<u>2.4</u>	<u>2.3</u>	<u>0.0</u>	<u>0.0</u>
Change in net assets	21.4	16.3	1.0	0.8	22.3	17.1
Net assets, beginning of year	<u>101.3</u>	<u>84.9</u>	<u>6.3</u>	<u>5.5</u>	<u>107.6</u>	<u>90.5</u>
Net assets end of year						
*Numbers may not total due to rounding	<u>\$122.9</u>	<u>\$101.3</u>	<u>\$7.3</u>	<u>\$6.3</u>	<u>\$130.2</u>	<u>\$107.6</u>

Total revenues for the City's governmental activities totaled \$78.9 million, compared to \$68.3 million last year. Wages and net profits taxes totaled \$37.2 million or 47.1% of the total and includes the occupational license fees. The second largest category of governmental revenues, grants and contributions, accounted for \$21.6 million, or 27.3%. Property taxes totaled \$10.8 million and accounted for 13.7% of total revenues. Insurance premium taxes, which used to be grouped with property taxes, totaled \$3.1 million or 3.9%. Miscellaneous sources accounted for \$1.5 million, or 1.9%.

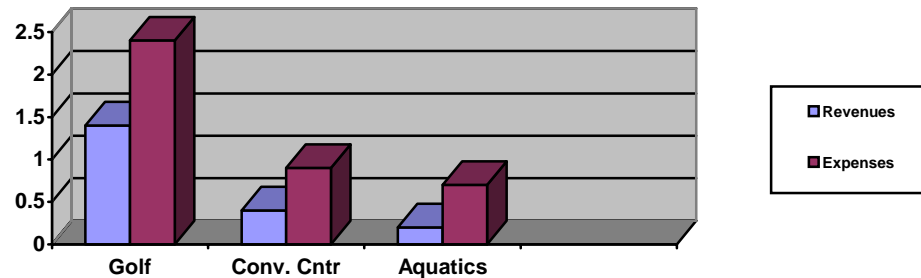


This year total expenses of the City's governmental activities were \$55.1 million, compared to \$49.6 million last year. The reason for this increase was continued implementation of the Service Enhancement program plus several capital projects. Public safety activities totaled \$18.5 million and accounted for 33.6% of the total. The second largest category of expenses was General Government, which totaled \$11.6 million and accounted for 21.5% of expenses. Public Works was third and totaled \$8.0 million, or 14.5%. The last major expenditure category was Housing and Community Development, where expenses totaled \$5.9 million, 10.7% of the total.



Business-type Activities

Revenues for business-type activities totaled \$2.4 million this fiscal year compared to \$2.5 last year. Of this, \$2.0 million, or 83% was from charges for services. Expenses for business-type activities totaled \$3.9 million. The largest program in the business type-activity was the operation of our three municipal golf courses, which accounted for 60.6% of business-type expenses. The Russell Sims Aquatic Center accounted for 22.0% of business-type expenses and the operation of the Sloan Convention Center accounted for the remaining 17.4% of expenses in our business-type activities.



Funds of the City of Bowling Green

The City's governmental funds for the year ended June 30, 2007 reflected a combined ending fund balance of \$49.4 million, an increase of \$12.1 million over the prior year. This dramatic increase is due to \$14.7 million in bond proceeds that were not spent by year end. Of the \$49.4 million total fund balance, \$10.2 million was unreserved and available for spending at the City's discretion. The remainder was reserved or designated which indicates that it was not available for spending because it had been committed to pay outstanding contracts or purchase orders, to make future debt service payments, or whose spending was otherwise restricted by state statute or by City ordinance.

At the end of the fiscal year, the total fund balance in the General Fund was \$21.4 million, which represents a decrease of \$0.3 million over the prior year. Of this total, unreserved, undesignated fund balance was \$10.1 million and reflected 19.7% of General Fund revenues. Included in the \$10.1 million was \$2.5 million in project carryovers that will be spent in FY08. Reserved and designated fund balances totaled \$11.4 million, or 22.2% of General Fund revenues. These funds were reserved for debt service, minimum

reserve requirements, and to pay contracts and purchase orders outstanding as of June 30, 2007. The City has a policy of segregating and maintaining reserved fund balance in the General Fund equal to 15% of budgeted revenues.

The other major governmental fund, the WKU Athletics Fund, is used to account for the revenues and expenditures associated with the June 2002 issuance of \$31,915,000 in City General Obligation and Special Revenue Bonds. The proceeds of these bonds were issued to improve athletics and parking facilities belonging to Western Kentucky University (Western) in order to increase the public use of those facilities. Because Western is paying the City for the total debt service each year on these bonds through student athletic fees, the amounts listed both as payables and receivables offset each other and there is no Fund Balance.

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. Total net assets in these funds were \$7.3 million as of June 30, 2007, compared to \$6.3 million last year.

The Golf Fund had total net assets of \$2.8 million, an increase of \$0.3 million over the prior year. Of the total net assets, \$2.6 million was invested in capital assets, net of related debt. Unrestricted net assets were \$0.2 million.

Our Aquatics Fund ended the year with total net assets of \$0.7 million representing no increase from last year. Of the total net assets, \$0.1 million was invested in capital assets and unrestricted net assets were \$0.6 million.

The Convention Center Fund had total net assets of \$3.8 million, representing an increase of \$0.7 million from last year. Of the total net assets, \$1.8 million was invested in capital assets and \$2.0 million was unrestricted.

General Fund Budgetary Highlights

Over the course of the fiscal year, the City Commission approved revision of the General Fund's budget four times in order to make adjustments in revenue projections and to add projects that were not anticipated when the budget was first adopted. In all, the revenue budget was increased by \$274,000, or 0.1%. These changes can be briefly summarized as follows:

Our original revenue estimates were changed by the following:

Grants	\$259,000
Judgments and Settlements	6,000
Contributions	24,000
Parks and Recreation	(15,000)

In comparing actual revenue to final amended budget, the significant budgetary variances included employee withholdings (-\$1 million), which was due to slower than anticipated

growth in wages, and interest earnings (+.5 million) which was due to higher than expected interest rates.

The total expenditure budget was increased by \$2.4 million, or 5.2% during the year. The major increases in total expenditures consisted of increases in Public Works accounts for Shive Lane property acquisitions and relocations (\$545,000) and increases in outside legal fees for the Cooper Restitution (\$584,000). Other major changes were due to the following:

General Government	\$73,000
Police	(160,000)
Fire	48,000
Parks and Recreation	456,000
Housing and Community Development	628,000
Community Services	200,000
Other Public Works	208,000
Other	(167,000)

In comparing actual expenditures to final amended budget, the significant budgetary variances were all positive and found in General Government (\$1.6 million), Public Works (\$1.1 million), and Parks and Recreation (\$1.1 million). These positive variances were mostly a result of projects being carried over as well as disciplined under spending.

Capital Assets

The City's total investment in capital assets totaled \$141.4 million as of June 30, 2007, which represented an increase of \$18.3 million over last year. This investment included land, buildings, infrastructure, golf courses, vehicles, and equipment. For our governmental activities, investments totaled \$123.7 million, an increase of \$19.0 million from FY06.

This year's major capital additions included the following:

Kereiakes Park Pavilion	\$ 242,795
Skate Park	876,366
Kereiakes Park Greenway Connector	313,596
Parks Community Center Expansion Design	352,399
Cemetery Improvements	225,176
Circus Square Land Acquisition	1,713,944
Center Street Land Acquisition	186,405
Riverfront Park and Trail Construction	650,419
The Crossing Park Construction	99,300

The following table summarizes the changes in net capital assets.

**Capital Assets at Year-end
(Net of Depreciation, Stated in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$15.4	\$14.5	\$2.7	\$2.7	\$18.1	\$17.2
Infrastructure (Streets)	68.6	54.7	0.0	0.0	68.6	54.7
Buildings	21.3	21.4	7.8	8.0	29.1	29.4
Improvements other than buildings	8.6	6.1	6.5	6.9	15.1	13.0
Vehicles, equipment, and furniture	6.0	5.4	0.3	0.4	6.3	5.8
Construction in progress	3.8	2.6	0.0	0.1	3.8	2.7
Property held under capital lease	<u>0.0</u>	<u>0.0</u>	<u>0.3</u>	<u>0.2</u>	<u>0.3</u>	<u>0.2</u>
Total	<u>\$123.7</u>	<u>\$104.7</u>	<u>\$17.6</u>	<u>\$18.3</u>	<u>\$141.3</u>	<u>\$123.0</u>

*Numbers may not total due to rounding.

The City has elected to apply the Modified Approach to accounting for its streets infrastructure system as set forth in GASB 34. Using that approach, the City uses a pavement quality index (PQI) to assess the surface condition of individual pavement segments. The City's policy is to achieve an average PQI rating of 7.6 for all streets (on a 10 point basis), which is considered "good". The City's most recent assessment in 2007 found that 85% of its streets met or exceeded this goal, the same as 2006. The estimated amount needed to maintain City streets at the 7.6 level for FY08 is \$842,000, which is included in the upcoming budget. Additional information on the City's capital assets activity can be found in note 3D.

Debt Administration

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

Prior to the issuance of G.O. 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 is the annually renewable lease agreements and the underlying mortgages on the property. Revenue bonds, where only the revenues from the operation of the facilities are pledged as security for the bonds, are now issued primarily

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

At the end of the Fiscal Year, the City had \$97.7 million in bonds and notes outstanding net of bond discounts and premiums. There was \$14.9 million in debt issued during this fiscal year.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General obligation & revenue bonds	\$78.6	\$66.5	\$13.4	\$14.4	\$92.0	\$80.9
Notes & lease purchase agreements	6.1	8.1	0.1	0.2	6.2	8.3
Compensated absences	1.3	1.3	0.0	0.0	1.3	1.3
Landfill post-closure costs	1.6	0.7	0.0	0.0	1.6	0.7
Bond discount and refunding loss	<u>0.3</u>	<u>0.2</u>	<u>(0.8)</u>	<u>(0.9)</u>	<u>(0.5)</u>	<u>(0.7)</u>
Total	<u>\$87.9</u>	<u>\$76.8</u>	<u>\$12.7</u>	<u>\$13.7</u>	<u>\$100.6</u>	<u>\$90.5</u>

*Numbers may not total due to rounding.

The City maintains a bond rating of "Aa3" from Moody's and "AA-" from Standard & Poor's. Despite the relatively recent legal changes that provide for the issuance of G.O. debt discussed on the previous page, legal limits remain on the total amount of G.O. indebtedness that may be incurred. The Kentucky Constitution provides that the total principal amount of City net indebtedness, which excludes self-supporting obligations, revenue bonds, special assessment debt, and non-tax supported debt, cannot exceed 10% of the value of taxable property in the City. Therefore, our debt limit is \$315 million.

Next Year's Budget

For FY2008, the budget theme was basically to go steadily but cautiously forward. The City will still be adjusting for the impact of the occupational tax rate reduction from 2% to 1.85%, effective January 1, 2007. Hopefully, sustained growth in revenues will allow for the completion of the enhancements to City services that were planned with the occupational tax rate increase in 2003, discussed earlier. The rate reduction is expected to reduce revenues by approximately \$2.5 million when fully implemented, but actual results will not be known until Net Profit fees are received at the lower tax rate in the spring of 2008.

The FY08 budget includes the utilization of \$2.5 million of reserves in the General Fund, mainly to afford one-time capital items. There is \$25.5 million budgeted for Capital

Improvement projects which includes debt service. This is a 24% reduction from the \$33.4 CIP in FY07. Improvements in traffic flow, additional sidewalks, construction of the Greenwood Fire Station, expansions to the airport and headquarters stations, and continued investment in technology are some of the highlights of the capital budget in FY08. The only debt planned for 2008 is a general obligation bond issue for the fire station projects which will be serviced by the Fire Improvement Fund. The City plans to continue honoring its existing commitments in FY08 to: funding existing programs, providing financial assistance to its contract agencies that provide services to the community, paying its debt service, and providing a fair and equitable pay structure to City employees.

Requests for Information

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

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF NET ASSETS

June 30, 2007

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Pooled cash and cash equivalents	\$ 17,356,566	\$ -	\$ 17,356,566	\$ -
Non-pooled cash and cash equivalents	1,013,394	2,172,231	3,185,625	12,936,092
Investments	20,866,935	275,025	21,141,960	156,015
Receivables (net):				
Accounts	154,430	8,733	163,163	3,377,509
Loans	709,379	-	709,379	-
Other	372,970	-	372,970	5,504,385
Accrued interest	52,837	4,370	57,207	391,115
Due from Western Kentucky University	31,785,000	-	31,785,000	-
Due from primary government	-	271,585	271,585	-
Due from other governmental units	2,159,178	72,956	2,232,134	-
Internal balances	200,000	(200,000)	-	-
Deferred charges	402,501	-	402,501	234,263
Prepaid items	1,593,888	43,574	1,637,462	939,969
Inventories	97,923	99,705	197,628	1,164,859
Other assets	7,505	128,724	136,229	271,311
Restricted assets:				
Non-pooled cash and cash equivalents	13,908,580	576	13,909,156	6,563
Restricted cash - TVA	-	-	-	878,326
Investments	-	-	-	13,865,134
Restricted land	1,216,370	-	1,216,370	-
Capital assets, net of accumulated depreciation:				
Non-depreciable	78,308,756	2,786,271	81,095,027	14,475,587
Depreciable	45,426,661	14,851,210	60,277,871	114,571,170
Total assets	215,632,873	20,514,960	236,147,833	168,772,298
Vouchers and accounts payable	1,344,282	32,459	1,376,741	9,703,617
Grants payable	-	-	-	6,603
Accrued payroll	385,301	27,789	413,090	-
Accrued interest payable	425,554	51,913	477,467	1,308,125
Insurance claims payable	485,654	-	485,654	-
Due to component unit	-	271,585	271,585	-
Other current liabilities	-	-	-	895,717
Deferred revenue	1,870,959	-	1,870,959	28,150
Deposits	281,180	-	281,180	2,352,105
Noncurrent liabilities:				
Due within one year				
Compensated absences	951,493	32,689	984,182	723,064
Bonds payable	2,633,735	1,097,842	3,731,577	2,081,488
Notes and capital lease obligations	1,374,620	80,336	1,454,956	-
Landfill closure and post closure costs	55,600	-	55,600	-
Due in more than one year				
Bonds payable	76,273,653	11,578,188	87,851,841	39,003,856
Notes and capital lease obligations	4,731,611	73,016	4,804,627	-
Compensated absences	366,734	8,780	375,514	250,946
Landfill closure and post closure costs	1,535,600	-	1,535,600	-
Advances from customers and TVA	-	-	-	131,211
Total liabilities	92,715,976	13,254,597	105,970,573	56,484,882
NET ASSETS				
Invested in capital assets, net of related debt	70,506,798	4,536,514	75,043,312	90,144,218
Restricted for:				
Debt service	104,610	-	104,610	13,871,697
Capital projects	15,508,744	-	15,508,744	-
Community development	857,785	-	857,785	-
Unrestricted	35,938,960	2,723,849	38,662,809	8,271,501
Total net assets	\$ 122,916,897	\$ 7,260,363	\$ 130,177,260	\$ 112,287,416

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2007

Function/Programs	Expenses	Program Revenues			Changes in Net Assets			
		Charges for	Operating Grants	Capital Grants and	Primary Government			
		Services	and Contributions	Contributions	Governmental	Business-Type	Total	Component Units
					Activities	Activities		
PRIMARY GOVERNMENT								
Governmental activities:								
General government	\$ 11,585,397	\$ 2,124,151	\$ 2,537,855	\$ 12,853,928	\$ 5,930,537	\$ -	\$ 5,930,537	\$ -
Public safety	18,477,954	191,964	1,636,914	202,905	(16,446,171)	-	(16,446,171)	-
Public works	8,024,218	-	-	1,957,085	(6,067,133)	-	(6,067,133)	-
Parks and recreation	4,579,136	323,999	-	-	(4,255,137)	-	(4,255,137)	-
Housing and community development	5,891,219	-	2,270,411	2,321,763	(1,299,045)	-	(1,299,045)	-
Community services	3,016,601	-	-	-	(3,016,601)	-	(3,016,601)	-
Interest expense	3,501,788	-	-	-	(3,501,788)	-	(3,501,788)	-
Total governmental activities	55,076,313	2,640,114	6,445,180	17,335,681	(28,655,338)	-	(28,655,338)	-
Business-type activities:								
Golf course	2,375,208	1,430,200	-	-	-	(945,008)	(945,008)	-
Aquatics	862,409	421,185	-	-	-	(441,224)	(441,224)	-
Convention center	682,734	194,675	-	-	-	(488,059)	(488,059)	-
Total business-type activities	3,920,351	2,046,060	-	-	-	(1,874,291)	(1,874,291)	-
Total primary government	58,996,664	4,686,174	6,445,180	17,335,681	(28,655,338)	(1,874,291)	(30,529,629)	-
COMPONENT UNITS								
Bowling Green Municipal Utilities	79,290,142	79,810,679	-	483,072	-	-	-	1,003,609
Bowling Green Public Library	2,469,356	59,435	446,751	-	-	-	-	(1,963,170)
Bowling Green Enterprise Community	123,159	-	165,629	-	-	-	-	42,470
Total component units	\$ 81,882,657	\$ 79,870,114	\$ 612,380	\$ 483,072	-	-	-	(917,091)
General revenues:								
Property taxes					10,835,880	-	10,835,880	1,843,313
Insurance premium taxes					3,097,856		3,097,856	-
Transient room taxes					-	369,162	369,162	-
Wages and net profits taxes					37,247,653	-	37,247,653	-
Gain (loss) on sale of capital assets					(872,410)	-	(872,410)	16,511
Investment income					2,253,732	59,860	2,313,592	1,239,763
Miscellaneous					159,972	-	159,972	380,843
Total general revenues					52,722,683	429,022	53,151,705	3,480,430
Transfers of capital assets					(360)	360	-	-
Transfers					(2,406,013)	2,406,013	-	-
					50,316,310	2,835,395	53,151,705	3,480,430
Change in net assets					21,660,972	961,104	22,622,076	2,563,339
Net assets, beginning of year					101,255,925	6,299,259	107,555,184	109,724,077
Net assets, end of year					\$ 122,916,897	\$ 7,260,363	\$ 130,177,260	\$ 112,287,416

CITY OF BOWLING GREEN, KENTUCKY

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2007

	General	WKU Athletics	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and cash equivalents	\$ 8,447,238	\$ -	\$ 104,080	\$ 6,937,522	\$ 15,488,840
Non-pooled cash and cash equivalents	39,736	-	-	973,658	1,013,394
Investments	12,140,252	-	-	5,309,397	17,449,649
Receivables (net of allowances for uncollectibles):					
Accounts	111,337	31,785,000	-	42,857	31,939,194
Loans	-	-	-	709,379	709,379
Western Kentucky University	-	-	-	-	-
Interest	36,937	-	-	14,831	51,768
Due from other funds	270,000	-	-	-	270,000
Due from other governmental units	190,997	-	-	1,968,181	2,159,178
Prepaid items	1,006,143	-	-	-	1,006,143
Restricted assets:					
Non-pooled cash and cash equivalents	409,500	-	530	13,493,550	13,903,580
Other assets	-	-	-	7,505	7,505
Total assets	\$ 22,652,140	\$ 31,785,000	\$ 104,610	\$ 29,456,880	\$ 83,998,630
LIABILITIES AND FUND BALANCES					
Liabilities					
Vouchers and accounts payable	\$ 434,360	\$ -	\$ -	\$ 822,359	\$ 1,256,719
Accrued payroll	372,335	-	-	7,457	379,792
Due to other funds	-	-	-	70,000	70,000
Deferred revenue	161,580	31,785,000	-	709,379	32,655,959
Security deposits	237,193	-	-	43,987	281,180
Total liabilities	1,205,468	31,785,000	-	1,653,182	34,643,650
Fund Balances					
Reserved for encumbrances	853,653	-	-	5,785,738	6,639,391
Reserved for perpetual care	-	-	-	578,382	578,382
Unreserved					
Designated	10,500,000	-	-	-	10,500,000
Undesignated, reported in special revenue funds	-	-	-	7,658,317	7,658,317
Undesignated, reported in capital projects funds	-	-	-	13,733,273	13,733,273
Undesignated, reported in permanent funds	-	-	-	47,988	47,988
Undesignated	10,093,019	-	104,610	-	10,197,629
Total fund balances	21,446,672	-	104,610	27,803,698	49,354,980
Total liabilities and fund balances	\$ 22,652,140	\$ 31,785,000	\$ 104,610	\$ 29,456,880	\$ 83,998,630

CITY OF BOWLING GREEN, KENTUCKY
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
June 30, 2007

Fund balances - total governmental funds \$ 49,354,980

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

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

Governmental capital assets	145,516,437	
Less accumulated depreciation	<u>(20,798,918)</u>	124,717,519

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

5,615,712

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.

32,157,970

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

General obligation and revenue bonds	(78,627,445)	
Issuance discount (to be amortized over the life of debt)	1,397	
Issuance premium (to be amortized over the life of debt)	(281,340)	
Deferred charges for issuance costs (to be amortized over the life of debt)	402,501	
Notes and lease purchase agreements	(6,106,231)	
Deferred revenue	(1,000,000)	
Accrued interest payable	(425,553)	
Accrued compensated absences	(1,301,413)	
Landfill postclosure care	<u>(1,591,200)</u>	<u>(88,929,284)</u>

\$ 122,916,897

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2007

	General	WKU Athletics	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 10,396,879	\$ -	\$ -	\$ 439,000	\$ 10,835,879
Insurance premium taxes	1,405,934	-	-	1,691,923	3,097,857
Wages and net profits taxes	35,160,976	-	-	2,245,251	37,406,227
Licenses and permits	735,949	-	-	-	735,949
Intergovernmental	1,100,674	1,668,155	-	8,623,957	11,392,786
Investment income	1,192,996	-	1,077	823,146	2,017,219
Charges for services	595,021	-	-	-	595,021
Parks and recreation	323,999	-	-	-	323,999
Miscellaneous	281,338	-	-	684,019	965,357
Total Revenues	51,193,766	1,668,155	1,077	14,507,296	67,370,294
EXPENDITURES					
Current:					
General government	6,784,515	-	-	234,388	7,018,903
Public safety	20,111,742	-	-	1,271,220	21,382,962
Public works	6,593,414	-	-	775,712	7,369,126
Parks and recreation	5,107,121	-	-	-	5,107,121
Housing and community development	1,863,575	-	-	4,788,715	6,652,290
Community services	3,016,601	-	-	-	3,016,601
Capital Outlay	-	-	-	9,324,923	9,324,923
Debt Service:					
Principal	-	-	4,757,074	-	4,757,074
Interest and fiscal charges	-	-	3,403,076	-	3,403,076
Total Expenditures	43,476,968	-	8,160,150	16,394,958	68,032,076
Excess (deficiency) of revenues over (under) expenditures	7,716,798	1,668,155	(8,159,073)	(1,887,662)	(661,782)
Other financing sources (uses):					
Transfers in	-	-	8,158,567	4,494,471	12,653,038
Transfers out	(8,617,743)	(1,668,155)	-	(4,900,653)	(15,186,551)
Bond proceeds	405,706	-	-	14,277,256	14,682,962
Net premium on proceeds	2,294	-	-	80,744	83,038
Proceeds from the sale of capital assets	215,512	-	-	251,295	466,807
Total other financing sources (uses)	(7,994,231)	(1,668,155)	8,158,567	14,203,113	12,699,294
Net change in fund balances	(277,433)	-	(506)	12,315,451	12,037,512
Fund balances, beginning	21,724,105	-	105,116	15,488,247	37,317,468
Fund balances, ending	\$ 21,446,672	\$ -	\$ 104,610	\$ 27,803,698	\$ 49,354,980

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

June 30, 2007

Net change in fund balances - total governmental funds \$ 12,037,512

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

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

Capital asset additions	23,388,306
Depreciation expense	(2,943,742)
Sales of capital assets	(1,343,912)

Certain long term receivables are not available for the payment of current expenditures and therefore are not reported in the governmental funds. Payments on these receivables are recorded as revenue in the governmental funds and reduction of the receivable in the statement of net assets (12,857)

The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term and related items: (10,139,129)

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. (36,346)

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	12,785
Landfill postclosure care	(893,700)

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. 1,592,055

Change in net assets of governmental activities \$ 21,660,972

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2007

	Business-Type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Golf	Aquatics	Convention Center	Total	
ASSETS					
Current Assets					
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,867,726
Non-pooled cash and cash equivalents	347,890	465,480	1,358,861	2,172,231	-
Investments	-	95,000	180,025	275,025	3,417,286
Accounts receivable	1,747	-	6,986	8,733	236
Interest receivable	-	974	3,396	4,370	1,069
Current portion of lease receivable from component unit	-	-	15,388	15,388	-
Due from other governments	-	-	72,956	72,956	-
Inventories	99,705	-	-	99,705	97,923
Prepaid items	-	-	43,574	43,574	587,745
Total current assets	449,342	561,454	1,681,186	2,691,982	5,971,985
Noncurrent assets					
Restricted assets:					
Non-pooled cash and cash equivalents	-	-	576	576	5,000
Noncurrent portion of lease receivable from component unit	-	-	256,197	256,197	-
Total noncurrent assets	-	-	256,773	256,773	5,000
Capital assets					
Land	248,543	200,991	2,290,764	2,740,298	-
Buildings	1,638,212	378,562	9,764,128	11,780,902	202,589
Improvements other than buildings	-	6,343,527	-	6,343,527	-
Golf course improvements	4,769,373	-	-	4,769,373	-
Machinery and equipment	958,252	44,365	1,226,610	2,229,227	221,549
Furniture and fixtures	-	-	-	-	-
Construction in progress	8,880	-	37,093	45,973	-
Property held under capital lease	333,137	-	-	333,137	-
	7,956,397	6,967,445	13,318,595	28,242,437	424,138
Less accumulated depreciation	(3,203,629)	(2,616,124)	(4,785,203)	(10,604,956)	(189,871)
Capital assets, net	4,752,768	4,351,321	8,533,392	17,637,481	234,267
Other assets	9,199	43,792	75,733	128,724	-
Total assets	\$ 5,211,309	\$ 4,956,567	\$ 10,547,084	\$ 20,714,960	\$ 6,211,252
LIABILITIES					
Current liabilities					
Vouchers and accounts payable	\$ 26,551	\$ 5,908	\$ -	\$ 32,459	\$ 87,563
Accrued payroll	19,075	8,714	-	27,789	5,509
Accrued interest payable	13,477	18,468	19,968	51,913	-
Insurance claims payable	-	-	-	-	485,654
Due to other funds	200,000	-	-	200,000	-
Current portion of compensated absences	32,314	375	-	32,689	10,402
Current portion of capital lease obligations	80,336	-	-	80,336	-
Current portion of capital lease due to component unit	15,388	-	-	15,388	-
Current portion of bond obligations	374,960	232,882	490,000	1,097,842	-
Total current liabilities	762,101	266,347	509,968	1,538,416	589,128
Noncurrent liabilities					
Noncurrent portion of compensated absences	8,780	-	-	8,780	6,412
Noncurrent portion of capital lease obligations	73,016	-	-	73,016	-
Noncurrent portion of capital lease due to component units	256,197	-	-	256,197	-
Noncurrent portion of bond obligations	1,360,039	3,958,625	6,259,524	11,578,188	-
Total noncurrent liabilities	1,698,032	3,958,625	6,259,524	11,916,181	6,412
Total liabilities	2,460,133	4,224,972	6,769,492	13,454,597	595,540
NET ASSETS					
Invested in capital assets, net of related debt	2,592,832	159,814	1,783,868	4,536,514	234,267
Unrestricted	158,344	571,781	1,993,724	2,723,849	5,381,445
Total net assets	\$ 2,751,176	\$ 731,595	\$ 3,777,592	\$ 7,260,363	\$ 5,615,712

CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Golf	Aquatics	Convention Center	Total
OPERATING REVENUES				
Transient room taxes	\$ -	\$ -	\$ 369,162	\$ 369,162
Charges for services	1,428,000	421,185	194,675	2,043,860
Insurance premiums	-	-	-	-
Judgements and settlements	2,200	-	-	2,200
Miscellaneous	-	-	-	-
Total operating revenues	1,430,200	421,185	563,837	2,415,222
OPERATING EXPENSES				
Cost of sales	248,949	47,103	-	296,052
Personnel services	1,060,946	140,416	-	1,201,362
Contractual services	216,590	10,081	41,513	268,184
Supplies	302,283	53,256	-	355,539
Utilities	70,666	50,514	-	121,180
Repairs and maintenance	34,840	8,810	16,284	59,934
Insurance premiums and claims	-	-	-	-
Depreciation	277,233	314,747	313,169	905,149
Miscellaneous	42,861	1,631	-	44,492
Total operating expenses	2,254,368	626,558	370,966	3,251,892
Operating income (loss)	(824,168)	(205,373)	192,871	(836,670)
NONOPERATING REVENUES (EXPENSES)				
Interest income	10,108	24,233	25,519	59,860
Gain on disposal of assets	-	-	-	-
Interest expense	(92,997)	(232,202)	(242,904)	(568,103)
Amortization	(27,843)	(3,649)	(68,864)	(100,356)
Total nonoperating revenues (expenses)	(110,732)	(211,618)	(286,249)	(608,599)
Income (loss) before transfers	(934,900)	(416,991)	(93,378)	(1,445,269)
Transfer in of capital assets	360	-	-	360
Transfers in	1,178,608	454,429	772,976	2,406,013
Change in net assets	244,068	37,438	679,598	961,104
Net assets, beginning	2,507,108	694,157	3,097,994	6,299,259
Net assets, ending	\$ 2,751,176	\$ 731,595	\$ 3,777,592	\$ 7,260,363

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the year ended June 30, 2007

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Golf	Aquatics	Convention Center		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 1,428,453	\$ 421,319	\$ 112,224	\$ 1,961,996	\$ 6,796,998
Other cash receipts	-	-	369,162	369,162	-
Cash payments to employees	(1,305,125)	(190,084)	(59,263)	(1,554,472)	(442,805)
Cash payments to suppliers	(664,016)	(133,693)	-	(797,709)	(1,096,325)
Claims paid	-	-	-	-	(4,334,816)
Net cash provided by (used in) operating activities	(540,688)	97,542	422,123	(21,023)	923,052
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	1,178,608	454,429	772,976	2,406,013	127,500
Net cash provided by noncapital financing activities	1,178,608	454,429	772,976	2,406,013	127,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(36,382)	(3,772)	(67,998)	(108,152)	(24,952)
Proceeds from sales of capital assets	-	-	-	-	4,696
Principal paid on bond obligations	(359,452)	(221,265)	(400,000)	(980,717)	-
Interest paid on bond obligations	(62,755)	(233,162)	(243,611)	(539,528)	-
Principal paid on capital leases	(80,334)	-	-	(80,334)	-
Interest paid on capital leases	(8,192)	-	-	(8,192)	-
Principal paid on component unit lease	(11,541)	-	-	(11,541)	-
Interest paid on component unit lease	(25,345)	-	-	(25,345)	-
Net cash provided by (used in) capital and related financing activities	(584,001)	(458,199)	(711,609)	(1,753,809)	(20,256)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	10,108	24,233	25,519	59,860	303,382
Proceeds from maturity of investments	-	97,337	97,337	194,674	52,593
Purchase of investments	-	(95,000)	(180,025)	(275,025)	(1,465,632)
Cash received from lease property	-	-	11,541	11,541	-
Net cash provided by (used in) investing activities	10,108	26,570	(45,628)	(8,950)	(1,109,657)
Net increase (decrease) in cash and cash equivalents	64,027	120,342	437,862	622,231	(79,361)
Cash and cash equivalents, beginning of year	283,863	345,138	921,575	1,550,576	1,952,087
Cash and cash equivalents, end of year	\$ 347,890	\$ 465,480	\$ 1,359,437	\$ 2,172,807	\$ 1,872,726
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (824,168)	\$ (205,373)	\$ 192,871	\$ (836,670)	\$ 1,145,049
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	277,233	314,747	313,169	905,149	27,676
Change in assets and liabilities					
Accounts receivable	(1,747)	134	(82,451)	(84,064)	2,172
Inventories	1,682	-	-	1,682	(22,472)
Prepaid items	-	-	(1,218)	(1,218)	(372,632)
Accounts payable	1,542	(9,401)	(248)	(8,107)	4,562
Compensated absences	845	(2,446)	-	(1,601)	750
Accrued payroll	3,925	(119)	-	3,806	292
Insurance claims payable	-	-	-	-	137,655
Net cash provided by (used in) operating activities	\$ (540,688)	\$ 97,542	\$ 422,123	\$ (21,023)	\$ 923,052

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2007

	Pension Trust - Police & Firemen's Retirement	Agency Funds
ASSETS		
Pooled cash and cash equivalents	\$ -	\$ 171,541
Non-pooled cash and cash equivalents	221,020	174,927
Accrued interest receivable	28,616	-
Investments		
Corporate securities	506,166	-
Mutual funds	3,603,884	-
United States government securities	4,488,490	-
Total investments at fair value	<u>8,598,540</u>	<u>-</u>
Total assets	<u>\$ 8,848,176</u>	<u>\$ 346,468</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 2,444	\$ -
Due to other governmental units	-	145,077
Due to employees	-	26,464
Other liabilities	<u>-</u>	<u>174,927</u>
Total liabilities	<u>2,444</u>	<u>\$ 346,468</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 8,845,732</u>	

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the year ended June 30, 2007

	Pension Trust - Police & Firemen's Retirement
ADDITIONS	
Contributions	
Employer	\$ 328,000
Other miscellaneous receipts	5,174
Investment income	
Net appreciation in fair value of investments	619,326
Interest	231,117
Dividends	66,134
	<u>-</u>
Total investment earnings	<u>916,577</u>
Total additions	<u>1,249,751</u>
DEDUCTIONS	
Benefit payments	977,021
Administrative expenses	<u>19,230</u>
Total deductions	<u>996,251</u>
Change in net assets	253,500
Net assets, beginning of year	<u>8,592,232</u>
Net assets, end of year	<u><u>\$ 8,845,732</u></u>

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF NET ASSETS

COMPONENT UNITS

June 30, 2007

	Bowling Green Municipal Utilities	Bowling Green Public Library	Bowling Green Enterprise Community	Total
ASSETS				
Non-pooled cash and cash equivalents	\$ 12,208,705	\$ 653,993	\$ 73,394	\$ 12,936,092
Investments	100,000	56,015	-	156,015
Receivables (net):				
Accounts	3,377,509	-	-	3,377,509
Other	504,385	-	-	504,385
Accrued interest	391,115	-	-	391,115
Inventories	1,164,859	-	-	1,164,859
Prepaid items	939,200	769	-	939,969
Deferred charges	234,263	-	-	234,263
Restricted assets:				
Non-pooled cash and cash equivalents	-	6,563	-	6,563
Restricted cash - TVA	878,326	-	-	878,326
Investments	13,865,134	-	-	13,865,134
Due from component units, noncurrent	5,000,000	-	-	5,000,000
Other assets	271,311	-	-	271,311
Capital assets, net of accumulated depreciation:				
Non-depreciable	14,129,813	345,774	-	14,475,587
Depreciable	<u>111,863,732</u>	<u>2,707,438</u>	<u>-</u>	<u>114,571,170</u>
 Total assets	 <u>164,928,352</u>	 <u>3,770,552</u>	 <u>73,394</u>	 <u>168,772,298</u>
 LIABILITIES				
Vouchers and accounts payable	9,643,000	60,617	-	9,703,617
Grants payable	-	-	6,603	6,603
Compensated absences payable	597,238	125,826	-	723,064
Accrued interest payable	1,308,125	-	-	1,308,125
Other current liabilities	895,717	-	-	895,717
Advances from TVA - conservation program	28,150	-	-	28,150
Customer advances	131,211	-	-	131,211
Security deposits	2,352,105	-	-	2,352,105
Compensated absences payable, noncurrent	250,946	-	-	250,946
Noncurrent liabilities				
Due within one year	2,081,488	-	-	2,081,488
Due in more than one year	<u>38,238,856</u>	<u>765,000</u>	<u>-</u>	<u>39,003,856</u>
 Total liabilities	 <u>55,526,836</u>	 <u>951,443</u>	 <u>6,603</u>	 <u>56,484,882</u>
 NET ASSETS				
Invested in capital assets, net of related debt	87,856,006	2,288,212	-	90,144,218
Restricted for capital activities and debt service	13,865,134	6,563	-	13,871,697
Unrestricted	<u>7,680,376</u>	<u>524,334</u>	<u>66,791</u>	<u>8,271,501</u>
 Total net assets	 <u>\$ 109,401,516</u>	 <u>\$ 2,819,109</u>	 <u>\$ 66,791</u>	 <u>\$ 112,287,416</u>

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF ACTIVITIES

COMPONENT UNITS

For the Year Ended June 30, 2007

Function/Programs	Expenses	Program Revenues			Net (expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Contributions	Capital Contributions	Bowling Green Municipal Utilities	Bowling Green Public Library	Bowling Green Enterprise Community	Totals
Bowling Green Municipal Utilities	\$ 79,290,142	\$ 79,810,679	\$ -	\$ 483,072	\$ 1,003,609	\$ -	\$ -	\$ 1,003,609
Bowling Green Public Library	2,469,356	59,435	446,751		-	(1,963,170)	-	(1,963,170)
Bowling Green Enterprise Community	123,159	-	165,629	-	-	-	42,470	42,470
Total component units	<u>\$ 81,882,657</u>	<u>\$ 79,870,114</u>	<u>\$ 612,380</u>	<u>\$ 483,072</u>	<u>1,003,609</u>	<u>(1,963,170)</u>	<u>42,470</u>	<u>(917,091)</u>
General revenues:								
Property taxes					-	1,843,313	-	1,843,313
Gain on sale of capital assets					16,511	-	-	16,511
Judgements and settlements					-	-	-	-
Investment income					1,216,942	22,821	-	1,239,763
Miscellaneous					312,673	68,170	-	380,843
Total general revenues					<u>1,546,126</u>	<u>1,934,304</u>	<u>-</u>	<u>3,480,430</u>
Change in net assets					2,549,735	(28,866)	42,470	2,563,339
Net assets, beginning of year					<u>106,851,781</u>	<u>2,847,975</u>	<u>24,321</u>	<u>109,724,077</u>
Net assets, end of year					<u>\$ 109,401,516</u>	<u>\$ 2,819,109</u>	<u>\$ 66,791</u>	<u>\$ 112,287,416</u>

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

INDEX

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	38
A.	Reporting Entity	38
B.	Related Organization	40
C.	Basic Financial Statements	40
D.	Basis of Presentation	41
E.	Budgetary Control and Encumbrances.....	43
F.	Assets, Liabilities, and Fund Equity.....	43
G.	Revenues, Expenditures and Expenses	46
H.	Estimates	47
NOTE 2.	STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY	47
A.	Compliance with Finance Related Legal and Contractual Provisions	47
B.	Excess of Expenditures over Appropriations	47
NOTE 3.	DETAIL NOTES ON ALL FUNDS	47
A.	Cash and Investments	47
B.	Restricted Assets	50
C.	Loans Receivable	52
D.	Capital Assets	53
E.	Interfund Receivables, Payables, and Transfers.....	55
F.	Long-term Debt.....	57
G.	Net Assets.....	65
NOTE 4.	RISK MANAGEMENT	65
NOTE 5.	COMMITMENTS AND CONTINGENCIES.....	66
A.	Litigation	66
B.	Inter-Modal Transportation Authority, Inc.	66
C.	Bowling Green Municipal Utilities.....	67
D.	Construction Commitments.....	67
E.	Contingencies.....	67
F.	Liens and Encumbrances.....	67
G.	Conduit Debt	67
H.	Lease Commitments	68
I.	Southern Kentucky Performing Arts Center, Inc. (SKyPAC) Agreement.....	68
NOTE 6.	THE SINGLE AUDIT ACT.....	69
NOTE 7.	SUBSEQUENT EVENTS	69
NOTE 8.	DEFINED BENEFIT PENSION PLANS	69
A.	Plan Descriptions	69
B.	Summary of Significant Accounting Policies and Plan Asset Matters	69
C.	Supplemental Information	70
D.	The County Employees' Retirement System	70
E.	Deferred Compensation Plan	71

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Bowling Green (the City) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for government accounting and financial reporting. In accordance with GASB Statement No. 20, all applicable GASB pronouncements as well as Statements and Interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements, have been selected in accounting for proprietary funds. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

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

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

Governmental Fund Type

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

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

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

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

June 30, 2007

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

Proprietary Fund Type

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

The Board of Directors consists of the Mayor, City Commissioner 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.

Governmental Fund Type

Bowling Green Public Library. The library was organized under Kentucky Revised Statutes and is operated as a free city library for the citizens of Bowling Green and Warren County.

Members of the board of trustees are appointed by the Mayor and approved by the City Commission. The City provides a material subsidy to the library to finance operations.

Bowling Green Enterprise Community, Inc. The non-profit corporation was organized for the purpose of providing fiscal oversight for grant funds and programs related to the City's Enterprise Community designation from the U.S. Department of Agriculture for revitalization efforts in the defined geographic area.

Members of the Board of Directors are nominated by the Mayor and approved by the City Commission. The City also provides administrative services and office space for the non-profit corporation and the City's Grants Manager serves as Executive Director of the organization.

Combining financial statements for the discretely presented component units are included in the City's basic financial statements. Complete financial statements of the individual component units can be requested from the City's Chief Financial Officer.

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.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

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. Basic Financial Statements

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The reporting model focus is either on the City as a whole or on major individual funds. The government-wide financial statements report information on all of the non-fiduciary activities of the City and its component units. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Governmental activities normally are supported by taxes and intergovernmental revenues. Business-type activities rely to a significant extent on fees and charges for support. In the Government-wide Statement of Net Assets, both the governmental and business-type activities are presented on a consolidated basis by column.

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

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

Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the City, available means expected to be

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

received within sixty days of year end. Major revenue sources not susceptible to accrual include charges for services, penalties and fines, and miscellaneous revenues. Such revenues are recorded as revenues when received because they are generally not measurable or available until actually received. Intergovernmental revenues received for specific purposes or projects are recognized when the applicable eligibility requirements are met. Revenues received before the eligibility requirements are met are reported as deferred revenue. Expenditures are recorded when the liability is incurred except: (1) principal and interest on long-term debt is recorded when due and (2) compensated absences are accounted for as expenditures in the period used.

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

Internal service funds provide services primarily to other funds of the City and are presented in summary form as part of the proprietary fund statements. Since the principal users of the internal services are the City's governmental activities, the internal service funds' financial statements are consolidated into the Governmental column in the Government-wide statements. To the extent possible, the costs of these services are reflected in the appropriate functional activity.

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.

D. Basis of Presentation

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

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

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

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

The **WKU Athletics Special Revenue Fund** is used to account for revenues received from Western Kentucky University (WKU) consisting of student athletic fees and suite rentals collected by WKU

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

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 \$30,115,000 General Obligation and Special Revenue Bonds, Series 2002B and \$1,800,000 General Obligation and Special Revenues Bonds, Series 2002C.

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 **Special Revenue Fund** accounts for the receipts of intergovernmental funds that are restricted for operational and capital use of a particular function.

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

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

The **Aquatics Fund** is used to account for the operations of the City's public swimming pools.

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

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

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

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

Agency Funds

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

Payroll Fund is an imprest paying agent for City payroll.

Tourist and Convention Fund is used to account for the collection of 3% hotel, motel transient room tax and payment to the Bowling Green Area Convention and Visitors Bureau.

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.

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

June 30, 2007

Treasurer's Distribution Fund is used to account for collection of miscellaneous receipts requiring disbursement to two or more City funds.

CDGB - Agency Leave Accrual Fund is used to account for current year funding of Community Development personnel accrued leave.

Special Employee/Explorer Fund is used to account for revenues and disbursements used for special employee activities.

E. Budgetary Control and Encumbrances

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 a single Debt Service Fund covering all government debt service activities. A budget is not prepared for the City's permanent fund.

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

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

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

Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances in the governmental funds and 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. However, the following funds had purchase orders outstanding at June 30, 2007 as follows:

Convention Center Fund	\$	381,569
Golf Fund		5,080
Aquatics Fund		500
Workers Compensation Fund		380

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

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

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 taxes for the City School District. Collections of the City school taxes and remittance to the District are accounted for in the Tax Distribution Fund. City property tax revenues are recognized when levied to the extent that they are both measurable and available.

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

Interfund Receivables - During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2007, balances of interfund amounts receivable or payable have been recorded as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-wide financial statements as "internal balances".

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

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental-wide and fund financial statements.

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

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, traffic signals, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-wide financial statements. Expenditures for items having a useful life greater than one year and having a cost greater than \$2,500 are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value and recorded as donations at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

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	15 years	10 - 35 years
Machinery and equipment	3 - 7 years	5 - 10 years
Vehicles	5 - 7 years	5 - 7 years

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, performs condition assessments on the street pavement at least once every three years, and estimates 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. The storm sewers system was previously recorded using the modified approach but during the year ended June 30, 2007, the City determined that the system no longer met the criteria for the modified approach. The City began depreciating these assets during the year ended June 30, 2007 over their remaining useful life.

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

Sick leave for most classified employees is earned on the basis of one working day or eight hours per month of service. Sick leave for Fire Department personnel working 24 hours/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 as of December 31 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 amounts of \$25/day.

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

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

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

Long-term liabilities include the following:

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

Interest Rate Swap Agreement - The City enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures or income resulting from these agreements, no amounts are recorded in the financial statements.

Deferred Revenues – The City defers revenue recognition in connection with resources that have been received but not yet earned. At the end of fiscal year 2007, licenses and permits paid in advance of \$161,580 have been deferred, \$709,379 in accounts and loans receivable have been recorded as deferred revenue as these amounts have not yet been earned and \$1,000,000 of deferred revenue has been recorded in relation to land acquisitions under the City's agreement with SKyPAC.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated by outside parties for a specific future use. Designated fund balances represent plans for future use of financial resources and include \$2.8 million set aside for the 2007 general obligation bonds and \$7.7 million set aside to comply with the City's minimum reserve retention policy. In proprietary funds, reserves are used to indicate the portion of net assets that are restricted for meeting various covenants as may be specified and defined in the revenue bond indentures.

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

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

June 30, 2007

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 generally accepted accounting principles 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 revenue 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.

B. Excess of Expenditures over Appropriations - The following funds that have budgets adopted annually had excess expenditures over appropriations for the fiscal year ended June 30, 2007:

	Excess Expenditures
General	\$277,433
Debt Service	506
Community Development	194,045
Local Law Enforcement Block Grant	12,823
Neighborhood Grant	37
Lampkin Park Trust Fund	6,412
Parks Community Center	2,045,301
14 th Street Construction	378,866
Equipment Replacement	78,105
Road Construction	560,625
Parks Improvement	187,938

NOTE 3. DETAIL NOTES ON ALL FUNDS

A. Cash and Investments

Primary Government

The Government's bank balances at June 30, 2007 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

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

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, 2007 are summarized and categorized below in the following table:

Primary Government (except Fiduciary Funds)		
Investment Type	Fair Value	Weighted Ave Maturity
Certificate of Deposit	\$20,111,594	.45
U.S. Agencies	1,030,366	.23
	<u>\$21,141,960</u>	

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

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

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, 2007 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	\$1,662,614	\$1,662,614
U.S. Treasury mutual fund	6,200,077	6,200,077
Government obligation mutual fund	292,517	292,517
	<u>\$8,155,208</u>	<u>\$8,155,208</u>

Bowling Green Municipal Utilities Electric Division		
Investment Type	Fair Value	Maturities in Years Less than 1
Repurchase agreement	\$4,663,699	\$4,663,699
U.S. agencies obligations	1,068,173	1,068,173
U.S. Treasury mutual fund	9,376,164	9,376,164
	<u>\$15,108,036</u>	<u>\$15,108,036</u>

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

Interest Rate Risk - The U.S. Treasury mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2007, certain of the Utility's investments in U.S. agencies obligations not directly guaranteed by the U.S. government were rated by Standard & Poor's and by Moody's Investors Services as AAA. The utility's investment in commercial paper not directly guaranteed by the U.S. Government was rated A-1 by Standard & Poor's and P-1 by Moody's Investors Services.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Utility will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the Utility's investments in repurchase agreements at June 30, 2007 are held by the counterparties in other than the utility's name.

The Utility's bank balances were exposed to custodial credit risk as follows:

<u>Bowling Green Municipal Utilities Water-Sewer Division</u>	
Uninsured and collateral held by pledging financial institution	<u>\$ 3,191</u>
<u>Bowling Green Municipal Utilities Electric Division</u>	
Uninsured and collateral held by pledging financial institution	<u>\$2,171,753</u>
<u>Bowling Green Municipal Utilities General Services Division</u>	
Uninsured and collateral held by pledging financial institution	<u>\$0</u>

Policemen and Firefighters' Retirement Fund

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

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

Investment Maturities (In Years)

Investment Type	Fair Value	Less than 1	1-5	More than 10
U.S. Government Securities	\$4,488,490	\$923,981	\$2,920,421	\$644,088
Corporate Securities	506,166	49,530	456,636	-
Mutual Funds	3,603,884	3,603,884	-	-
Total	<u>\$8,598,540</u>	<u>\$4,577,395</u>	<u>\$3,377,057</u>	<u>\$644,088</u>

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

June 30, 2007

Pension Securities	
Debt Securities Investments at Fair Value	
<u>Quality Ratings</u>	<u>2007</u>
AAA	\$147,911
AA1	98,353
BAA1	259,902
NR	<u>3,603,884</u>
Total Credit Risk Debt Securities	4,110,050
U.S. Government Agencies	<u>4,488,490</u>
Total Debt Securities	<u>\$8,598,540</u>

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the fund will not be able to recover the value of the its investments or collateral securities that are in the possession of an outside party. Of the fund's investments, all are held by the bank's trust department in the fund's name.

The Public Library has investments with a fair value of \$60,326 and all cash balances of this component unit were fully insured and collateralized as of June 30, 2007.

B. Restricted Assets

Governmental Activities

2004A and 2004B General Obligation Bonds – for the 2004A bonds, construction fund accounts were established for the payment of costs associated with the demolition and construction of the Parks Community Center, renovation and expansion of the police department headquarters, building improvements for the public works facility, construction of the Hobson Grove golf course pro shop and maintenance facility and various road improvements. For the 2004B bonds, a construction fund account was established for the payment of costs associated with the purchasing and clearing of properties in the Revitalization Project target area. During 2005, the Commission voted to change the use of these funds. It was decided to use the money for the same purpose as the 2004A money in the Parks Community Center fund and the restricted assets were transferred from the Downtown Retail Development Fund to the Parks Community Center Fund. Remaining assets restricted for these purposes are reported in the following funds:

Parks Community Center – 2004A	\$1,775,848
Parks Community Center – 2004B	396
Debt Service sinking fund – 2004A	120
Debt Service sinking fund – 2004B	22

Section 8 Program - assets totaling \$45,871 are reported in the Community Development Special Revenue Fund and consist of an escrow account restricted to the Federal Section 8 grant program.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

Cemetery Perpetual Fund - assets totaling \$578,382 are reported in the Cemetery Perpetual Fund as these assets are restricted cemetery maintenance.

2007 General Obligation Bonds - for the 2007 bonds, a construction fund account was established for the payment of costs associated with public park improvements, construction of utilities, design and construction on a skate park, Circus Square acquisition and construction, land acquisition, construction of public roads, and installation of downtown signalization upgrades. The balance of these funds at June 30, 2007 was \$11,501,054.

Employee Health Care Trust Fund - assets totaling \$5,000 are reported as restricted. These assets were required to be deposited to start the trust fund account.

Component Units

Restricted assets of the component units consist of sinking funds established for the payment of bond principal and interest; depreciation and maintenance funds established for the costs of extraordinary maintenance, repairs, renewals or replacements; and construction funds related to bond projects. Component units' restricted assets are as follows:

Bowling Green Municipal Utilities Electric Division has the following restricted assets:

Sinking Fund	\$ 10,444,337
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Bowling Green Municipal Utilities Water-Sewer Division has the following restricted assets:

Sinking Funds	\$ 1,086,860
Utility Depreciation Fund	1,505,665
Maintenance and Replacement Reserve - Water Treatment Plant	828,272

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 (CONTINUED)

June 30, 2007

C. Loans Receivable

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

Loans receivable at June 30, 2007 consist of the following:

Houchens Warehousing, Inc. promissory note receivable in 144 monthly installments of \$6,172 including interest at 4%; final installment due June 1, 2013. This note is secured by real estate.	\$394,528
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Clay Street Station, LLC promissory note receivable in 180 installments of \$2,682 including interest at 3.5%; final balloon payment of \$147,364 due June 1, 2014. This note is secured by real estate.	<u>314,851</u>
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Total loans receivable	<u>\$ 709,379</u>
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CITY OF BOWLING GREEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

D. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007
Primary Government				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 14,512,539	\$ 1,913,101	\$ (1,048,997)	\$ 15,376,643
Infrastructure	51,901,983	7,450,255	(209,701)	59,142,537
Construction in progress	2,555,065	6,529,386	(5,294,875)	3,789,576
Total capital assets, not being depreciated	<u>68,969,587</u>	<u>15,892,742</u>	<u>(6,553,573)</u>	<u>78,308,756</u>
Capital assets, being depreciated:				
Buildings	28,352,599	782,848	(180,594)	\$ 28,954,853
Improvements other than buildings	7,829,409	2,726,530	(38,500)	10,517,439
Furniture and equipment	16,626,724	2,292,639	(1,907,053)	17,012,310
Infrastructure	2,845,134	7,085,714	-	9,930,848
Total capital assets, being depreciated	<u>55,653,866</u>	<u>12,887,731</u>	<u>(2,126,147)</u>	<u>66,415,450</u>
Less accumulated depreciation:				
Buildings	(6,932,768)	(706,260)	6,916	(7,632,112)
Improvements	(1,682,674)	(277,953)	2,887	(1,957,740)
Furniture and equipment	(11,199,334)	(1,564,316)	1,787,602	(10,976,048)
Infrastructure	-	(422,889)	-	(422,889)
Total accumulated depreciation	<u>(19,814,776)</u>	<u>(2,971,418)</u>	<u>1,797,405</u>	<u>(20,988,789)</u>
Total capital assets, being depreciated, net	<u>35,839,090</u>	<u>9,916,313</u>	<u>(328,742)</u>	<u>45,426,661</u>
Governmental activities, capital assets, net	<u>\$ 104,808,677</u>	<u>\$ 25,809,055</u>	<u>\$ (6,882,315)</u>	<u>\$ 123,735,417</u>
Business-type assets:				
Capital assets, not being depreciated:				
Land	\$ 2,740,298	\$ -	\$ -	\$ 2,740,298
Construction in progress	142,054	92,024	(188,105)	45,973
Total capital assets, not being depreciated	<u>2,882,352</u>	<u>92,024</u>	<u>(188,105)</u>	<u>2,786,271</u>
Capital assets, being depreciated:				
Buildings	11,607,943	172,960	-	11,780,903
Improvements other than buildings	11,097,754	15,148	-	11,112,902
Furniture and equipment	2,357,282	16,484	(144,542)	2,229,224
Property held under capital lease	333,137	-	-	333,137
Total capital assets, being depreciated	<u>25,396,116</u>	<u>204,592</u>	<u>(144,542)</u>	<u>25,456,166</u>
Less accumulated depreciation:				
Buildings	(3,569,955)	(363,544)	-	(3,933,499)
Improvements	(4,150,715)	(434,857)	-	(4,585,572)
Furniture and equipment	(1,986,152)	(99,317)	144,542	(1,940,927)
Property held under capital lease	(137,527)	(7,431)	-	(144,958)
Total accumulated depreciation	<u>(9,844,349)</u>	<u>(905,149)</u>	<u>144,542</u>	<u>(10,604,956)</u>
Total capital assets, being depreciated, net	<u>15,551,767</u>	<u>(700,557)</u>	<u>-</u>	<u>14,851,210</u>
Business-type activities, capital assets, net	<u>\$ 18,434,119</u>	<u>\$ (608,533)</u>	<u>\$ (188,105)</u>	<u>\$ 17,637,481</u>

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

June 30, 2007

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

Governmental activities	
General government	\$ 263,582
Public safety	1,134,362
Public works	954,195
Parks and recreation	538,945
Housing and community development	<u>80,334</u>
 Total depreciation expense - governmental activities	 <u>\$ 2,971,418</u>
 Business-type activities	
Golf course	\$ 277,233
Aquatics	314,747
Convention Center	<u>313,169</u>
 Total depreciation expense - business-type activities	 <u>\$ 905,149</u>

Component unit capital asset activity for the year ended June 30, 2007 was as follows:

	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007
Bowling Green Municipal Utilities				
Capital assets, not being depreciated:				
Construction in progress	\$ 18,331,014	\$ (4,201,201)	\$ -	\$ 14,129,813
Capital assets, being depreciated:				
Transmission plant	1,882,827	13,021	(3,649)	1,892,199
Distribution plant	52,668,123	3,438,490	(261,364)	55,845,249
Structures and improvements, nodes	246,831	1,454		248,285
General plant	11,408,582	475,671	(220,653)	11,663,600
Water plant	47,635,916	18,106,477		65,742,393
Sewer plant	45,589,821	579,143	-	46,168,964
Equipment	2,544,428	182,228		2,726,656
Overhead conductors and devices	2,844,699	148,169		2,992,868
Trucks and autos	1,288,190	80,981	(30,692)	1,338,479
Office equipment	1,349,404	97,816	(30,565)	1,416,655
Office additions	65,716	-	-	65,716
Total capital assets, being depreciated	<u>167,524,537</u>	<u>23,123,450</u>	<u>(546,923)</u>	<u>190,101,064</u>
Less accumulated depreciation	<u>(73,575,152)</u>	<u>(5,406,862)</u>	<u>744,682</u>	<u>(78,237,332)</u>
 Total capital assets, being depreciated, net	 <u>93,949,385</u>	 <u>17,716,588</u>	 <u>197,759</u>	 <u>111,863,732</u>
 Bowling Green Municipal Utilities, capital assets, net	 <u>\$ 112,280,399</u>	 <u>\$ 13,515,387</u>	 <u>\$ 197,759</u>	 <u>\$ 125,993,545</u>

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

June 30, 2007

	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007
Bowling Green Public Library				
Capital assets, not being depreciated:				
Land	\$ 218,274	\$ 127,500	\$ -	\$ 345,774
Capital assets, being depreciated:				
Buildings	1,976,840	785,520	-	2,762,360
Equipment	1,518,624	89,412	(91,741)	1,516,295
Book collections	1,297,802	170,645	(134,379)	1,334,068
Total capital assets, being depreciated	4,793,266	1,045,577	(226,120)	5,612,723
Less accumulated depreciation	(2,705,373)	(414,655)	214,743	(2,905,285)
Total capital assets, being depreciated, net	2,087,893	630,922	(11,377)	2,707,438
Bowling Green Public Library, capital assets, net	\$ 2,306,167	\$ 758,422	\$ (11,377)	\$ 3,053,212

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds:

Receivable fund	Payable fund	Amount	Purpose
General	Golf	\$200,000	Loan to provide operating cash
	Nonmajor Governmental	70,000	Loan to allow cash flow for a reimbursable grant to be repaid in FY2008
		<u>\$270,000</u>	

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.

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

June 30, 2007

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

Transfer In	General	WKU Athletics	Nonmajor Governmental	Total
Debt Service	\$ 4,718,808	\$1,668,155	\$1,771,604	\$ 8,158,567
Golf	736,364	-	442,244	1,178,608
Aquatics	-	-	454,429	454,429
Convention Center	-	-	772,976	772,976
Nonmajor governmental	3,035,071	-	1,459,400	4,494,471
Internal service	127,500	-	-	127,500
Total	\$ 8,617,743	\$1,668,155	\$4,900,653	\$15,186,551

Two capital asset transfers were made from the government wide funds to the proprietary fund and to the internal service fund as follows:

Fleet Maintenance	\$24,203
Golf Fund	360
	<u>\$24,563</u>

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

June 30, 2007

F. Long-term Debt

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

Primary Government:

	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
Governmental Activities					
General Obligation and Revenue Bonds					
Lease Revenue Bond, Series 1995	Municipal Soccer Complex/Park	\$ 2,365,000	3.90% - 5.40%	November 1, 2015	\$ 1,350,000
General Obligation Bond, Series 1998A	Northside Fire Station	2,180,000	4.125%	October 1, 2018	1,515,000
	Road Construction, Fire Stations, Flood Mitigation,				
General Obligation Bond, Series 2000	Energy Saving Improvements	12,627,000	5.25% - 5.30%	June 1, 2020	11,053,493
General Obligation Bond, Series 2002A	City Police Headquarters Expansion	6,430,000	1.90% - 4.70%	June 30, 2018	4,775,000
General Obligation Bond, Series 2002B	Western Kentucky University Project	30,115,000	3.50% - 5.00%	June 1, 2026	29,995,000
General Obligation Bond, Series 2002C	Western Kentucky University Project	1,800,000	5.875% - 6.5%	June 1, 2026	1,790,000
	Parks Community Center, Police Dept. Headquarters,				
	Public Works Renovations, Parks & Cemetery				
General Obligation Bond, Series 2004A	Improvements	12,626,000	2.422% - 4.792%	June 30, 2024	11,265,784
General Obligation Bond, Series 2004B	Real Properties	2,025,000	3.8% - 5.050%	June 30, 2024	1,835,000
	Lovers Lane Utilities, Park Community Center				
	Expansion, Circus Square, Downtown Signalization,				
	SkyPAC land acquisition, Shive Lane Extension,				
	Southwest Parkway property acquisition, Broadway				
General Obligation Bond, Series 2007	Curve Straightening, Fields Drive and Skate Park	14,905,000	3.50% - 4.25%	December 1, 2032	14,905,000
Warren County Water District 2003 Bond	John Jones Area Water & Sewer Construction	165,954	3.70%	July 1, 2025	143,168
Discount on bond obligations					(1,397)
Premium on bond obligations					281,340
Total General Obligation and Revenue Bonds					78,907,388
Notes and Lease Purchase Agreements					
National City Bank	1997 Pierce Arrow rescue pumper	256,639	82% of LIBOR	August 13, 2007	25,670
First American National Bank	Traffic signal	227,000	4.94%	May 26, 2009	77,554
First American National Bank	1999 Pierce Quint fire truck	425,000	5.25%	September 15, 2009	127,500
National City Bank	Beautification facility	300,000	5.99%	May 19, 2010	0
Farmers National Bank	2 vehicles, refurbish fire station	164,500	70% of Prime	June 12, 2008	30,268
National City Bank	Various vehicles & equipment	386,000	2% + Prime	July 5, 2008	0
Bank One	2001 Fleet lease	1,045,000	4.889%	February 16, 2008	149,184
Bank One	Various vehicles & equipment	765,000	2.4438%	March 5, 2010	388,968
National City Bank	2004 fire truck ladder	713,000	Prime - 1.67%	December 5, 2013	498,900
BB&T	Cave Mill Road and Dishman Lane	212,000	4.69%	June 29, 2014	0
KY League of Cities	Pay off various leases & notes	3,253,840	Variable	July 15, 2010	1,238,127
KY Municipal Finance Corp	Land purchase	305,000	Variable	July 15, 2010	125,000
	Relocation of operations division & realignment of				
	14th Avenue	1,630,000	10 yr LIBOR	July 2, 2025	1,553,368
BB&T	Purchase fire pumper	387,000	3.59%	July 2, 2015	354,219
US Bank	Depot project	1,000,000	5.649%	June 7, 2018	704,922
Huntington National Bank	Purchase Kyocera equipment	175,737	3.17%	March 30, 2008	60,451
Huntington National Bank	Purchase various 2005 Ford vehicles	1,145,857	3.14%	March 22, 2011	772,100
Total Notes Payable and Capital Leases					6,106,231
Other Long-Term Liabilities					
Compensated Absences					1,318,227
Landfill					1,591,200
					2,909,427
Total long-term governmental liabilities					\$ 87,923,046

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

June 30, 2007

Business-Type Activities

General Obligation Bonds

General Obligation Bond, Series 1998B	Crosswinds Municipal Golf Course	3,420,000	3.75%	October 1, 2009	\$ 1,065,000
General Obligation Bond, Series 2000	Aquatics	4,623,000	5.25% - 5.30%	June 1, 2020	4,191,507
General Obligation Bond, Series 2003	Crosswinds Pro Shop/Conv. Cntr Facility	8,585,000	2.0% - 3.7%	June 30, 2019	7,460,000
General Obligation Bond, Series 2004A	Hobson Golf Pro Shop and maintenance facility	749,000	3.8% - 5.050%	June 30, 2024	669,215
Premiums, deferred changes and discounts on bond obligations					(838,416)
Total General Obligation Bonds					<u>12,547,306</u>

Notes Payable and Capital Leases

KY League of Cities	Crosswinds fence & golf equipment	306,160	Variable	July 15, 2010	116,102
US Bank	Golf carts	149,000	2.35%	April 28, 2008	37,250
Total Notes Payable and Capital Leases					<u>153,352</u>

Other Long-Term Liabilities

Compensated Absences					41,469
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Total long-term business-type liabilities					<u>\$ 12,742,127</u>
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Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007	Amounts due In one year
Governmental Activities:					
General obligation and revenue bonds	\$ 66,461,810	\$ 14,905,000	\$ (2,739,365)	\$ 78,627,445	\$ 2,633,735
Notes and lease purchase agreements	8,129,023	-	(2,022,792)	6,106,231	1,374,620
Adjustments for deferred amounts:					
Discount on bonds payable	(1,479)	-	82	(1,397)	-
Premium on bonds payable	213,484	83,038	(15,182)	281,340	-
Total bonds, notes, leases payable	74,802,838	14,988,038	(4,777,257)	85,013,619	4,008,355
Compensated absences	1,330,262	1,047,967	(1,060,002)	1,318,227	951,493
Landfill postclosure care	697,500	-	893,700	1,591,200	55,600
Total governmental activities	<u>76,830,600</u>	<u>16,036,005</u>	<u>(4,943,559)</u>	<u>87,923,046</u>	<u>5,015,448</u>
Business Type Activities					
General obligation and revenue bonds	14,366,441	-	(980,719)	13,385,722	1,097,842
Notes and lease purchase agreements	233,686	-	(80,334)	153,352	80,336
Compensated absences	43,070	19,878	(21,479)	41,469	32,689
Less: unamortized bond discount and deferred amount from refunding	(938,773)	-	100,357	(838,416)	-
Total business-type activities	<u>13,704,424</u>	<u>19,878</u>	<u>(982,175)</u>	<u>12,742,127</u>	<u>1,210,867</u>
Total governmental and business-type activities	<u>\$ 90,535,024</u>	<u>\$ 16,055,883</u>	<u>\$ (5,925,734)</u>	<u>\$ 100,665,173</u>	<u>\$ 6,226,315</u>

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007	Amounts due In one year
Component Units					
Bowling Green Municipal Utilities					
Water-Sewer Division					
Notes payable	\$ 20,285,583	\$ 3,276,521	\$ (1,020,421)	\$ 22,541,683	\$ 1,171,488
Electric Division					
Revenue bonds	13,945,000	-	(850,000)	13,095,000	910,000
General Services Division					
Notes payable	5,000,000	-	-	5,000,000	-
Less: unamortized bond discount	(352,148)	-	35,809	(316,339)	-
	<u>38,878,435</u>	<u>3,276,521</u>	<u>(1,834,612)</u>	<u>40,320,344</u>	<u>2,081,488</u>
 Bowling Green Public Library	 -	 765,000	 -	 765,000	 -
 Total component units	 <u>\$ 38,878,435</u>	 <u>\$ 4,041,521</u>	 <u>\$ (1,834,612)</u>	 <u>\$ 41,085,344</u>	 <u>\$ 2,081,488</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$16,814 of internal service fund compensated absences is included in the above amounts. Landfill postclosure liabilities are liquidated by the Landfill Closure special revenue fund and governmental compensated absences are generally liquidated by the general fund.

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

Fiscal Year	Governmental Activities				Business-Type Activities			
	General Obligation and Revenue Bonds		Notes and Lease Purchase Agreements		General Obligation and Revenue Bonds		Notes and Lease Purchase Agreements	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2008	\$ 3,677,526	\$ 2,633,735	\$ 207,968	\$ 1,374,620	\$ 515,691	\$ 1,097,842	\$ 3,695	\$ 80,250
2009	3,500,211	2,643,776	161,256	1,008,605	479,126	1,110,908	1,674	32,680
2010	3,393,236	2,912,341	128,438	1,043,323	440,326	1,124,337	697	32,680
2011	3,272,931	3,183,090	97,448	568,812	405,333	863,720	20	7,742
2012	3,139,279	3,472,098	80,359	261,171	374,225	868,815	-	-
2013-2017	13,219,279	20,776,444	262,160	1,071,054	1,287,170	5,249,165	-	-
2018-2022	8,093,437	22,129,700	104,007	458,788	245,733	2,965,640	-	-
2023-2027	3,029,958	15,936,261	29,214	319,858	7,502	105,295	-	-
2028-2032	657,505	4,940,000	-	-	-	-	-	-
	<u>\$ 41,983,362</u>	<u>\$ 78,627,445</u>	<u>\$ 1,070,850</u>	<u>\$ 6,106,231</u>	<u>\$ 3,755,106</u>	<u>\$ 13,385,722</u>	<u>\$ 6,086</u>	<u>\$ 153,352</u>

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

June 30, 2007

Component Units

Principal requirements for component units' debt are as follows:

Summary of Principal Requirements					
Fiscal Year	Bowling Green Municipal Utilities Water-Sewer Division	Bowling Green Municipal Utilities General Services Division	Bowling Green Municipal Utilities Electric Division	Bowling Green Public Library	Total
2008	\$ 1,171,488	\$ -	\$ 910,000	\$ -	\$ 2,081,488
2009	1,362,212	-	935,000	765,000	3,062,212
2010	1,407,519	5,000,000	955,000	-	7,362,519
2011	1,454,537	-	985,000	-	2,439,537
2012	1,507,701	-	1,010,000	-	2,517,701
2013-2017	5,564,027	-	2,135,000	-	7,699,027
2018-2022	5,662,987	-	1,265,000	-	6,927,987
2023-2027	4,209,348	-	1,435,000	-	5,644,348
2028-2032	201,864	-	1,765,000	-	1,966,864
2033-2037	-	-	1,700,000	-	1,700,000
Total	\$ 22,541,683	\$ 5,000,000	\$ 13,095,000	\$ 765,000	\$ 41,401,683

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

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

1. \$2,365,000 of lease revenue bonds, Series 1995, issued to finance acquisition, construction and installation of a new soccer complex/park.
2. \$2,180,000 general obligation bonds, Series 1998A, issued to finance construction of the City's Northside Fire Station.
3. \$3,420,000 general obligation bonds, Series 1998B, serviced by the Golf enterprise fund, issued to finance the Crosswinds Municipal Golf Course
4. \$17,250,000 general obligation bonds, Series 2000, portion of proceeds (73.2%) used to finance construction of Dishman Lane/Cave Mill Road project, Southside and Westside Fire Stations, and a flood mitigation project and energy savings improvements to certain City buildings.

The remainder of the proceeds (26.8%) serviced by the Aquatics Enterprise Fund and issued to finance construction of Preston Miller Park Aquatics Center.

5. \$6,430,000 general obligation bonds, Series 2002A, issued to advance refund the Series 1994 lease revenue bonds and for the acquisition of land for the City police headquarters expansion.
6. \$30,115,000 general obligation and special revenue bonds, Series 2002B, issued to assist in the financing of the renovation, improvement and equipping of certain Western Kentucky University (WKU) athletic and parking facilities subject to a Memorandum of Agreement between the City and WKU (see Memorandum of Agreement below). This bond is secured by the full faith, credit and taxing power of the City and WKU student athletic fees.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

7. \$1,800,000 general obligation and special revenue bonds, Series 2002C, issued to provide funds to assist in the financing of the renovation, improvement and equipping of certain WKU athletic and parking facilities subject to a Memorandum of Agreement between the City and WKU (see Memorandum of Agreement below).
8. \$8,585,000 general obligation bonds, Series 2003, serviced by the Convention Center Enterprise Fund and issued to advance refund \$7,860,000 of outstanding Series 1993 Tourism and Economic Development, Inc. mortgage revenue bonds issued to finance the purchase of real estate for a convention center and trade show facility and for Crosswinds municipal golf course pro shop facilities.
9. \$165,954, which is 45.71% of the 2003 Warren County Water District bond, issued for the John Jones area water and sewer construction by the Warren County Water District. The City entered into a pledge agreement to assist the Water District in repaying this indebtedness.
10. \$13,375,000 general obligation bonds, Series 2004A, portion of proceeds (94.4%) used to provide funds for the demolition and reconstruction of the Parks Community Center, renovation and expansion of the Police Department headquarters, major building improvements for a relocated Public Works operations facility, improvements to parks and cemetery facilities, and various road improvements.

The remainder of the proceeds (5.6%) serviced by the Golf Enterprise Fund and used for the construction of the Hobson Grove golf course pro shop and maintenance facility.
11. \$2,025,000 general obligation bonds, Series 2004B, issued to finance the City's cost of acquisition and clearing of real properties in the Historic Bowling Green Revitalization Project Target area.
12. \$14,905,000 general obligation bonds, Series 2007, 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.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

Memorandum of Agreement/WKU Project Financing

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

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

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, and \$1,800,000 General Obligation and Special Revenue Bonds, Series 2002C for the WKU Project:

Year Ending June 30,	Principal 2002B	Principal 2002C	Interest 2002B	Interest 2002C	Total
2008	\$ 275,000	\$ 10,000	\$ 1,420,988	\$ 112,476	\$ 1,818,464
2009	425,000	20,000	1,410,675	111,888	1,967,563
2010	590,000	30,000	1,393,675	110,712	2,124,387
2011	755,000	40,000	1,370,075	108,950	2,274,025
2012	940,000	50,000	1,339,875	106,600	2,436,475
2013-2017	6,585,000	365,000	5,996,101	480,418	13,426,519
2018-2022	10,435,000	630,000	4,136,500	338,642	15,540,142
2023-2027	9,990,000	645,000	1,284,500	108,548	12,028,048
	<u>\$ 29,995,000</u>	<u>\$ 1,790,000</u>	<u>\$ 18,352,389</u>	<u>\$ 1,478,234</u>	<u>\$ 51,615,623</u>

As of June 30, 2007 the City has recorded a receivable from WKU and deferred revenue of \$31,785,000 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

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

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.

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, 2007, \$7,060,000 of bonds outstanding is considered defeased.

Derivative Instruments

On February 21, 2003, the City entered into interest rate swap agreements with Bank of America N.A. and Morgan Stanley Capital Services, Inc. for \$15,000,000 (initial nominal amount) of its fixed rate 2000 Series general obligation bonds. The swap agreements were effective March 6, 2003, terminate on June 1, 2020, and provide for declining notional amounts during the term of the agreements.

Based on terms of the Bank of America N.A. swap agreement, the City owes interest based on the BMA Municipal Swap Index, plus 1.73% (5.15847% average interest rate for period ending June 1, 2007), subject to a maximum (cap) rate of 6.5% for the period from June 1, 2003 to June 1, 2008. In return, Bank of America N.A. owes the City interest based on fixed rates of 5.28152% to 5.3% during the specified periods of the swap agreement. The swap agreement had a negative fair value of \$343,894 as of June 30, 2007.

Based on terms of the Morgan Stanley swap agreement, the City owes interest based on the BMA Municipal Swap Index (3.446538% average interest rate for period ending June 1, 2007) and Morgan Stanley owes the City interest based on a floating rate option of 81.45% times the one-month LIBOR rate (4.073762% average interest rate for period ending June 1, 2006). The swap agreement had a positive fair value of \$477,198 as of June 30, 2007.

The City entered into the swap agreements to hedge its interest rate risk with respect to its outstanding City of Bowling Green, Kentucky General Obligation Bonds, Series 2000 to benefit from a favorable interest rate market for variable rate debt. A termination of either swap agreement may result in the City making or receiving a termination payment. Only the net difference in interest payments is actually exchanged with the counterparty. Interest payment dates are June 1 and December 1 commencing June 1, 2003. The Bank of America swap agreement resulted in net interest payments of \$3,001 and \$7,892 for December 1 and June 1 interest payment dates, respectively. The City received net interest revenue of \$56,572 and \$49,824 for December 1 and June 1 interest payment dates, respectively, from the Morgan Stanley swap agreement.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

On October 18, 2006, the City entered into a third interest rate swap agreement with BNP Paribas Capital Service, Inc. for \$15,000,000 (initial nominal amount) of its fixed rate 2000 Series general obligation bonds, effective November 1, 2007. Based on terms of the BNP Paribas Capital swap agreement, the City will owe interest based on a floating rate of 81.45% times the one-month LIBOR rate. BNP Paribas Capital Service will owe the City interest based on a floating rate option of 71.22% of the five-year LIBOR rate. Interest payment dates will be June 1 and December 1, commencing December 1, 2007.

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, 2007, the cash available totaled \$1,240,008. In August 2005, the City entered into a non-exclusive franchise agreement with Monarch Waste for operation of the City's transfer station on Preston Avenue. Under the terms of the agreement, the City receives an annual franchise fee of \$20,000 per month for three years (2005 to 2007, inclusive). This revenue is used to defray landfill closure costs at all three landfill sites. The Board of Commissioners approved a one-year extension of the transfer station franchise agreement on May 1, 2007 for a total lease sum of \$150,000 at a rate of \$12,500 per month.

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

The estimate of present value of remaining closure and post-closure care liabilities for all three landfill sites as of June 30, 2007 is \$1,591,200. The actual cost may differ due to inflation, changes in technology or applicable laws and regulations, the extent of any damage to landfill caps caused by weather and erosion, the magnitude of site improvements or corrections required by state inspectors to achieve closure, or other unforeseeable circumstances (e.g. acts of nature).

Glen Lily Road Landfill

The City's Glen Lily Road landfill was closed in 1981. On March 30, 1990, the City and Commonwealth of Kentucky Natural Resources and Environmental Protection Cabinet (the Cabinet) entered into an agreed order stipulating remedial measures to be taken by the City. To finance the Glen Lily Road landfill closure and post-closure costs, the City issued \$2,950,000 Bowling Green Municipal Project Corporation Lease Revenue Bonds, Series 1991, dated April 1, 1991. Landfill closure cap construction is complete and the City performs annual monitoring, testing and reporting.

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

Glen Lily landfill closure costs are estimated to be \$35,000 (measured in 2007 dollars) in excess of subsequent nominal post-closure outlays.

Butler County Landfill

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

The City submitted a closure plan for its Butler County landfill in May 1991. The site ceased receiving solid waste in June 1992. The closure plan was approved by the state in 1996. The facility met closure standards for a residential landfill rather than a contained landfill. Drawing upon funds from the Landfill Closure Special Revenue Fund, established from proceeds of the 1991 bond issue, the City added a leachate collection system and a passive methane gas venting system. Neither system was required by residential landfill standards. However, the systems were added to reduce the likelihood of discharge of unacceptable leachate in the future. Construction of the landfill cap was completed in fiscal year 1995. The City received a permit for closure construction in 1996. A quality assurance/quality control report was submitted on November 15, 1996. The original closure permit expired in July 1997, and a new permit extending to 2002 was issued. The City submitted quarterly and annual inspections and reports to the cabinet. In 2004, consultants Kamp, Dresser and McKee were engaged to assist in development of a plan to effect final closure of the landfill. In 2005, the City completed the third year of a three-year closure care period. However, the state has not granted final closure to date. Consequently, the City continues to monitor and care for the landfill, submit required reports, and assume the city will incur landfill maintenance costs at least through 2034. Butler County landfill closure costs are estimated to be \$35,000 (measured in 2007 dollars) in excess of any subsequent required post-closure outlays.

Old Louisville Road

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

Responding to Cabinet directives, in September 2000 the City awarded a project to install a leachate collection system at the Old Louisville Road landfill. The project cost was \$521,955 and was completed in December 2001. The City anticipated a decision from the Cabinet on the closure application in July 2002. However, the Cabinet has not acted on the application. Consequently, the City continues to monitor and care for the landfill, submit required reports, and assume the city will incur landfill maintenance costs at least through 2034. A two year post-closure period will follow the date upon which the state should grant closure if the closure application is processed in accordance with precedent. Old Louisville Road landfill closure costs are estimated to be \$20,000 (measured in 2007 dollars) in excess of any subsequent required post-closure outlays.

G. Net Assets

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

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

NOTE 4. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1995, the City established the Employee Health Care Fund (EHCF) (an internal service fund) to account for and finance employee medical costs relating to the City's employee self-insured medical benefit plan. The EHCF

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

provides coverage for up to \$60,000 for each health insurance claim. The City purchases commercial insurance for claims in excess of coverage provided.

Beginning in July 1996, the City established the Workers Compensation Fund (WCF) (an internal service fund) to account for and finance its participation in the Kentucky League of Cities Workers' Compensation Trust (The "Trust"), a public entity risk pool currently operating as a common risk management and insurance program for Kentucky cities, municipal boards, agencies and authorities. The City pays an annual premium to the Trust for its workers' compensation, general liability and auto insurance coverages. The Trust Participation Agreement provides that the Trust will be self-sustaining through member premiums. The Trust reinsures through commercial companies at various limits, depending on the type of coverage. The WCF provides coverage of up to \$100,000 for each worker's compensation occurrence.

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

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

Changes in the balances of claims liabilities during fiscal years 2006 and 2007 were as follows:

	Health Care	Workers Compensation
Liability at June 30, 2005	\$ 242,325	\$ 364,410
Claims and changes in estimates - FY 2006	2,972,390	117,263
Claims paid FY 2006	(3,058,832)	(289,557)
Liability at June 30, 2006	155,883	192,116
Claims and changes in estimates FY 2007	3,754,308	256,290
Claims paid FY 2007	(3,606,733)	(266,210)
Liability at June 30, 2007	\$ 303,458	\$ 182,196

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. Inter-Modal Transportation Authority, Inc. - The City and County of Warren County, Kentucky entered into an Interlocal Cooperation Agreement on August 17, 2001 to cooperate, on an equal basis, in the development, acquisition, management, operation and/or financing of an inter-modal commerce and distribution center and industrial park located within Warren County, known or identified as the Kentucky Transpark (the "Project"). In October 1998 the Warren County Fiscal Court ("Fiscal Court") incorporated the Inter-Modal Transportation Authority, Inc. ("Authority"), a non-stock, non-profit corporation, as the agency and instrumentality for the purpose of acquiring, constructing, maintaining, operating and financing the Project. On February 14, 2001, Fiscal Court authorized and approved the issuance up to \$25,000,000 in Authority first mortgage revenue bonds for project financing and also up to \$25,000,000 of

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

bond anticipation notes for interim financing for the Project, pending issuance of the bonds. The Authority has issued and outstanding five bond issues whose combined principal balances are \$24,700,000 as of June 30, 2007.

Warren County and the City have adopted ordinances authorizing the creation of a tax increment district in the development area whereby the Authority will receive 80% of the incremental State, City and County real estate taxes generated by businesses locating in the development area. The City has agreed to join the County of Warren in a commitment to jointly, equally and cooperatively assist in the development of the Project.

C. 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, 2007 of \$3,400,585. In addition, the Utility has installed various lighting systems for the Parks and Recreation Department, with a total unamortized investment of \$70,715. 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 \$381,843 per year on a recurring basis. One-twelfth of the annual charge is billed to the City monthly along with the charge for electric service. Similar arrangements were in effect in prior years.

D. Construction Commitments - The City has active construction projects as of June 30, 2007. At year end, the City had the following commitments on construction contracts:

Project	Remaining Commitment
Parks Community Center Expansion	\$ 898,694
College Street Bridge Repair	647,310
Veteran's Memorial Shared Use Path	116,150
Lost River Shared Use Path	31,791
Linking Schools and Parks Shared Use Path	25,472
Western Drive Realignment	11,435
Heritage Trail Greenway Construction	156,106
Circus Square Park	30,900
Bale Boulevard	47,716

E. 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, 2007 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.

F. 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.

G. Conduit Debt - The City has issued Industrial Revenue Bonds to provide financial assistance to private sector and nonprofit entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds,

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

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, 2007, there were three series of industrial revenue bonds and six series of special assessment bonds outstanding with an aggregate principal balance of \$97,800,000 and \$1,698,000, respectively.

H. Lease Commitments - The Golf Enterprise Fund leases approximately 53 acres of real estate from the Bowling Green-Warren County Airport Board for an initial term of 20 years with options to renew, in perpetuity, for additional twenty year terms. This lease provides for future minimum lease payments as follows:

Year Ending June 30,	
2008	<u>\$ 5,254</u>

In addition, the Golf Enterprise Fund leases the Crosswinds municipal golf course pro shop facility from The Convention Center Corporation, a component unit. The buildings, furnishings and equipment elements of this lease are classified as capital leases and included in the long-term debt footnote. The land element of this lease is classified as an operating lease. Rental payments are based on 7.62% of the total annual debt service of Mortgage Revenue Bonds, Series 1993. Rental payments attributed to the golf pro shop facility is based upon the facility's original cost (\$660,000) as a percentage of total project costs financed by Bonds (\$8,660,000). The following is a schedule by years of minimum future rentals of the land element of the golf pro shop facility lease as of June 30, 2007:

Year Ending June 30,	
2008	\$ 25,773
2009	28,845
2010	28,044
2011	27,242
2012	30,114
Thereafter	<u>248,632</u>
Total	<u>\$ 388,650</u>

I. Southern Kentucky Performing Arts Center, Inc. (SKyPAC) Agreement – The City entered into a property acquisition agreement with SKyPAC whereby the City has purchased various properties for future conveyance to SKyPAC in exchange for SKyPAC committing to construct a performing arts center on the site. In return, SKyPAC has given the City \$1 million for land acquisition with the City responsible for all remaining costs of acquisition and demolition of existing structures. The revenue and expense related to this agreement are included in the Downtown Revitalization capital projects fund in the statement of revenues, expenditures and changes in fund balance. In the government-wide financial statements, the City has recorded both an asset and deferred revenue related to the agreement. As of June 30, 2007, the City maintained the title to the land purchased under the agreement.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

NOTE 6. THE SINGLE AUDIT ACT

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

NOTE 7. SUBSEQUENT EVENTS

Subsequent to the year ended June 30, 2007, the City has approved the establishment of a development area Tax Increment Financing (TIF) District that will be comprised of residential, office and commercial components including certain public elements, such as a baseball stadium, parking garage and other infrastructure improvements. The TIF District will be accounted for by establishing a special fund and designating an agency for the oversight, administration and implementation of the development.

The City also plans to proceed with the issuance of general obligation bonds in the amount of \$6.1 million to fund the construction of a new Greenwood fire station and the renovation of Fire Headquarters and the Airport station.

Subsequent to the year ended June 30, 2007, the City received note proceeds of \$1,019,000 to fund the purchase of new quint and pumper fire trucks.

The City also plans to proceed with additional note financing of approximately \$950,000 to procure two new pumper fire trucks.

NOTE 8. DEFINED BENEFIT PENSION PLANS

The Policemen and Firemen's Retirement Fund (PFRF)

A. Plan Descriptions

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting - The preparation of the financial statements of the Policemen's and Firefighters' Retirement Fund and the City Employees' Pension Fund conform to the provisions of GASB Statement No. 25. The financial statements are prepared on an accrual basis. City contributions are recognized

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

June 30, 2007

when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with terms of the plan.

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

Funding Policy and Annual Pension Cost - The contribution requirements of plan members and the City are established and may be amended by the Board of Trustees. Covered employees were required by statute to contribute eight percent of their annual covered salary. As there are no longer any active members, members made no contributions for the year ended June 30, 2007.

The City only contributes amounts required to fund current service costs and interest on unfunded past service costs as determined by actuarial valuations in compliance with Kentucky Revised Statutes. Administrative costs of the PFRF are financed through investment earnings. The City is not required to make an annual contribution. For 2006-2007 the City made a contribution of \$328,000, which included a 3% cost of living increase and payment towards the unfunded liability. For fiscal year 2007-2008 the City approved a cost of living increase of 3% effective August 1, 2007. For fiscal years subsequent to 2007-2008, the City expects to approve a 3% annual cost of living increase.

C. Supplemental Information

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

Valuation date	July 1, 2006
Actuarial cost method	Entry Age Normal
Amortization method	N/A - no method has been adopted. Due to this being a closed plan, the City has adopted the minimum statutory requirements
Amortization period	N/A - no period has been adopted. Due to this being a closed plan, the City has adopted the minimum statutory requirements
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	6.0%
Projected salary increases	N/A - closed plan
Inflation rate	None
Cost of living adjustment	0%, or 3%, or 5.0%
Total minimum City cost	\$63,103 or \$225,492 (at 3%) or \$387,937 (at 5%)

D. The County Employees' Retirement System

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2007

Plan Description - The City, as well as employees for Bowling Green Municipal Utilities Electric, Water-Sewer, and General Services Divisions, and Bowling Green Public Library, are participants in the Commonwealth of Kentucky's County Employees' Retirement System (CERS). CERS is a cost-sharing multi-employer public employee retirement system. Funding for the Plan is provided through payroll withholdings (5% for non-hazardous and 8% for hazardous) and participating employers are required to contribute at an actuarially determined rate. The current rate is 13.19% for non-hazardous and 28.21% for hazardous employees of the employee's total compensation subject to contribution.

The contribution requirement for CERS for the year ended June 30, 2007 was \$5,283,119 which consisted of \$3,998,586 from the City and \$1,284,533 from the employees.

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

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the pensions' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among the plans and employers.

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

E. Deferred Compensation Plan

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

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 up to \$15,500 per year for regular contributions and \$5,000 for catch-up contributions. During the fiscal year ended June 30, 2007, employee contributions totaled \$221,452.

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. The Plan is administered by the Kentucky Public Employees Deferred Compensation Authority and is offered to all eligible City employees as a voluntary retirement supplement. Participating employees can defer a maximum of \$15,500 for regular contributions and \$5,000 for catch-up contributions. Benefits are available upon termination of employment, retirement, death or for hardship withdrawal. Employee contributions totaled \$269,673 for the fiscal year ended June 30, 2007.

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

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes				
Real estate	\$ 6,672,000	\$ 6,672,000	\$ 6,993,310	\$ 321,310
Personal property	1,287,000	1,287,000	1,356,761	69,761
Insurance premium	1,524,000	1,524,000	1,405,934	(118,066)
Motor vehicle and boat	676,000	676,000	767,906	91,906
Payment in lieu of taxes	188,000	188,000	188,659	659
Franchise	1,081,000	1,081,000	1,013,882	(67,118)
Penalites and Interest	70,000	70,000	76,361	6,361
Total taxes	11,498,000	11,498,000	11,802,813	304,813
Licenses and permits				
Occupational:				
Employees' withholding	29,132,500	29,132,500	28,101,689	(1,030,811)
Net profits	5,000,000	5,000,000	5,017,253	17,253
Other fees	1,991,500	1,991,500	2,042,034	50,534
Special licenses	165,000	165,000	160,275	(4,725)
Permits	721,000	721,000	575,674	(145,326)
Total licences and permits	37,010,000	37,010,000	35,896,925	(1,113,075)
Intergovernmental				
Federal grants	718,500	960,617	876,529	(84,088)
State grants	25,000	41,660	34,914	(6,746)
Local grants	189,500	189,500	189,231	(269)
Total intergovernment	933,000	1,191,777	1,100,674	(91,103)
Charges for services				
School tax collection fees	155,000	155,000	181,257	26,257
Other general government fees	8,500	8,500	12,364	3,864
Public safety fees	138,000	138,000	137,767	(233)
Cemetery lot sales	82,500	82,500	81,872	(628)
Cemetery fees	139,000	139,000	125,601	(13,399)
Other	27,000	27,000	56,160	29,160
Total charges for services	550,000	550,000	595,021	45,021
Parks and recreation	353,500	338,500	323,999	(14,501)
Miscellaneous				
Interest income	650,000	650,000	1,192,996	542,996
ABC and parking violations fees	30,000	30,000	26,000	(4,000)
Contributions and donations	1,000	24,850	25,514	664
Judgements and settlements	51,000	56,800	155,149	98,349
Other	117,500	117,500	74,675	(42,825)
Total miscellaneous	849,500	879,150	1,474,334	595,184
Total revenues	51,194,000	51,467,427	51,193,766	(273,661)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
General government				
Legislative	\$ 266,399	\$ 270,599	\$ 256,248	\$ 14,351
Executive	520,752	549,819	533,538	16,281
Citizens information assistance	665,588	707,143	655,970	51,173
Finance	1,251,303	1,267,288	1,207,773	59,515
Human resources	1,775,132	1,779,588	1,624,734	154,854
Law	484,677	1,068,519	390,014	678,505
Information technology	1,607,659	1,644,734	1,254,977	389,757
Administrative services	1,179,950	1,120,317	861,261	259,056
Total general government	7,751,460	8,408,007	6,784,515	1,623,492
Public safety				
Police	11,298,037	11,138,281	10,680,287	457,994
Fire	9,329,966	9,377,513	9,431,455	(53,942)
Total public safety	20,628,003	20,515,794	20,111,742	404,052
Public works				
Public works administration	1,839,100	2,233,113	1,706,574	526,539
Highway and streets	2,734,351	2,749,229	2,375,206	374,023
Building and plant	1,678,813	1,757,985	1,704,983	53,002
Transportation	681,573	946,331	806,651	139,680
Total public works	6,933,837	7,686,658	6,593,414	1,093,244
Parks and recreation				
Parks	1,748,644	1,853,812	1,632,565	221,247
Recreation	640,591	640,100	559,899	80,201
Athletics	1,339,006	1,327,226	726,290	600,936
Community centers	714,440	731,821	663,746	68,075
Other parks	1,259,096	1,605,198	1,524,621	80,577
Total parks and recreation	5,701,777	6,158,157	5,107,121	1,051,036
Housing and community development	1,902,200	2,530,904	1,863,575	667,329
Community services				
Community services	2,738,971	2,938,536	2,808,257	130,279
Intergovernmental	203,281	203,281	208,344	(5,063)
Total community services	2,942,252	3,141,817	3,016,601	125,216
Miscellaneous	166,890	416	-	416
Total Expenditures	46,026,419	48,441,753	43,476,968	4,964,785
Excess of revenues over expenditures	5,167,581	3,025,674	7,716,798	4,691,124
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(9,452,364)	(8,685,680)	(8,617,743)	67,937
Bond proceeds	-	401,859	405,706	3,847
Net premium on proceeds	-	-	2,294	2,294
Capital lease proceeds	-	-	-	-
Proceeds from sale of capital assets	110,000	110,000	215,512	105,512
Total other financing sources (uses)	(9,342,364)	(8,173,821)	(7,994,231)	179,590
Net change in fund balances	(4,174,783)	(5,148,147)	(277,433)	4,870,714
Fund balances, beginning	21,724,105	21,724,105	21,724,105	-
Fund balances, ending	\$ 17,549,322	\$ 16,575,958	\$ 21,446,672	\$ 4,870,714

CITY OF BOWLING GREEN, KENTUCKY

BUDGET COMPARISON SCHEDULE

WKU ATHLETICS SPECIAL REVENUE FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 1,668,500	\$ 1,668,500	\$ 1,668,155	\$ (345)
EXPENDITURES				
	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,668,500	1,668,500	1,668,155	(345)
Other financing sources (uses):				
Transfers out	(1,668,500)	(1,668,500)	(1,668,155)	345
Total other financing sources (uses)	(1,668,500)	(1,668,500)	(1,668,155)	345
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

CITY OF BOWLING GREEN, KENTUCKY
POLICE AND FIREMEN'S RETIREMENT FUND
FOR THE YEAR ENDED JUNE 30, 2007

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c)
<i>Assumes no Future Cost of Living Increase</i>						
7/1/06	8,594,619	9,709,433	1,114,814	88.5%	N/A	N/A
7/1/04	9,137,159	9,760,162	623,003	93.6%	N/A	N/A
7/1/02	9,890,334	8,898,976	(991,358)	111.1%	N/A	N/A
<i>Assumes Future Cost-of-Living Increase of 3% per Year</i>						
7/1/06	8,594,619	12,578,314	3,983,695	68.3%	N/A	N/A
7/1/04	9,137,159	12,825,827	3,688,668	71.2%	N/A	N/A
7/1/02	9,890,334	11,437,478	1,547,144	86.5%	N/A	N/A
<i>Assumes Future Cost-of-Living Increase of 5% per Year</i>						
7/1/06	8,594,619	15,448,181	6,853,562	55.6%	N/A	N/A
7/1/04	9,137,159	15,950,597	6,813,438	57.3%	N/A	N/A
7/1/02	9,890,334	13,975,235	4,084,901	70.8%	N/A	N/A

P&F Pension Fund

Year Ended June 30	Annual Required Contribution	Amount Contributed
1996	\$ 0	\$ 0
1997	0	63,629
1998	0	63,629
1999	0	63,629
2000	0	48,781
2001	0	48,781
2002	0	88,514
2003	0	108,000
2004	0	108,000
2005	0	209,000
2006	0	209,000
2007	0	328,000

CITY OF BOWLING GREEN, KENTUCKY

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2007

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, with deflection/strength testing performed on streets with a functional class of major collector and above. These assessments are conducted on one-half of the street network during the first year of a three-year cycle. The second half of the network is assessed in the second year. In the third year, deflection/strength testing is performed on the entire network. The most recent assessment was conducted in December, 2005.

Upon completion of the assessment, a pavement quality index (PQI) was calculated to assess the overall condition of individual pavement segments. Rating between 0 and 10, a PQI of 2 has no serviceable value. A PQI of 10 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>PQI Rating</u>
Excellent	9.0 - 10.0
Very good	8.0 - 8.9
Good	7.0 - 7.9
Fair	6.0 - 6.9
Poor	5.0 - 5.9
Very poor	4.0 - 4.9
Substandard	2.1 - 3.9
Not serviceable	0.0 - 2.0

Established Condition Level

The City's policy is to achieve a rating of 7.6 for all streets, which is a good rating. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to traveling drivers at posted speeds.

Assessed Conditions

The following table reports the percentage of streets meeting a rating 7.6 or above:

<u>Year</u>	<u>Percentage</u>
2007	85%
2006	85%
2005	82%

Budgeted and Estimated Costs to Maintain

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

Fiscal Year	Estimated Spending	Actual Spending
2007-2008	\$842	
2006-2007	\$1,192	\$880
2005-2006	\$842	\$842
2004-2005	\$875	\$920

The budgeting process utilized by the City results in spending in one fiscal year from amounts that were budgeted in a previous year(s). Therefore, this timing difference does not allow a true comparison of amounts budgeted and spent within a given year. The table demonstrates that over the past four 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 has recently purchased a computerized sidewalk management system. Condition assessments are visually performed on all sidewalks segments, rating are based on the presence of cracking, heaving, holes, settling and spalling. These assessments were conducted on the entire sidewalk network during the first year of a three-year cycle. The most recent assessment was completed in January, 2007.

Upon completion of the assessment, a pavement quality index (PQI) was calculated to assess the overall condition of individual pavement segments. Rating between 0 and 10, a PQI of 2 has no serviceable value. A PQI of 10 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>PQI Rating</u>
Excellent	9.0 - 10.0
Very good	8.0 - 8.9
Good	7.0 - 7.9
Fair	6.0 - 6.9

Poor	5.0 - 5.9
Very poor	4.0 - 4.9
Substandard	2.1 - 3.9
Not serviceable	0.0 - 2.0

Established Condition Level (*same as streets with new software*)

The City's policy is to achieve a rating of 7.6 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

A formal assessment of the current City sidewalks is in the process of being integrated into the infrastructure software recently purchased by the Public Works Department. The condition of the sidewalks is estimated to be equal to the current condition of the street infrastructure, with about 85% of the sidewalks meeting an average condition of 7.6.

Budgeted and Estimated Costs to Maintain

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

Fiscal Year	Estimated Spending	Actual Spending
2007-2008	\$100	
2006-2007	\$100	\$5
2005-2006	\$100	\$113

The budgeting process utilized by the City results in spending in one fiscal year from amounts that were budgeted in a previous 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 license fees.

Municipal Aid Fund

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

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.

Job Development Incentive Fund

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

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.

Neighborhood Grant Fund

This fund is used to account for the Select Neighborhood Action Program (SNAP) Grants which are made available to neighborhood groups to finance improvement projects up to \$5,000 each.

Technology Fund

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

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 a regional project to purchase mobile data terminals for seventeen agencies and has received \$512,365 for the equipment. Additionally, the City has received \$206,135 from the same grant to purchase mobile data terminals and the associated hardware and software for the Bowling Green Police and Fire Departments.

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.

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

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

Parks Community Center Fund

This fund is used to account for the costs associated with the renovation and expansion of the Parks Community Center on Third Avenue. Financing for this \$4,135,000 project has been included in the issuance of the \$13,375,000 City of Bowling Green, Kentucky General Obligation Bonds, Series 2004A.

SKyPAC Development Fund

This fund is used to account for costs associated with the purchase of land for the development of the Southern Kentucky Performing Arts Center. Funding for this project has been provided by the General Fund in the amount of \$131,500; \$1,000,000 from the SKyPAC organization; and bond proceeds totaling \$1,800,000 from the \$14,905,000 City of Bowling Green General Obligation Bonds, Series 2007.

Downtown Revitalization Fund

This fund is used to account for the costs associated with the construction of and purchase of land for the development of Circus Square Park in downtown Bowling Green. Financing for the project has been provided through subsidies from the General Fund totaling \$500,000, the Community Development Bowling Green Fund and the issuance of \$14,905,000 City of Bowling Green General Obligation Bonds, Series 2007 in the amount of \$4,050,000.

14th Street Construction Fund

This fund is used to account for the costs associated with the re-alignment of 14th avenue. Financing for Phase I of this project was provided by a \$400,000 General Obligation Lease in 2005.

Riverfront Development Fund

This fund is used to account for the revenues and expenditures in the development of a riverfront park between College and State Streets adjacent to the Barren River.

Equipment Replacement Fund

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

Southwest Corridor Fund

This fund is used to account for costs associated with the purchase of land for a future road to connect Russellville Road with Nashville Road. Financing for this \$300,000 project has been included in the issuance of the \$13,375,000 City of Bowling Green, Kentucky General Obligation Bonds, Series 2004A.

Road Construction Fund

This fund is used to account for costs associated with the purchase of land and construction of three road projects, Bale Boulevard, Turner Court and Houston Court. Financing for these projects has been included in the issuance of the \$13,325,000 City of Bowling Green, Kentucky General Obligation Bonds, Series 2004A, plus state grants of \$800,000 and private contributions of \$400,000.

Downtown Signalization

This fund tracks the expenditures associated with the Downtown Signalization project that will revitalize intersection signals. Funding has been provided from a General Fund subsidy totaling

\$297,000, a Liquid Fuel Tax subsidy in the amount of \$675,000 and \$1,218,000 from the \$14,905,000 issuance of City of Bowling Green General Obligation Bonds, Series 2007.

Broadway Curve Realignment Fund

This fund tracks the Broadway Curve realignment construction project. Funds have been provided from the General Fund totaling \$182,000 and \$1,100,000 from the \$14,905,000 issuance of City of Bowling Green General Obligation Bonds, Series 2007.

Western Drive Realignment Fund

This fund is used to account for costs associated with the realignment of Western Drive at the Campbell Lane intersection. Funding has been made available through a subsidy from the General Fund totaling \$110,000 and under-spending in the 14th Street Construction Fund in the amount of \$190,000.

Fields Drive Extension Fund

This fund tracks expenditures associated with the Fields Drive extension construction project. Funding has been provided through bond proceeds totaling \$569,000.

Old Morgantown Road Rehab Fund

This fund is used to account for the costs of the rehabilitation of Old Morgantown Road. Funding has been made available through General Fund subsidies totaling \$170,000.

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; phase II (Spring Alley to 8th Avenue) is currently underway. Funding has been provided by donations of \$29,500 and subsidies from the General Fund totaling \$202,000 and the Renaissance Alliance Fund in the amount of \$25,900.

Parks Improvement Fund

This fund is used to account for several capital projects for the parks department, including the renovation of the locker rooms at the Parks Community Center, relighting at Lampkin Park baseball fields and the repaving of cemetery lanes and two parking lots. Financing for these projects in the amount of \$443,000 has been included in the issuance of the \$2,025,000 City of Bowling Green, Kentucky General Obligation Bonds, Series 2004B (taxable).

Shive Lane Development Fund

This fund is used to account for financing and construction costs associated with the widening and expansion of Shive Lane. Funding for this project has been provided by a \$100,000 subsidy from the General Fund and \$4,000,000 from the \$14,905,000 issuance of City of Bowling Green General Obligation Bonds, Series 2007.

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, 2007

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund - Cemetery Perpetual	Total Nonmajor Governmental Funds
ASSETS				
Pooled cash and cash equivalents	\$ 3,926,425	\$ 2,970,614	\$ 40,483	\$ 6,937,522
Non-pooled cash and cash equivalents	973,658	-	-	973,658
Investments	5,309,397	-	-	5,309,397
Receivables (net of allowances for uncollectibles):				
Accounts	42,857	-	-	42,857
Loans	709,379	-	-	709,379
Other	14,831	-	-	14,831
Due from other governmental units	1,875,855	92,326	-	1,968,181
Restricted assets:				
Non-pooled cash and cash equivalents	45,871	12,869,297	578,382	13,493,550
Other assets	-	-	7,505	7,505
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 12,898,273</u>	<u>\$ 15,932,237</u>	<u>\$ 626,370</u>	<u>\$ 29,456,880</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Vouchers and accounts payable	\$ 398,866	\$ 423,493	\$ -	\$ 822,359
Accrued payroll	7,457	-	-	7,457
Due to other funds	70,000	-	-	70,000
Deferred revenue	709,379	-	-	709,379
Security deposits	43,987	-	-	43,987
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,229,689</u>	<u>423,493</u>	<u>-</u>	<u>1,653,182</u>
Fund Balances				
Reserved for encumbrances	4,010,267	1,775,471	-	5,785,738
Reserved for perpetual care	-	-	578,382	578,382
Unreserved, undesignated	<u>7,658,317</u>	<u>13,733,273</u>	<u>47,988</u>	<u>21,439,578</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>11,668,584</u>	<u>15,508,744</u>	<u>626,370</u>	<u>27,803,698</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 12,898,273</u>	<u>\$ 15,932,237</u>	<u>\$ 626,370</u>	<u>\$ 29,456,880</u>

CITY OF BOWLING GREEN, KENTUCKY

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2007

	Community Development	Fire Improvement	Municipal Aid	Parks Development	Job Development	Landfill Closure	Local Law Enforcement Block Grant	Trunking Operation
ASSETS								
Pooled cash and cash equivalents	\$ -	\$ 996,286	\$ 882,136	\$ 8,733	\$ 731,749	\$ 573,776	\$ 34,265	\$ 75,075
Non-pooled cash and cash equivalents	944,365	29,293	-	-	-	-	-	-
Investments	-	2,300,016	1,087,564	-	1,277,764	644,053	-	-
Receivables (net of allowances for uncollectibles)	-	-	-	-	-	-	-	-
Accounts	21,159	1,698	-	-	-	20,000	-	-
Loans	709,379	-	-	-	-	-	-	-
Other	-	2,046	1,028	-	5,379	6,378	-	-
Due from other governmental units	158,292	-	1,253,906	-	-	-	-	-
Restricted assets:	-	-	-	-	-	-	-	-
Non-pooled cash and cash equivalents	45,871	-	-	-	-	-	-	-
Total assets	\$ 1,879,066	\$ 3,329,339	\$ 3,224,634	\$ 8,733	\$ 2,014,892	\$ 1,244,207	\$ 34,265	\$ 75,075
LIABILITIES AND FUND BALANCES								
Liabilities								
Vouchers and accounts payable	\$ 193,719	\$ -	\$ 163,852	\$ 8,733	\$ -	\$ 4,200	\$ -	\$ -
Accrued payroll	4,196	-	3,261	-	-	-	-	-
Due to other funds	70,000	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Deferred revenue	709,379	-	-	-	-	-	-	-
Security deposits	43,987	-	-	-	-	-	-	-
Total liabilities	1,021,281	-	167,113	8,733	-	4,200	-	-
Fund Balances								
Reserved for encumbrances	367,674	1,060,279	2,230,440	-	-	-	26,225	-
Unreserved, undesignated	490,111	2,269,060	827,081	-	2,014,892	1,240,007	8,040	75,075
Total fund balances	857,785	3,329,339	3,057,521	-	2,014,892	1,240,007	34,265	75,075
Total liabilities and fund balances	\$ 1,879,066	\$ 3,329,339	\$ 3,224,634	\$ 8,733	\$ 2,014,892	\$ 1,244,207	\$ 34,265	\$ 75,075

CITY OF BOWLING GREEN, KENTUCKY

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2007

	Neighborhood Grant	Technology	Homeland Security	Police Improvement	Lampkin Park Trust	Total Nonmajor Special Revenue Funds
ASSETS						
Pooled cash and cash equivalents	\$ 4,077	\$ 1,023,227	\$ (436,571)	\$ 19,810	\$ 13,862	\$ 3,926,425
Non-pooled cash and cash equivalents	-	-	-	-	-	973,658
Investments	-	-	-	-	-	5,309,397
Receivables (net of allowances for uncollectibles)						
Accounts	-	-	-	-	-	42,857
Loans	-	-	-	-	-	709,379
Other	-	-	-	-	-	14,831
Due from other governmental units	-	-	463,657	-	-	1,875,855
Restricted assets:						
Non-pooled cash and cash equivalents	-	-	-	-	-	45,871
Total assets	\$ 4,077	\$ 1,023,227	\$ 27,086	\$ 19,810	\$ 13,862	\$ 12,898,273
LIABILITIES AND FUND BALANCES						
Liabilities						
Vouchers and accounts payable	\$ 1,276	\$ -	\$ 27,086	\$ -	\$ -	\$ 398,866
Accrued payroll	-	-	-	-	-	7,457
Due to other funds	-	-	-	-	-	70,000
Due to component units	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	709,379
Security deposits	-	-	-	-	-	43,987
Total liabilities	1,276	-	27,086	-	-	1,229,689
Fund Balances						
Reserved for encumbrances	-	325,649	-	-	-	4,010,267
Unreserved, undesignated	2,801	697,578	-	19,810	13,862	7,658,317
Total fund balances	2,801	1,023,227	-	19,810	13,862	11,668,584
Total liabilities and fund balances	\$ 4,077	\$ 1,023,227	\$ 27,086	\$ 19,810	\$ 13,862	\$ 12,898,273

CITY OF BOWLING GREEN, KENTUCKY

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

June 30, 2007

	Parks Community Center	Skypac Development	Downtown Revitalization Project	14th Street Construction Fund	Riverfront Development	Equipment Replacement	Southwest Corridor	Road Construction	Downtown Signalization
ASSETS									
Pooled cash and cash equivalents	\$ (521)	\$ 290,890	\$ 314,835	\$ -	\$ 333,440	\$ -	\$ -	\$ 287,321	\$ 972,000
Due from other governmental units	-	-	-	-	92,326	-	-	-	
Restricted assets:									
Non-pooled cash and cash equivalents	<u>2,276,244</u>	<u>1,602,603</u>	<u>2,155,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,479</u>	<u>-</u>	<u>1,071,195</u>
Total assets	<u>\$ 2,275,723</u>	<u>\$ 1,893,493</u>	<u>\$ 2,469,961</u>	<u>\$ -</u>	<u>\$ 425,766</u>	<u>\$ -</u>	<u>\$ 267,479</u>	<u>\$ 287,321</u>	<u>\$ 2,043,195</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Vouchers and accounts payable	\$ 322,265	\$ -	\$ 4,505	\$ -	\$ 65,217	\$ -	\$ -	\$ -	2,246
Total liabilities	<u>322,265</u>	<u>-</u>	<u>4,505</u>	<u>-</u>	<u>65,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,246</u>
Fund Balances									
Reserved for encumbrances	1,325,829	-	30,900	-	-	-	9,250	47,716	27,750
Unreserved, undesignated	<u>627,629</u>	<u>1,893,493</u>	<u>2,434,556</u>	<u>-</u>	<u>360,549</u>	<u>-</u>	<u>258,229</u>	<u>239,605</u>	<u>2,013,199</u>
Total fund balances	<u>1,953,458</u>	<u>1,893,493</u>	<u>2,465,456</u>	<u>-</u>	<u>360,549</u>	<u>-</u>	<u>267,479</u>	<u>287,321</u>	<u>2,040,949</u>
Total liabilities and fund balances	<u>\$ 2,275,723</u>	<u>\$ 1,893,493</u>	<u>\$ 2,469,961</u>	<u>\$ -</u>	<u>\$ 425,766</u>	<u>\$ -</u>	<u>\$ 267,479</u>	<u>\$ 287,321</u>	<u>\$ 2,043,195</u>

CITY OF BOWLING GREEN, KENTUCKY

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

June 30, 2007

	Broadway Curve Realignment	Western Drive Realignment	Fields Drive Extension	Old Morgantown Road Rehab	Heritage Trail	Parks Improvements	Shive Lane Development	Total Nonmajor Capital Project Funds
ASSETS								
Pooled cash and cash equivalents	\$ 23	\$ 300,000	\$ -	\$ 81,176	\$ 158,943	\$ 146,581	\$ 85,926	\$ 2,970,614
Due from other governmental units	-	-	-	-	-	-	-	92,326
Restricted assets:								
Non-pooled cash and cash equivalents	<u>1,071,050</u>	<u>-</u>	<u>405,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,020,407</u>	<u>12,869,297</u>
Total assets	<u>\$ 1,071,073</u>	<u>\$ 300,000</u>	<u>\$ 405,193</u>	<u>\$ 81,176</u>	<u>\$ 158,943</u>	<u>\$ 146,581</u>	<u>\$ 4,106,333</u>	<u>\$ 15,932,237</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Vouchers and accounts payable	\$ 14,885	\$ 1,625	\$ -	\$ 11,666	\$ -	\$ 1,084	\$ -	\$ 423,493
Total liabilities	<u>14,885</u>	<u>1,625</u>	<u>-</u>	<u>11,666</u>	<u>-</u>	<u>1,084</u>	<u>-</u>	<u>423,493</u>
Fund Balances								
Reserved for encumbrances	81,165	11,435	22,875	59,510	156,106	455	2,480	1,775,471
Unreserved, undesignated	<u>975,023</u>	<u>286,940</u>	<u>382,318</u>	<u>10,000</u>	<u>2,837</u>	<u>145,042</u>	<u>4,103,853</u>	<u>13,733,273</u>
Total fund balances	<u>1,056,188</u>	<u>298,375</u>	<u>405,193</u>	<u>69,510</u>	<u>158,943</u>	<u>145,497</u>	<u>4,106,333</u>	<u>15,508,744</u>
Total liabilities and fund balances	<u>\$ 1,071,073</u>	<u>\$ 300,000</u>	<u>\$ 405,193</u>	<u>\$ 81,176</u>	<u>\$ 158,943</u>	<u>\$ 146,581</u>	<u>\$ 4,106,333</u>	<u>\$ 15,932,237</u>

CITY OF BOWLING GREEN, KENTUCKY

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2007

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund - Cemetery Perpetual	Total Governmental Funds
REVENUES				
Property taxes	\$ 439,000	\$ -	\$ -	\$ 439,000
Insurance premium taxes	1,691,923			1,691,923
Wages and net profits taxes	2,245,251	-	-	2,245,251
Intergovernmental	6,697,369	1,926,588	-	8,623,957
Investment income	488,859	321,091	13,196	823,146
Contributions and donations	38,327	40,110	-	78,437
Miscellaneous	533,104	52,933	19,545	605,582
Total Revenues	<u>12,133,833</u>	<u>2,340,722</u>	<u>32,741</u>	<u>14,507,296</u>
EXPENDITURES				
Current:				
General government	234,388	-	-	234,388
Public safety	1,271,220	-	-	1,271,220
Public works	616,238	159,474	-	775,712
Housing and community development	3,347,150	1,441,565	-	4,788,715
Capital Outlay	593,721	8,731,202	-	9,324,923
Total Expenditures	<u>6,062,717</u>	<u>10,332,241</u>	<u>-</u>	<u>16,394,958</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,071,116</u>	<u>(7,991,519)</u>	<u>32,741</u>	<u>(1,887,662)</u>
Other financing sources (uses):				
Transfers in	1,369,305	3,125,166	-	4,494,471
Transfers out	(4,710,653)	(190,000)	-	(4,900,653)
Bond proceeds	-	14,277,256	-	14,277,256
Premium on proceeds	-	80,744	-	80,744
Proceeds from sale of capital assets	1,387	249,908	-	251,295
Total other financing sources (uses)	<u>(3,339,961)</u>	<u>17,543,074</u>	<u>-</u>	<u>14,203,113</u>
Net change in fund balances	2,731,155	9,551,555	32,741	12,315,451
Fund balances, beginning	<u>8,937,429</u>	<u>5,957,189</u>	<u>593,629</u>	<u>15,488,247</u>
Fund balances, ending	<u>\$ 11,668,584</u>	<u>\$ 15,508,744</u>	<u>\$ 626,370</u>	<u>\$ 27,803,698</u>

CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2007

	Community Development	Fire Improvement	Municipal Aid	Parks Development	Job Development	Landfill Closure	Local Law Enforcement Block Grant	Trunking Operation
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ 439,000	\$ -	\$ -	\$ -	\$ -
Insurance premium taxes		1,691,923						
Wages and net profits taxes	-	-	-	776,220	1,449,221	-	-	-
Intergovernmental	2,890,686	91,426	3,210,147	-	-	-	17,703	23,750
Investment income	20,534	175,233	124,955	-	98,313	58,462	-	4,274
Contributions and donations	25,000	3,441	-	-	-	-	-	9,886
Miscellaneous	242,785	15,932	34,387	-	-	240,000	-	-
Total Revenues	<u>3,179,005</u>	<u>1,977,955</u>	<u>3,369,489</u>	<u>1,215,220</u>	<u>1,547,534</u>	<u>298,462</u>	<u>17,703</u>	<u>37,910</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	55,353	1,172,877	-	-	-	15,904	-
Public works	-	-	537,383	-	-	41,318	-	37,537
Housing and community development	3,347,150	-	-	-	-	-	-	-
Capital Outlay	-	100,947	15,035	-	-	26,546	14,622	-
Total Expenditures	<u>3,347,150</u>	<u>156,300</u>	<u>1,725,295</u>	<u>-</u>	<u>-</u>	<u>67,864</u>	<u>30,526</u>	<u>37,537</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(168,145)</u>	<u>1,821,655</u>	<u>1,644,194</u>	<u>1,215,220</u>	<u>1,547,534</u>	<u>230,598</u>	<u>(12,823)</u>	<u>373</u>
Other financing sources (uses):								
Transfers in	55,000	300,000	33,555	-	-	-	-	20,750
Transfers out	(80,900)	(1,464,798)	(675,000)	(1,215,220)	(1,261,235)	-	-	-
Proceeds from the sale of capital assets	-	1,387	-	-	-	-	-	-
Total other financing sources (uses)	<u>(25,900)</u>	<u>(1,163,411)</u>	<u>(641,445)</u>	<u>(1,215,220)</u>	<u>(1,261,235)</u>	<u>-</u>	<u>-</u>	<u>20,750</u>
Net change in fund balances	<u>(194,045)</u>	<u>658,244</u>	<u>1,002,749</u>	<u>-</u>	<u>286,299</u>	<u>230,598</u>	<u>(12,823)</u>	<u>21,123</u>
Fund balances, beginning	<u>1,051,830</u>	<u>2,671,095</u>	<u>2,054,772</u>	<u>-</u>	<u>1,728,593</u>	<u>1,009,409</u>	<u>47,088</u>	<u>53,952</u>
Fund balances, ending	<u>\$ 857,785</u>	<u>\$ 3,329,339</u>	<u>\$ 3,057,521</u>	<u>\$ -</u>	<u>\$ 2,014,892</u>	<u>\$ 1,240,007</u>	<u>\$ 34,265</u>	<u>\$ 75,075</u>

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2007

	Neighborhood Grant	Technology	Homeland Security	Police Improvement	Lampkin Park Trust	Total Special Revenue Funds
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 439,000
Insurance premium taxes						1,691,923
Wages and net profits taxes	-	-	-	19,810	-	2,245,251
Intergovernmental	-	-	463,657	-	-	6,697,369
Investment income	-	-	-	-	7,088	488,859
Contributions and donations	-	-	-	-	-	38,327
Miscellaneous	-	-	-	-	-	533,104
Total Revenues	<u>-</u>	<u>-</u>	<u>463,657</u>	<u>19,810</u>	<u>7,088</u>	<u>12,133,833</u>
EXPENDITURES						
Current:						
General government	60,037	174,351	-	-	-	234,388
Public safety	-	-	27,086	-	-	1,271,220
Public works	-	-	-	-	-	616,238
Housing and community development	-	-	-	-	-	3,347,150
Capital Outlay	-	-	436,571	-	-	593,721
Total Expenditures	<u>60,037</u>	<u>174,351</u>	<u>463,657</u>	<u>-</u>	<u>-</u>	<u>6,062,717</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,037)</u>	<u>(174,351)</u>	<u>-</u>	<u>19,810</u>	<u>7,088</u>	<u>6,071,116</u>
Other financing sources (uses):						
Transfers in	60,000	900,000	-	-	-	1,369,305
Transfers out	-	-	-	-	(13,500)	(4,710,653)
Proceeds from the sale of capital assets	-	-	-	-	-	1,387
Total other financing sources (uses)	<u>60,000</u>	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>(13,500)</u>	<u>(3,339,961)</u>
Net change in fund balances	<u>(37)</u>	<u>725,649</u>	<u>-</u>	<u>19,810</u>	<u>(6,412)</u>	<u>2,731,155</u>
Fund balances, beginning	<u>2,838</u>	<u>297,578</u>	<u>-</u>	<u>-</u>	<u>20,274</u>	<u>8,937,429</u>
Fund balances, ending	<u>\$ 2,801</u>	<u>\$ 1,023,227</u>	<u>\$ -</u>	<u>\$ 19,810</u>	<u>\$ 13,862</u>	<u>\$ 11,668,584</u>

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2007

	Parks Community Center	Skypac Development Fund	Downtown Revitalization Project	14th Street Construction Fund	Riverfront Development	Equipment Replacement	Southwest Corridor	Road Construction	Downtown Signalization Fund
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 1,912,617	\$ -	\$ -	\$ 13,971	\$ -
Investment income	176,870	-	-	10,475	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-	-	-	-
Miscellaneous	1,800	40,833	-	-	-	-	-	-	-
Total Revenues	178,670	40,833	-	10,475	1,912,617	-	-	13,971	-
EXPENDITURES									
Current:									
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	46,135	-	-	-	-	-	-	-
Housing and community development	29,069	-	33,037	-	1,379,459	-	-	-	-
Capital Outlay	2,694,902	151,262	1,816,342	199,341	534,185	1,224,871	24,118	574,596	106,023
Total Expenditures	2,723,971	197,397	1,849,379	199,341	1,913,644	1,224,871	24,118	574,596	106,023
Excess (deficiency) of revenues over (under) expenditures	(2,545,301)	(156,564)	(1,849,379)	(188,866)	(1,027)	(1,224,871)	(24,118)	(560,625)	(106,023)
Other financing sources (uses):									
Transfers in	-	-	-	-	361,000	1,146,766	-	-	972,000
Transfers out	-	-	-	(190,000)	-	-	-	-	-
Bond proceeds	497,188	1,789,878	3,977,506	-	-	-	328,144	-	1,211,150
Net premium on proceeds	2,812	10,122	22,494	-	-	-	1,856	-	6,850
Proceeds from sale of capital assets	-	249,908	-	-	-	-	-	-	-
Total other financing sources (uses)	500,000	2,049,908	4,000,000	(190,000)	361,000	1,146,766	330,000	-	2,190,000
Net change in fund balances	(2,045,301)	1,893,344	2,150,621	(378,866)	359,973	(78,105)	305,882	(560,625)	2,083,977
Fund balances, beginning	3,998,759	149	314,835	378,866	576	78,105	(38,403)	847,946	(43,028)
Fund balances, ending	\$ 1,953,458	\$ 1,893,493	\$ 2,465,456	\$ -	\$ 360,549	\$ -	\$ 267,479	\$ 287,321	\$ 2,040,949

CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2007

	Broadway Curve Realignment	Westen Drive Realignment	Field Drive Extension	Old Morgntown Rd Rehab	Heritage Trail Construction	Parks Improvements	Shive Lane Development	Total Nonmajor Capital Project Funds
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,926,588
Investment income	-	-	-	-	-	-	133,746	321,091
Contributions and donations	-	-	-	-	29,167	10,943	-	40,110
Miscellaneous	-	-	-	-	-	10,300	-	52,933
Total Revenues	-	-	-	-	29,167	21,243	133,746	2,340,722
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	113,339	159,474
Housing and community development	-	-	-	-	-	-	-	1,441,565
Capital Outlay	43,835	1,625	154,807	20,490	98,124	1,086,681	-	8,731,202
Total Expenditures	43,835	1,625	154,807	20,490	98,124	1,086,681	113,339	10,332,241
Excess (deficiency) of revenues over (under) expenditures	(43,835)	(1,625)	(154,807)	(20,490)	(68,957)	(1,065,438)	20,407	(7,991,519)
Other financing sources (uses):								
Transfers in	-	300,000	-	90,000	227,900	27,500	-	3,125,166
Transfers out	-	-	-	-	-	-	-	(190,000)
Bond proceeds	1,093,814	-	556,851	-	-	845,220	3,977,505	14,277,256
Net premium on proceeds	6,186	-	3,149	-	-	4,780	22,495	80,744
Proceeds from sale of capital assets	-	-	-	-	-	-	-	249,908
Total other financing sources (uses)	1,100,000	300,000	560,000	90,000	227,900	877,500	4,000,000	17,543,074
Net change in fund balances	1,056,165	298,375	405,193	69,510	158,943	(187,938)	4,020,407	9,551,555
Fund balances, beginning	23	-	-	-	-	333,435	85,926	5,957,189
Fund balances, ending	\$ 1,056,188	\$ 298,375	\$ 405,193	\$ 69,510	\$ 158,943	\$ 145,497	\$ 4,106,333	\$ 15,508,744

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 4,006,000	\$ 4,120,941	\$ 2,890,686	\$ (1,230,255)
Investment income	13,600	13,600	20,534	6,934
Contributions and donations	-	25,000	25,000	-
Miscellaneous	194,000	194,000	242,785	48,785
Total revenues	4,213,600	4,353,541	3,179,005	(1,174,536)
EXPENDITURES				
Current:				
Housing and community development	3,607,026	4,226,940	3,347,150	879,790
Capital Outlay	517,500	505,872	-	505,872
Total expenditures	4,124,526	4,732,812	3,347,150	1,385,662
Excess (deficiency) of revenues over (under) expenditures	89,074	(379,271)	(168,145)	211,126
Other financing sources (uses):				
Transfers in	55,000	55,000	55,000	-
Transfers out	(423,664)	(90,464)	(80,900)	9,564
Total other financing sources (uses)	(368,664)	(35,464)	(25,900)	9,564
Net change in fund balances	(279,590)	(414,735)	(194,045)	220,690
Fund balances, beginning	1,051,830	1,051,830	1,051,830	-
Fund balances, ending	\$ 772,240	\$ 637,095	\$ 857,785	\$ 220,690

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

FIRE IMPROVEMENT SPECIAL REVENUE FUND

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Insurance premium taxes	\$ 1,404,000	\$ 1,404,000	\$ 1,691,923	\$ 287,923
Intergovernmental	-	144,433	91,426	(53,007)
Investment income	67,500	67,700	175,233	107,533
Contributions and donations	-	-	3,441	3,441
Miscellaneous	-	16,300	15,932	(368)
Total revenues	1,471,500	1,632,433	1,977,955	345,522
EXPENDITURES				
Current:				
Public safety	590,000	228,537	55,353	173,184
Capital outlay	1,120,000	1,232,156	100,947	1,131,209
Total expenditures	1,710,000	1,460,693	156,300	1,304,393
Excess (deficiency) of revenues over (under) expenditures	(238,500)	171,740	1,821,655	1,649,915
Other financing sources (uses):				
Transfers out	(972,500)	(1,472,500)	(1,464,798)	7,702
Transfers in	300,000	300,000	300,000	-
Sale of capital assets	-	1,387	1,387	-
Issuance of debt	1,175,000	1,020,000	-	(1,020,000)
Total other financing sources (uses)	502,500	(151,113)	(1,163,411)	(1,012,298)
Net change in fund balances	264,000	20,627	658,244	637,617
Fund balances, beginning	2,671,095	2,671,095	2,671,095	-
Fund balances, ending	\$ 2,935,095	\$ 2,691,722	\$ 3,329,339	\$ 637,617

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

MUNICIPAL AID SPECIAL REVENUE FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Federal grants	\$ 45,000	\$ 45,000	\$ 41,848	\$ (3,152)
State grants	1,280,000	1,280,000	1,369,081	89,081
Local grants	222,000	222,000	202,905	(19,095)
Liquid fuel tax	800,000	800,000	760,744	(39,256)
Mineral and coal severance tax	29,000	29,000	27,370	(1,630)
State special pay	831,870	831,870	808,199	(23,671)
Investment income	68,500	68,500	124,955	56,455
Miscellaneous	20,000	20,000	34,387	14,387
Total revenues	3,296,370	3,296,370	3,369,489	73,119
EXPENDITURES				
Current:				
Public safety	1,283,788	1,281,748	1,172,877	108,871
Public works	1,442,000	1,818,198	537,383	1,280,815
Capital Outlay	45,000	47,040	15,035	32,005
Total expenditures	2,770,788	3,146,986	1,725,295	1,421,691
Excess of revenues over expenditures	525,582	149,384	1,644,194	1,494,810
Other financing sources (uses):				
Transfers in	27,680	27,680	33,555	5,875
Transfers out	(675,000)	(675,000)	(675,000)	-
Total other financing sources (uses)	(647,320)	(647,320)	(641,445)	5,875
Net change in fund balances	(121,738)	(497,936)	1,002,749	1,500,685
Fund balances, beginning	2,054,772	2,054,772	2,054,772	-
Fund balances, ending	\$ 1,933,034	\$ 1,556,836	\$ 3,057,521	\$ 1,500,685

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

PARKS DEVELOPMENT SPECIAL REVENUE FUND

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 439,000	\$ 439,000	\$ 439,000	\$ -
Wages and net profits taxes	777,000	777,000	776,220	(780)
Total revenues	1,216,000	1,216,000	1,215,220	(780)
Other financing sources (uses):				
Transfers out	(1,216,000)	(1,216,000)	(1,215,220)	780
Total other financing sources (uses)	(1,216,000)	(1,216,000)	(1,215,220)	780
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

JOB DEVELOPMENT INCENTIVE SPECIAL REVENUE FUND

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Wages and net profits taxes	\$ 1,472,500	\$ 1,472,500	\$ 1,449,221	\$ (23,279)
Miscellaneous	-	-	-	-
Investment income	45,000	45,000	98,313	53,313
Total revenues	1,517,500	1,517,500	1,547,534	30,034
Other financing sources (uses):				
Transfers out	(1,262,000)	(1,262,000)	(1,261,235)	765
Total other financing sources (uses)	(1,262,000)	(1,262,000)	(1,261,235)	765
Net change in fund balances	255,500	255,500	286,299	30,799
Fund balances, beginning	1,728,593	1,728,593	1,728,593	-
Fund balances, ending	\$ 1,984,093	\$ 1,984,093	\$ 2,014,892	\$ 30,799

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

LANDFILL CLOSURE SPECIAL REVENUE FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Interest income	\$ 28,000	\$ 28,000	\$ 58,462	\$ 30,462
Rental income	240,000	240,000	240,000	-
Total revenues	268,000	268,000	298,462	30,462
EXPENDITURES				
Current:				
Public works	126,988	100,438	41,318	59,120
Capital outlay	-	26,550	26,546	4
Total expenditures	126,988	126,988	67,864	59,124
Net change in fund balances	141,012	141,012	230,598	89,586
Fund balances, beginning	1,009,409	1,009,409	1,009,409	-
Fund balances, ending	<u>\$ 1,150,421</u>	<u>\$ 1,150,421</u>	<u>\$ 1,240,007</u>	<u>\$ 89,586</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

LOCAL LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 38,800	\$ 38,800	\$ 17,703	\$ (21,097)
EXPENDITURES				
Current:				
Public safety	4,860	24,188	15,904	8,284
Capital outlay	60,050	40,722	14,622	26,100
Total expenditures	64,910	64,910	30,526	34,384
Net change in fund balances	(26,110)	(26,110)	(12,823)	13,287
Fund balances, beginning	47,088	47,088	47,088	-
Fund balances, ending	\$ 20,978	\$ 20,978	\$ 34,265	\$ 13,287

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

TRUNKING OPERATION SPECIAL REVENUE FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 20,000	\$ 20,000	\$ 23,750	\$ 3,750
Investment Income	-	-	4,274	4,274
Contributions and donations	5,000	5,000	9,886	4,886
Total revenues	25,000	25,000	37,910	12,910
EXPENDITURES				
Current:				
Public Works	45,000	45,000	37,537	7,463
Excess (deficiency) of revenues over (under) expenditures	(20,000)	(20,000)	373	20,373
Other financing sources (uses):				
Transfers in	20,000	20,000	20,750	750
Total other financing sources (uses)	20,000	20,000	20,750	750
Net change in fund balances	-	-	21,123	21,123
Fund balances, beginning	53,952	53,952	53,952	-
Fund balances, ending	\$ 53,952	\$ 53,952	\$ 75,075	\$ 21,123

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

NEIGHBORHOOD GRANT SPECIAL REVENUE FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Current:				
General government	\$ 60,000	\$ 62,800	\$ 60,037	\$ 2,763
Total expenditures	60,000	62,800	60,037	2,763
Deficiency of revenues under expenditures	(60,000)	(62,800)	(60,037)	2,763
Other financing sources (uses):				
Transfers in	60,000	60,000	60,000	-
Total other financing sources (uses)	60,000	60,000	60,000	-
Net change in fund balances	-	(2,800)	(37)	2,763
Fund balances, beginning	2,838	2,838	2,838	-
Fund balances, ending	<u>\$ 2,838</u>	<u>\$ 38</u>	<u>\$ 2,801</u>	<u>\$ 2,763</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

TECHNOLOGY SPECIAL REVENUE FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Current:				
General government	\$ 545,000	\$ 1,045,000	\$ 174,351	\$ 870,649
Deficiency of revenues under expenditures	(545,000)	(1,045,000)	(174,351)	870,649
Other financing sources (uses):				
Transfers in	400,000	900,000	900,000	-
Net change in fund balances	(145,000)	(145,000)	725,649	870,649
Fund balances, beginning	297,578	297,578	297,578	-
Fund balances, ending	<u>\$ 152,578</u>	<u>\$ 152,578</u>	<u>\$ 1,023,227</u>	<u>\$ 870,649</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

HOMELAND SECURITY SPECIAL REVENUE FUND

For the year ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 718,500	\$ 463,657	\$ (254,843)
EXPENDITURES				
Current:				
Public safety	-	250,000	27,086	222,914
Capital outlay	-	468,500	436,571	31,929
Total expenditures	-	718,500	463,657	254,843
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

POLICE IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 19,810	\$ 19,810
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,810</u>	<u>\$ 19,810</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

LAMPKIN PARK TRUST FUND

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 7,088	\$ 7,088
Contributions and donations	4,000	4,000	-	(4,000)
Total revenues	4,000	4,000	7,088	3,088
Other financing sources (uses):				
Transfers out	(13,500)	(13,500)	(13,500)	-
Net change in fund balances	(9,500)	(9,500)	(6,412)	3,088
Fund balances, beginning	20,274	20,274	20,274	-
Fund balances, ending	<u>\$ 10,774</u>	<u>\$ 10,774</u>	<u>\$ 13,862</u>	<u>\$ 3,088</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

PARKS COMMUNITY CENTER CAPITAL PROJECTS FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous	\$ -	\$ 1,800	\$ 1,800	\$ -
Investment income	-	-	176,870	176,870
Total revenues	-	1,800	178,670	176,870
EXPENDITURES				
Current:				
Housing and community development	-	72,981	29,069	43,912
Capital outlay	-	4,170,248	2,694,902	1,475,346
Total expenditures	-	4,243,229	2,723,971	1,519,258
Deficiency of revenues under expenditures	-	(4,241,429)	(2,545,301)	1,696,128
Other financing sources (uses):				
Bond proceeds		500,000	497,188	(2,812)
Net premium on proceeds	-	-	2,812	2,812
Total other financing sources (uses)	-	500,000	500,000	-
Net change in fund balances	-	(3,741,429)	(2,045,301)	1,696,128
Fund balances, beginning	3,998,759	3,998,759	3,998,759	-
Fund balances, ending	\$ 3,998,759	\$ 257,330	\$ 1,953,458	\$ 1,696,128

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

SKYPAC DEVELOPMENT FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous	\$ -	\$ 22,000	\$ 40,833	\$ 18,833
EXPENDITURES				
Current:				
Public works	-	46,135	46,135	-
Capital outlay	-	2,023,776	151,262	1,872,514
Total expenditures	-	2,069,911	197,397	1,872,514
Deficiency of revenues under expenditures	-	(2,047,911)	(156,564)	1,891,347
Other financing sources (uses):				
Bond proceeds	-	1,797,911	1,789,878	(8,033)
Net premium on proceeds	-	-	10,122	10,122
Proceeds from sale of capital assets	-	250,000	249,908	(92)
Total other financing sources (uses)	-	2,047,911	2,049,908	1,997
Net change in fund balances	-	-	1,893,344	1,893,344
Fund balances, beginning	149	149	149	-
Fund balances, ending	<u>\$ 149</u>	<u>\$ 149</u>	<u>\$ 1,893,493</u>	<u>\$ 1,893,344</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

DOWNTOWN REVITALIZATION CAPITAL PROJECTS FUND

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Housing and community development	\$ -	\$ 33,037	\$ 33,037	\$ -
Capital outlay	-	4,235,247	1,816,342	2,418,905
Total expenditures	-	4,268,284	1,849,379	2,418,905
Deficiency of revenues under expenditures	-	(4,268,284)	(1,849,379)	2,418,905
Other financing sources (uses):				
Bond proceeds	-	3,991,302	3,977,506	(13,796)
Net premium on proceeds	-	-	22,494	22,494
Transfers out	-	(2,000)	-	2,000
Total other financing sources (uses)	-	3,989,302	4,000,000	10,698
Net change in fund balances	-	(278,982)	2,150,621	2,429,603
Fund balances, beginning	314,835	314,835	314,835	-
Fund balances, ending	<u>\$ 314,835</u>	<u>\$ 35,853</u>	<u>\$ 2,465,456</u>	<u>\$ 2,429,603</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

14th STREET CONSTRUCTION FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	\$ -	\$ 10,000	\$ 10,475	\$ 475
EXPENDITURES				
Capital outlay	-	199,326	199,341	(15)
Deficiency of revenues under expenditures	-	(189,326)	(188,866)	460
Other financing sources (uses):				
Transfers out	-	(190,000)	(190,000)	-
Total other financing sources (uses)	-	(190,000)	(190,000)	-
Net change in fund balances	-	(379,326)	(378,866)	460
Fund balances, beginning	378,866	378,866	378,866	-
Fund balances, ending	<u>\$ 378,866</u>	<u>\$ (460)</u>	<u>\$ -</u>	<u>\$ 460</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

RIVERFRONT DEVELOPMENT CAPITAL PROJECTS FUND

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,750,000	\$ 4,490,113	\$ 1,912,617	\$ (2,577,496)
Contributions and donations	-	31,000	-	(31,000)
Total revenues	2,750,000	4,521,113	1,912,617	(2,608,496)
EXPENDITURES				
Current:				
Housing and community development	-	1,379,459	1,379,459	-
Capital outlay	3,050,000	3,600,760	534,185	3,066,575
Total expenditures	3,050,000	4,980,219	1,913,644	3,066,575
Deficiency of revenues under expenditures	(300,000)	(459,106)	(1,027)	458,079
Other financing sources (uses):				
Transfers in	300,000	361,000	361,000	-
Total other financing sources (uses)	300,000	361,000	361,000	-
Net change in fund balances	-	(98,106)	359,973	458,079
Fund balances, beginning	576	576	576	-
Fund balances, ending	\$ 576	\$ (97,530)	\$ 360,549	\$ 458,079

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

EQUIPMENT REPLACEMENT CAPITAL PROJECTS FUND

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Capital outlay	\$ 1,117,000	\$ 1,230,105	\$ 1,224,871	\$ 5,234
Deficiency of revenues under expenditures	(1,117,000)	(1,230,105)	(1,224,871)	5,234
Other financing sources (uses):				
Transfers in	1,117,000	1,152,000	1,146,766	(5,234)
Total other financing sources (uses)	1,117,000	1,152,000	1,146,766	(5,234)
Net change in fund balances	-	(78,105)	(78,105)	-
Fund balances, beginning	78,105	78,105	78,105	-
Fund balances, ending	\$ 78,105	\$ -	\$ -	\$ -

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

SOUTHWEST CORRIDOR CAPITAL PROJECTS FUND

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Capital outlay	\$ -	\$ 285,631	\$ 24,118	\$ 261,513
Total expenditures	-	285,631	24,118	261,513
Deficiency of revenues under expenditures	-	(285,631)	(24,118)	261,513
Other financing sources (uses):				
Bond proceeds	-	329,034	328,144	(890)
Net premium on proceeds	-	-	1,856	1,856
Total other financing sources (uses)	-	329,034	330,000	966
Net change in fund balances	-	43,403	305,882	262,479
Fund balances, beginning	(38,403)	(38,403)	(38,403)	-
Fund balances, ending	<u>\$ (38,403)</u>	<u>\$ 5,000</u>	<u>\$ 267,479</u>	<u>\$ 262,479</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

ROAD CONSTRUCTION CAPITAL PROJECTS FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ -	\$ 13,971	\$ 13,971	\$ -
EXPENDITURES				
Capital outlay	-	658,521	574,596	83,925
Deficiency of revenues under expenditures	-	(644,550)	(560,625)	83,925
Other financing sources (uses):				
Proceeds from sale of capital assets	-	46,000	-	(46,000)
Transfers out	-	(239,604)	-	239,604
Total other financing sources (uses)	-	(193,604)	-	193,604
Net change in fund balances	-	(838,154)	(560,625)	277,529
Fund balances, beginning	847,946	847,946	847,946	-
Fund balances, ending	<u>\$ 847,946</u>	<u>\$ 9,792</u>	<u>\$ 287,321</u>	<u>\$ 277,529</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

DOWNTOWN SIGNALIZATION CAPITAL PROJECTS FUND

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Capital outlay	\$ -	\$ 2,139,170	\$ 106,023	\$ 2,033,147
Total expenditures	-	2,139,170	106,023	2,033,147
Deficiency of revenues under expenditures	-	(2,139,170)	(106,023)	2,033,147
Other financing sources (uses):				
Transfers in	-	972,000	972,000	-
Bond proceeds	-	1,210,170	1,211,150	980
Net premium on proceeds	-	-	6,850	6,850
Total other financing sources (uses)	-	2,182,170	2,190,000	7,830
Net change in fund balances	-	43,000	2,083,977	2,040,977
Fund balances, beginning	(43,028)	(43,028)	(43,028)	-
Fund balances, ending	<u>\$ (43,028)</u>	<u>\$ (28)</u>	<u>\$ 2,040,949</u>	<u>\$ 2,040,977</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

BROADWAY CURVE REALIGNMENT CAPITAL PROJECTS FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Capital outlay	\$ -	\$ 1,093,445	\$ 43,835	\$ 1,049,610
Total expenditures	-	1,093,445	43,835	1,049,610
Other financing sources (uses):				
Bond proceeds	-	1,093,445	1,093,814	369
Net premium on proceeds	-	-	6,186	6,186
Total other financing sources (uses)	-	1,093,445	1,100,000	6,555
Net change in fund balances	-	-	1,056,165	1,056,165
Fund balances, beginning	23	23	23	-
Fund balances, ending	\$ 23	\$ 23	\$ 1,056,188	\$ 1,056,165

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

WESTERN DRIVE REALIGNMENT CAPITAL PROJECTS FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Capital outlay	\$ -	\$ 300,000	\$ 1,625	\$ 298,375
Total expenditures	-	300,000	1,625	298,375
Deficiency of revenues under expenditures	-	(300,000)	(1,625)	298,375
Other financing sources (uses):				
Transfers in	-	300,000	300,000	-
Total other financing sources (uses)	-	300,000	300,000	-
Net change in fund balances	-	-	298,375	298,375
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ 298,375	\$ 298,375

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

FIELDS DRIVE EXTENSION CAPITAL PROJECTS FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Capital outlay	\$ -	\$ 560,000	\$ 154,807	\$ 405,193
Total expenditures	-	560,000	154,807	405,193
Deficiency of revenues under expenditures	-	(560,000)	(154,807)	405,193
Other financing sources (uses):				
Bond proceeds	-	560,000	556,851	(3,149)
Net premium on proceeds	-	-	3,149	3,149
Total other financing sources (uses)	-	560,000	560,000	-
Net change in fund balances	-	-	405,193	405,193
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ 405,193	\$ 405,193

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

OLD MORGANTOWN RD REHAB CAPITAL PROJECTS FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Capital outlay	\$ -	\$ 90,000	\$ 20,490	\$ 69,510
Total expenditures	-	90,000	20,490	69,510
Deficiency of revenues under expenditures	-	(90,000)	(20,490)	69,510
Other financing sources (uses):				
Transfers in	-	90,000	90,000	-
Total other financing sources (uses)	-	90,000	90,000	-
Net change in fund balances	-	-	69,510	69,510
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ 69,510	\$ 69,510

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

HERITAGE TRAIL CONSTRUCTION CAPITAL PROJECTS FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Contributions and donations	\$ -	\$ 29,500	\$ 29,167	\$ (333)
EXPENDITURES				
Capital outlay	-	257,400	98,124	159,276
Deficiency of revenues under expenditures	-	(227,900)	(68,957)	158,943
Other financing sources (uses):				
Transfers in	-	227,900	227,900	-
Total other financing sources (uses)	-	227,900	227,900	-
Net change in fund balances	-	-	158,943	158,943
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ 158,943	\$ 158,943

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

PARKS IMPROVEMENT CAPITAL PROJECTS FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Contributions and donations	\$ -	\$ 10,950	\$ 10,943	\$ (7)
Miscellaneous	-	10,300	10,300	-
Total revenues	-	21,250	21,243	(7)
EXPENDITURES				
Capital outlay	-	1,227,305	1,086,681	140,624
Deficiency of revenues under expenditures	-	(1,206,055)	(1,065,438)	140,617
Other financing sources (uses):				
Bond proceeds	-	850,000	845,220	(4,780)
Net premium on proceeds	-	-	4,780	4,780
Transfers in	-	27,500	27,500	-
Total other financing sources (uses)	-	877,500	877,500	-
Net change in fund balances	-	(328,555)	(187,938)	140,617
Fund balances, beginning	333,435	333,435	333,435	-
Fund balances, ending	<u>\$ 333,435</u>	<u>\$ 4,880</u>	<u>\$ 145,497</u>	<u>\$ 140,617</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

SHIVE LANE DEVELOPMENT CAPITAL PROJECTS FUND

For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	\$ -	\$ -	\$ 133,746	\$ 133,746
EXPENDITURES				
Current:				
Public works	1,278,000	565,819	113,339	452,480
Capital outlay	<u>4,472,000</u>	<u>3,504,881</u>	<u>-</u>	<u>3,504,881</u>
Total expenditures	<u>5,750,000</u>	<u>4,070,700</u>	<u>113,339</u>	<u>3,957,361</u>
Excess (deficiency) of revenues over (under) expenditures	(5,750,000)	(4,070,700)	20,407	4,091,107
Other financing sources (uses):				
Bond proceeds	3,500,000	3,984,802	3,977,505	(7,297)
Net premium on proceeds	-	-	22,495	22,495
Transfers in	<u>2,250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>5,750,000</u>	<u>3,984,802</u>	<u>4,000,000</u>	<u>15,198</u>
Net change in fund balances	-	(85,898)	4,020,407	4,106,305
Fund balances, beginning	<u>85,926</u>	<u>85,926</u>	<u>85,926</u>	<u>-</u>
Fund balances, ending	<u>\$ 85,926</u>	<u>\$ 28</u>	<u>\$ 4,106,333</u>	<u>\$ 4,106,305</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

For the year ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest income	\$ -	\$ -	\$ 1,077	\$ 1,077
EXPENDITURES				
Principal retirement	4,657,700	4,775,814	4,757,074	18,740
Interest and fiscal charges	3,579,800	3,461,686	3,403,076	58,610
Total expenditures	8,237,500	8,237,500	8,160,150	77,350
Excess (deficiency) of revenues over (under) expenditures	(8,237,500)	(8,237,500)	(8,159,073)	78,427
Other financing sources (uses): Transfers in	8,237,500	8,237,500	8,158,567	(78,933)
Net change in fund balances	-	-	(506)	(506)
Fund balances, beginning	105,116	105,116	105,116	-
Fund balances, ending	\$ 105,116	\$ 105,116	\$ 104,610	\$ (506)

NONMAJOR GOVERNMENTAL FUNDS

INTERNAL SERVICE FUNDS

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

Fleet Maintenance Fund

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

Employee Health Care Fund

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

Workers Compensation Fund

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

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS

June 30, 2007

	Fleet Maintenance	Employee Health Care	Workers Compensation	Total
ASSETS				
Current assets				
Pooled cash and cash equivalents	\$ 206,100	\$ 1,303,362	\$ 358,264	\$ 1,867,726
Investments	-	2,524,753	892,533	3,417,286
Accounts receivable	236	-	-	236
Interest receivable	-	1,069	-	1,069
Inventories	97,923	-	-	97,923
Prepaid items	-	323,000	264,745	587,745
Total current assets	<u>304,259</u>	<u>4,152,184</u>	<u>1,515,542</u>	<u>5,971,985</u>
Noncurrent assets				
Non-pooled cash and cash equivalents	-	5,000	-	5,000
Capital assets				
Building	202,589	-	-	202,589
Machinery and equipment	<u>188,314</u>	<u>-</u>	<u>33,235</u>	<u>221,549</u>
	390,903	-	33,235	424,138
Less accumulated depreciation	<u>(176,378)</u>	<u>-</u>	<u>(13,493)</u>	<u>(189,871)</u>
Total capital assets, net of accumulated depreciation	<u>214,525</u>	<u>-</u>	<u>19,742</u>	<u>234,267</u>
Total noncurrent assets	<u>214,525</u>	<u>5,000</u>	<u>19,742</u>	<u>239,267</u>
Total assets	<u>\$ 518,784</u>	<u>\$ 4,157,184</u>	<u>\$ 1,535,284</u>	<u>\$ 6,211,252</u>
LIABILITIES				
Current liabilities				
Vouchers and accounts payable	\$ 51,038	\$ -	\$ 36,525	\$ 87,563
Accrued payroll	5,509	-	-	5,509
Insurance claims payable	-	303,458	182,196	485,654
Current portion of compensated absences payable	<u>10,402</u>	<u>-</u>	<u>-</u>	<u>10,402</u>
Total current liabilities	<u>66,949</u>	<u>303,458</u>	<u>218,721</u>	<u>589,128</u>
Noncurrent liabilities				
Compensated absences payable, net of current portion	<u>6,412</u>	<u>-</u>	<u>-</u>	<u>6,412</u>
Total liabilities	<u>73,361</u>	<u>303,458</u>	<u>218,721</u>	<u>595,540</u>
NET ASSETS				
Invested in capital assets, net of related debt	214,525	-	19,742	234,267
Unrestricted	<u>230,898</u>	<u>3,853,726</u>	<u>1,296,821</u>	<u>5,381,445</u>
Total net assets	<u>\$ 445,423</u>	<u>\$ 3,853,726</u>	<u>\$ 1,316,563</u>	<u>\$ 5,615,712</u>

CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2007

	Fleet Maintenance	Employee Health Care	Workers Compensation	Total
OPERATING REVENUES				
Charges for services	\$ 1,307,130	\$ -	\$ -	\$ 1,307,130
Insurance premiums	-	4,729,221	747,978	5,477,199
Judgements and settlements	8,327	-	-	8,327
Miscellaneous	820	1,350	-	2,170
	<u>1,316,277</u>	<u>4,730,571</u>	<u>747,978</u>	<u>6,794,826</u>
Total operating revenues				
	<u>1,316,277</u>	<u>4,730,571</u>	<u>747,978</u>	<u>6,794,826</u>
OPERATING EXPENSES				
Personnel services	444,459	(261)	(351)	443,847
Contractual services	10,282	129,067	-	139,349
Supplies	759,385	1,403	9,540	770,328
Utilities	24,208	-	-	24,208
Repairs and maintenance	85,327	-	-	85,327
Insurance premiums and claims	-	3,606,733	542,738	4,149,471
Depreciation	23,060	-	4,616	27,676
Miscellaneous	9,571	-	-	9,571
	<u>1,356,292</u>	<u>3,736,942</u>	<u>556,543</u>	<u>5,649,777</u>
Total operating expenses				
	<u>1,356,292</u>	<u>3,736,942</u>	<u>556,543</u>	<u>5,649,777</u>
Operating income (loss)	(40,015)	993,629	191,435	1,145,049
NONOPERATING REVENUES (EXPENSES)				
Interest income	9,357	199,698	81,553	290,608
Gain on disposal of capital assets	4,695	-	-	4,695
	<u>14,052</u>	<u>199,698</u>	<u>81,553</u>	<u>295,303</u>
Total nonoperating revenues				
	<u>14,052</u>	<u>199,698</u>	<u>81,553</u>	<u>295,303</u>
Income before transfers	(25,963)	1,193,327	272,988	1,440,352
Transfers of capital assets	-	-	-	24,203
Transfers in	151,703	-	-	127,500
	<u>125,740</u>	<u>1,193,327</u>	<u>272,988</u>	<u>1,592,055</u>
Change in net assets				
	<u>125,740</u>	<u>1,193,327</u>	<u>272,988</u>	<u>1,592,055</u>
Net assets, beginning	319,683	2,660,399	1,043,575	4,023,657
	<u>319,683</u>	<u>2,660,399</u>	<u>1,043,575</u>	<u>4,023,657</u>
Net assets, ending	\$ 445,423	\$ 3,853,726	\$ 1,316,563	\$ 5,615,712
	<u>\$ 445,423</u>	<u>\$ 3,853,726</u>	<u>\$ 1,316,563</u>	<u>\$ 5,615,712</u>

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

For the year ended June 30, 2007

	Fleet Maintenance	Employee Health Care	Workers Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,316,277	\$ 4,732,743	\$ 747,978	\$ 6,796,998
Payments to employees	(442,805)	-	-	(442,805)
Payments to suppliers	(905,301)	(146,056)	(44,968)	(1,096,325)
Insurance premiums and claims paid	-	(3,782,158)	(552,658)	(4,334,816)
Net cash provided by (used in) operating activities	(31,829)	804,529	150,352	923,052
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	127,500	-	-	127,500
Transfers out	-	-	-	-
Net cash provided by noncapital financing activities	127,500	-	-	127,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sales of capital assets	4,696	-	-	4,696
Purchase of capital assets	(19,399)	-	(5,553)	(24,952)
Net cash used in capital and related financing activities	(14,703)	-	(5,553)	(20,256)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	9,357	199,555	94,470	303,382
Proceeds from maturity of investments	-	-	52,593	52,593
Purchase of investments	-	(1,465,632)	-	(1,465,632)
Net cash provided by (used in) investing activities	9,357	(1,266,077)	147,063	(1,109,657)
Net increase (decrease) in cash and cash equivalents	90,325	(461,548)	291,862	(79,361)
Cash and cash equivalents, beginning of year	115,775	1,769,910	66,402	1,952,087
Cash and cash equivalents, end of year	\$ 206,100	\$ 1,308,362	\$ 358,264	\$ 1,872,726
Reconciliation of operating income (loss)				
to net cash provided by (used in) operating activities				
Operating (loss) income	\$ (40,015)	\$ 993,629	\$ 191,435	\$ 1,145,049
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	23,060	-	4,616	27,676
Change in assets and liabilities				
Accounts receivable	-	2,172	-	2,172
Inventories	(22,472)	-	-	(22,472)
Prepaid items	-	(323,000)	(49,632)	(372,632)
Accounts payable	5,944	(15,586)	14,204	4,562
Compensated absences	750	-	-	750
Accrued payroll	904	(261)	(351)	292
Insurance claims payable	-	147,575	(9,920)	137,655
Net cash provided by (used in) operating activities	\$ (31,829)	\$ 804,529	\$ 150,352	\$ 923,052

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 3% hotel, motel transient room tax and payment to the Bowling Green Area Convention and Visitors Bureau.

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 two or more City funds.

CDBG – Agency Leave Accrual Fund

This fund is used to account for current year funding of Community Development personnel accrued leave.

Special Employee/Explorer Fund

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

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

For the year ended June 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<u>CLAIMS FUND</u>				
Assets				
Non-pooled cash and cash equivalents	\$ 150,000	\$ 97,537,967	\$ 97,537,967	\$ 150,000
Liabilities				
Other liabilities	\$ 150,000	\$ 97,537,967	\$ 97,537,967	\$ 150,000
<u>PAYROLL FUND</u>				
Assets				
Non-pooled cash and cash equivalents	\$ 25,112	\$ 29,193,403	\$ 29,198,909	\$ 19,606
Prepays	-	5,321	-	5,321
Total assets	\$ 25,112	\$ 29,198,724	\$ 29,198,909	\$ 24,927
Liabilities				
Other liabilities	\$ 25,112	\$ 29,198,724	\$ 29,198,909	\$ 24,927
<u>TOURIST & CONVENTION FUND</u>				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 1,184,824	\$ 1,184,824	\$ -
Liabilities				
Due to Tourist Commission	\$ -	\$ 296,206	\$ 296,206	\$ -
Due to Convention Center Corp.	-	888,618	888,618	-
Total liabilities	\$ -	\$ 1,184,824	\$ 1,184,824	\$ -
<u>TAX DISTRIBUTION FUND</u>				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 16,910,360	\$ 16,910,360	\$ -
Liabilities				
Due to other funds	\$ -	\$ 9,255,730	\$ 9,255,730	\$ -
Due to other taxing units - School Board	-	7,417,623	7,417,623	-
Other liabilities	-	237,007	237,007	-
Total liabilities	\$ -	\$ 16,910,360	\$ 16,910,360	\$ -

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

For the year ended June 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<u>TREASURER'S DISTRIBUTION FUND</u>				
Assets				
Pooled cash and cash equivalents	\$ 630,623	\$ 211,067	\$ 696,613	\$ 145,077
Liabilities				
Due to other governmental units	\$ 630,623	\$ 211,067	\$ 696,613	\$ 145,077
<u>CDBG - AGENCY LEAVE ACCRUAL FUND</u>				
Assets				
Non-pooled cash and cash equivalents	\$ 11,617	\$ -	\$ 11,617	\$ -
Liabilities				
Due to other funds	\$ 11,617	\$ -	\$ 11,617	\$ -
<u>SPECIAL EMPLOYEE/EXPLORER FUND</u>				
Assets				
Pooled cash and equivalents	\$ 17,040	\$ 33,170	\$ 23,746	\$ 26,464
Liabilities				
Due to employees	\$ 17,040	\$ 33,170	\$ 23,746	\$ 26,464
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets				
Pooled cash and cash equivalents	\$ 647,663	\$ 18,339,421	\$ 18,815,543	\$ 171,541
Non-pooled cash and cash equivalents	186,729	126,736,691	126,748,493	174,927
Total assets	\$ 834,392	\$ 145,076,112	\$ 145,564,036	\$ 346,468
Liabilities				
Due to other funds	\$ 11,617	\$ 9,255,730	\$ 9,267,347	\$ -
Due to Tourist Commission	-	296,206	296,206	-
Due to Convention Center Corp.	-	888,618	888,618	-
Due to other taxing units - School Board	-	7,417,623	7,417,623	-
Due to other governmental units	630,623	211,067	696,613	145,077
Due to employees	17,040	33,170	23,746	26,464
Other liabilities	175,112	126,973,698	126,973,883	174,927
Total liabilities	\$ 834,392	\$ 145,076,112	\$ 145,564,036	\$ 346,468

CITY OF BOWLING GREEN, KENTUCKY

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

June 30, 2007

	Bowling Green Municipal Utilities			
	Electric Division	Water-Sewer Division	General Services Division	Total
ASSETS				
Non-pooled cash and cash equivalents	\$ 7,417,036	\$ 4,735,133	\$ 56,536	\$ 12,208,705
Receivables (net):				
Accounts	2,868,085	495,038	14,386	3,377,509
Other	191,798	312,587	-	504,385
Accrued interest	-	391,115	-	391,115
Inventories	1,031,451	133,408	-	1,164,859
Prepaid items	515,688	420,475	3,037	939,200
Long-term investments	100,000	-	-	100,000
Restricted cash - TVA	878,326	-	-	878,326
Investments and restricted funds	10,444,337	3,420,797	-	13,865,134
Due from component units, noncurrent	-	5,000,000	-	5,000,000
Capital assets, net of accumulated depreciation:				
Non-depreciable	7,315,675	6,803,332	10,806	14,129,813
Depreciable	38,130,923	70,875,825	2,856,984	111,863,732
Deferred charges	-	234,263	-	234,263
Other assets	271,311	-	-	271,311
Total assets	69,164,630	92,821,973	2,941,749	164,928,352
LIABILITIES				
Vouchers and accounts payable	8,249,669	1,383,651	9,680	9,643,000
Compensated absences payable	392,405	204,833	-	597,238
Accrued interest payable	1,255,388	52,737	-	1,308,125
Due to component unit	-	-	418,794	418,794
Security deposits	2,352,105	-	-	2,352,105
Other current liabilities	400,363	76,560	-	476,923
Compensated absences payable, noncurrent	139,515	111,431	-	250,946
Advances from TVA - conservation program	28,150	-	-	28,150
Customer advances	131,211	-	-	131,211
Noncurrent liabilities:	-	-	-	-
Due within one year	910,000	1,171,488	-	2,081,488
Due in more than one year	11,868,661	21,370,195	-	33,238,856
Due to component unit	-	-	5,000,000	5,000,000
Total liabilities	25,727,467	24,370,895	5,428,474	55,526,836
NET ASSETS				
Invested in capital assets, net of related debt	32,667,937	55,188,069	-	87,856,006
Restricted for capital activity and debt service	10,444,337	3,420,797	-	13,865,134
Unrestricted	324,889	9,842,212	(2,486,725)	7,680,376
Total net assets	\$ 43,437,163	\$ 68,451,078	\$ (2,486,725)	\$ 109,401,516

CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2007

Bowling Green Municipal Utilities	Expenses	Program Revenues			Net (expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Contributions	Capital Contributions	Electric System	Water and Sewer System	Fiber Optic System	Totals
Electric Division	\$ 66,136,708	\$ 67,384,371	\$ -	\$ -	\$ 1,247,663	\$ -	\$ -	\$ 1,247,663
Water-Sewer Division	12,082,369	11,646,170	-	483,072	-	46,873	-	46,873
General Services Division	<u>1,071,065</u>	<u>780,138</u>	-	-	-	-	(290,927)	(290,927)
Total component units	<u>\$ 79,290,142</u>	<u>\$ 79,810,679</u>	<u>\$ -</u>	<u>\$ 483,072</u>	<u>1,247,663</u>	<u>46,873</u>	<u>(290,927)</u>	<u>1,003,609</u>
General revenues:								
Gain (loss) on sale of capital assets					-	16,511	-	16,511
Investment income					552,524	664,418	-	1,216,942
Merchandising revenues, net					25,934	-	2,635	28,569
Miscellaneous					-	284,104	-	284,104
Total general revenues and transfers					<u>578,458</u>	<u>965,033</u>	<u>2,635</u>	<u>1,546,126</u>
Change in net assets					1,826,121	1,011,906	(288,292)	2,549,735
Net assets, beginning of year					<u>41,611,042</u>	<u>67,439,172</u>	<u>(2,198,433)</u>	<u>106,851,781</u>
Net assets, end of year					<u>\$ 43,437,163</u>	<u>\$ 68,451,078</u>	<u>\$ (2,486,725)</u>	<u>\$ 109,401,516</u>

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

	Fiscal Year				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities					
Invested in capital assets, net of related debt	\$70,506,798	\$61,920,839	\$48,982,175	\$47,421,777	\$39,857,501
Restricted	16,471,139	7,114,135	8,614,231	2,697,480	2,487,100
Unrestricted	35,938,960	32,220,951	24,642,192	14,287,360	12,004,217
Total governmental activities net assets	<u>\$122,916,897</u>	<u>\$101,255,925</u>	<u>\$82,238,598</u>	<u>\$64,406,617</u>	<u>\$54,348,818</u>
Business-type activities					
Invested in capital assets, net of related debt	\$4,536,514	\$4,391,188	\$4,007,468	\$4,148,183	\$4,189,200
Restricted	0	0	533	16,967	996
Unrestricted	2,723,849	1,908,071	1,503,788	1,618,039	1,827,602
Total business-type activities net assets	<u>\$7,260,363</u>	<u>\$6,299,259</u>	<u>\$5,511,789</u>	<u>\$5,783,189</u>	<u>\$6,017,798</u>
Primary government					
Invested in capital assets, net of related debt	\$75,043,312	\$66,312,027	\$52,989,643	\$51,569,960	\$44,046,701
Restricted	16,471,139	7,114,135	8,614,764	2,714,447	2,488,096
Unrestricted	38,662,809	34,129,022	26,145,980	15,905,399	13,831,819
Total primary government net assets	<u>\$130,177,260</u>	<u>\$107,555,184</u>	<u>\$87,750,387</u>	<u>\$70,189,806</u>	<u>\$60,366,616</u>

Note: Only 5 years of data are shown above due to accrual basis figures being unattainable before FY03.

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

	Fiscal Year				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses					
Governmental activities:					
General government	\$11,585,397	\$10,620,708	\$9,839,358	\$5,895,705	\$5,032,369
Public safety	18,477,954	17,028,198	16,864,958	16,260,982	14,807,559
Public works	8,024,218	6,407,082	6,126,248	5,144,685	4,579,303
Parks and recreation	4,579,136	4,318,574	4,056,394	3,989,799	3,985,463
Housing and community development	5,891,219	5,221,716	4,170,122	3,716,744	3,194,764
Community services	3,016,601	2,585,297	2,445,889	2,406,986	811,445
Miscellaneous	0	0	5,595	280,874	112,656
Interest expense	3,501,788	3,478,617	3,470,870	2,991,536	2,899,766
Total governmental activities expenses	<u>55,076,313</u>	<u>49,660,192</u>	<u>46,979,434</u>	<u>40,687,311</u>	<u>35,423,325</u>
Business-type activities:					
Golf course	2,375,208	2,316,855	2,251,191	2,116,158	2,026,116
Aquatics	862,409	877,479	1,039,779	991,237	947,862
Convention center	682,734	897,524	1,087,721	1,136,688	1,381,268
Total business-type activities expenses	<u>3,920,351</u>	<u>4,091,858</u>	<u>4,378,691</u>	<u>4,244,083</u>	<u>4,355,246</u>
Total primary government expenses	<u>\$58,996,664</u>	<u>\$53,752,050</u>	<u>\$51,358,125</u>	<u>\$44,931,394</u>	<u>\$39,778,571</u>
Program Revenues					
Governmental activities					
Charges for services:					
General government	\$2,124,151	\$1,072,180	\$1,248,536	\$603,853	\$551,996
Public safety	191,964	199,137	572,295	113,112	122,074
Public works	0	0	0	668,347	443,695
Parks and recreation	323,999	361,444	351,497	591,871	539,792
Operating grants and contributions	6,445,180	5,614,030	5,242,315	5,570,258	4,075,055
Capital grants and contributions	17,335,681	7,856,470	4,185,783	2,847,325	1,692,749
Total governmental activities program revenues	<u>26,420,975</u>	<u>15,103,261</u>	<u>11,600,426</u>	<u>10,394,766</u>	<u>7,425,361</u>
Business-type activities:					
Charges for services:					
Golf course	1,430,200	1,369,313	1,326,003	1,388,009	1,337,477
Aquatics	421,185	461,381	460,480	490,405	466,250
Convention center	194,675	312,682	570,517	287,876	227,416
Operating grants and contributions	0	0	0	0	0
Capital grants and contributions	0	0	0	0	0
Total business-type activities	<u>2,046,060</u>	<u>2,143,376</u>	<u>2,357,000</u>	<u>2,166,290</u>	<u>2,031,143</u>
Total primary government program revenues	<u>\$28,467,035</u>	<u>\$17,246,637</u>	<u>\$13,957,426</u>	<u>\$12,561,056</u>	<u>\$9,456,504</u>
Net (Expense)/Revenue					
Governmental activities	(\$28,655,338)	(\$34,556,931)	(\$35,379,008)	(\$30,292,545)	(\$27,997,964)
Business-type activities	(1,874,291)	(1,948,482)	(2,021,691)	(2,077,793)	(2,324,103)
Total primary government net expense	<u>(\$30,529,629)</u>	<u>(\$36,505,413)</u>	<u>(\$37,400,699)</u>	<u>(\$32,370,338)</u>	<u>(\$30,322,067)</u>

Note: Only 5 years of data are shown above due to accrual basis figures being unattainable before FY03.

	Fiscal Year				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$10,835,880	\$13,163,115	\$10,797,549	\$10,401,190	\$9,590,687
Insurance premium taxes ^a	3,097,856	-	-	-	-
Wages and net profits taxes	37,247,653	37,285,158	35,711,658	29,965,370	22,315,645
Gain (loss) on sale of capital assets	(872,410)	44,519	6,107	(226,900)	47,927
Judgements and settlements	0	730,458	427,363	0	0
Investment income	2,253,732	1,787,940	957,679	588,707	160,956
Miscellaneous	159,972	148,603	1,302,587	1,235,134	609,723
Transfers	(2,406,373)	(2,318,501)	(1,651,859)	(1,613,157)	(3,312,325)
Total governmental activities	<u>50,316,310</u>	<u>50,841,292</u>	<u>47,551,084</u>	<u>40,350,344</u>	<u>29,412,613</u>
Business-type activities:					
Taxes					
Property taxes	0	0	0	512,710	415,371
Transient room taxes	369,162	373,236	379,571	0	0
Gain (loss) on sale of capital assets	0	(10,854)	10,386	(777)	0
Judgements and settlements	0	0	0	16,162	608,757
Investment income	59,860	55,069	39,089	11,987	10,486
Miscellaneous	0	0	17,542	0	0
Transfers	2,406,373	2,318,501	1,651,859	1,613,157	1,558,213
Total business-type activities	<u>2,835,395</u>	<u>2,735,952</u>	<u>2,098,447</u>	<u>2,153,239</u>	<u>2,592,827</u>
Total primary government	<u>\$53,151,705</u>	<u>\$53,577,244</u>	<u>\$49,649,531</u>	<u>\$42,503,583</u>	<u>\$32,005,440</u>
Changes in Net Assets					
Governmental activities	\$21,660,972	\$16,284,361	\$12,172,076	\$10,057,799	\$1,414,649
Business-type activities	961,104	787,470	76,756	75,446	268,724
Total primary government	<u>\$22,622,076</u>	<u>\$17,071,831</u>	<u>\$12,248,832</u>	<u>\$10,133,245</u>	<u>\$1,683,373</u>

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

Only 5 years of data are shown above due to accrual basis figures being unattainable before FY03.

Schedule 3
City of Bowling Green
Fund Balances, Governmental Funds
Last 10 Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General Fund										
Reserved	\$ 853,653	\$ 681,409	\$ 573,802	\$ 991,825	\$ 218,439	\$ 81,981	\$ 312,049	\$ 650,543	\$ 443,056	\$ 274,383
Unreserved	<u>20,593,019</u>	<u>21,042,696</u>	<u>16,742,378</u>	<u>10,721,868</u>	<u>6,356,566</u>	<u>5,296,729</u>	<u>4,967,068</u>	<u>6,528,991</u>	<u>6,471,511</u>	<u>6,035,724</u>
Total General Fund	<u>\$ 21,446,672</u>	<u>\$ 21,724,105</u>	<u>\$ 17,316,180</u>	<u>\$ 11,713,693</u>	<u>\$ 6,575,005</u>	<u>\$ 5,378,710</u>	<u>\$ 5,279,117</u>	<u>\$ 7,179,534</u>	<u>\$ 6,914,567</u>	<u>\$ 6,310,107</u>
All Other Governmental Funds										
Reserved	\$ 6,364,120	\$ 4,340,670	\$ 3,348,334	\$ 5,115,715	\$ 2,918,016	\$ 3,148,326	\$ 977,306	\$ 5,850,697	\$ 2,638,904	\$ 1,375,118
Unreserved, reported in:										
Special Revenue funds	7,658,317	8,367,593	7,091,740	5,305,482	4,666,800	4,935,865	4,745,790	5,344,930	4,795,362	4,243,548
Capital Projects funds	13,733,273	2,747,696	4,887,593	6,722,685	(1,005,211)	1,163,437	3,154,485	3,675,732	(1,055,760)	(373,797)
Debt Service funds	104,610	105,116	104,949 ^a	-	-	-	-	-	-	-
Permanent fund	<u>47,988</u>	<u>32,288</u>	<u>541,276</u>	<u>104,014</u>	<u>97,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 27,908,308</u>	<u>\$ 15,593,363</u>	<u>\$ 15,973,892</u>	<u>\$ 17,247,896</u>	<u>\$ 6,677,035</u>	<u>\$ 9,247,628</u>	<u>\$ 8,877,581</u>	<u>\$ 14,871,359</u>	<u>\$ 6,378,506</u>	<u>\$ 5,244,869</u>

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

Schedule 4
City of Bowling Green
Changes in Fund Balances, Governmental Funds
Last 10 Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Revenues										
Taxes	\$ 10,835,880 ^a	\$ 13,163,115	\$ 10,797,549	\$ 10,401,190	\$ 9,590,687	\$ 9,182,285	\$ 8,532,853	\$ 8,040,906	\$ 8,764,666	\$ 8,181,580
Insurance premium taxes	3,097,856 ^a	-	-	-	-	-	-	-	-	-
Wage and net profit taxes	37,406,227 ^b	37,285,157	35,711,658	31,085,066	23,100,389	21,700,035	20,372,698	20,145,980	18,063,553	16,677,492
Licenses and permits	735,949 ^b	-	-	-	-	-	-	-	-	-
Intergovernmental	11,392,786	9,868,433	9,428,098	8,417,583	5,767,804	5,421,909	5,023,739	4,877,776	4,333,273	3,833,551
Investment income	2,017,219 ^c	-	-	-	-	-	-	-	-	-
Charges for services	595,021	571,009	572,295	451,453	510,395	399,777	394,218	418,548	399,650	430,821
Parks and recreation	323,999	361,444	351,497	383,879	340,043	324,083	279,206	368,710	355,779	362,266
Miscellaneous	965,357	3,050,865	2,188,073	1,813,668	754,555	1,094,389	1,955,883	1,999,519	1,517,791	1,351,946
Total revenues	<u>67,370,294</u>	<u>64,300,023</u>	<u>59,049,170</u>	<u>52,552,839</u>	<u>40,063,873</u>	<u>38,122,478</u>	<u>36,558,597</u>	<u>35,851,439</u>	<u>33,434,712</u>	<u>30,837,656</u>
Expenditures										
General government	7,018,903	6,490,388	6,034,350	5,721,598	4,858,711	6,591,301	5,829,413	5,426,425	5,373,088	4,563,759
Public safety	21,382,962	19,849,913	17,481,667	15,716,344	14,079,630	12,068,648	12,772,406	12,964,877	11,257,640	10,199,692
Public works	7,369,126	7,518,741	6,504,418	5,204,488	4,935,979	4,716,384	6,541,610	7,267,295	5,105,235	4,500,375
Parks and recreation	5,107,121	4,274,028	3,913,462	3,722,246	3,698,588	3,281,851	4,544,635	4,142,750	3,397,841	2,944,997
Housing and community development	6,652,290	5,298,730	4,253,515	3,784,107	3,199,980	32,917,328	3,934,528	3,120,044	3,149,569	3,123,637
Community services	3,016,601	2,576,613	2,437,205	2,373,892	778,323	1,336,663	1,316,248	1,049,825	918,526	897,680
Miscellaneous	-	-	5,595	285,827	111,458	111,095	182,859	20,528	20,363	258,583
Capital outlay	9,324,923	6,254,064	9,846,885	10,198,474	3,547,072	2,936,024	7,945,496	6,753,576	3,792,979	2,734,932
Debt service:										
Principal	4,757,074	3,506,898	2,648,501	2,172,095	4,912,967	2,063,834	1,962,333	8,256,630	1,980,036	1,717,482
Interest and fiscal charges	3,403,076	3,403,726	3,576,060	3,206,406	2,866,115	1,931,663	1,550,308	1,055,204	921,869	940,895
Total Expenditures	<u>68,032,076</u>	<u>59,173,101</u>	<u>56,701,658</u>	<u>52,385,477</u>	<u>42,988,823</u>	<u>67,954,791</u>	<u>46,579,836</u>	<u>50,057,154</u>	<u>35,917,146</u>	<u>31,882,032</u>
Excess (deficiency) of revenues over (under) expenditures	(661,782)	5,126,922	2,347,512	167,362	(2,924,950)	(29,832,313)	(10,021,239)	(14,205,715)	(2,482,434)	(1,044,376)
Other Financing Sources (Uses)										
Transfers in	12,653,038	9,202,125	9,336,999	6,640,294	7,448,127	6,130,470	4,060,584	10,826,049	3,225,700	3,493,610
Transfers out	(15,186,551)	(11,448,126)	(10,893,858)	(8,148,010)	(10,360,452)	(8,429,858)	(6,277,790)	(12,375,641)	(4,623,242)	(5,112,694)
Debt issuance	-	-	1,630,000	14,658,705	-	-	-	-	-	-
Premium on general obligation bonds	83,038	-	-	237,204	-	-	-	-	-	-

	Fiscal Year									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Discount on general obligation bonds		-	-	(1,643)	-	-	-	-	-	-
Capital lease proceeds		-	1,708,594	212,000	3,253,128	-	3,580,000	855,000	375,000	-
General Obligation note proceeds		-	-	1,730,000	386,000	164,500	630,000	6,531,396	2,073,973	970,639
General Obligation bond proceeds	14,682,962	-	-	-	-	32,436,841	-	16,991,280	2,169,100	-
Proceeds of refunding bonds		-	-	-	-	5,542,079	-	-	-	-
Payments to refunding bonds escrow		-	-	-	-	(5,542,079)	-	-	-	-
Sale of capital assets	<u>466,807</u>	<u>1,146,475</u>	<u>199,236</u>	<u>213,637</u>	<u>110,366</u>	<u>-</u>	<u>134,250</u>	<u>135,451</u>	<u>1,000,000</u>	<u>-</u>
Total other financing sources (uses)	<u>12,699,294</u>	<u>(1,099,526)</u>	<u>1,980,971</u>	<u>15,542,187</u>	<u>837,169</u>	<u>30,301,953</u>	<u>2,127,044</u>	<u>22,963,535</u>	<u>4,220,531</u>	<u>(648,445)</u>
Net Change in fund balances	<u>\$12,037,512</u>	<u>\$ 4,027,396</u>	<u>\$ 4,328,483</u>	<u>\$ 15,709,549</u>	<u>\$ (2,087,781)</u>	<u>\$ 469,640</u>	<u>\$ (7,894,195)</u>	<u>\$ 8,757,820</u>	<u>\$ 1,738,097</u>	<u>\$ (1,692,821)</u>
Debt service as a percentage of noncapital expenditures	13.90%	13.06%	13.28%	12.75%	19.72%	6.15%	9.09%	21.50%	9.03%	9.12%

Note: (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.

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

Fiscal Year Ended June 30,	Total Gross Wages	Occupational Withholding Fees	Total Direct Tax Rate
1998	\$ 887,405,400	\$ 13,311,081	1.50%
1999	941,237,333	14,118,560	1.50%
2000	992,675,867	14,890,138	1.50%
2001	1,010,869,933	15,163,049	1.50%
2002	1,074,751,800	16,121,277	1.50%
2003	1,105,090,333	16,576,355	1.50%
2004	1,128,756,300	22,575,126	2.00%
2005	1,271,473,750	25,429,475	2.00%
2006	1,369,273,450	27,385,469	2.00%
2007	1,437,833,982	28,103,464	1.85% ¹

Source: City of Bowling Green, Department of Finance

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

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

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

<u>Fiscal Year</u>	<u>City of Bowling Green Direct Rate</u>	<u>Total Direct</u>
1998	1.50%	1.50%
1999	1.50%	1.50%
2000	1.50%	1.50%
2001	1.50%	1.50%
2002	1.50%	1.50%
2003	1.50%	1.50%
2004	2.00%	2.00%
2005	2.00%	2.00%
2006	2.00%	2.00%
2007	1.85%	1.85%

Source: City of Bowling Green, Department of Finance

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

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

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

Taxpayer	
<u>2007</u>	<u>1998</u>
BG Metalforming LLC	A T & T Corp.
Bowling Green Independent Schools	Bowling Green Independent Schools
City of Bowling Green	Greenview Hospital
Houchens Food Group Inc.	K Mart Corporation
NAO Comp Oper-North America Oper	Kroger Store
The Medical Center at BG	NAO Comp Oper-North America Oper
Union Underwear Co. LLC	The Medical Center at BG
Wal-Mart Assoc., Inc.	Union Underwear Co. LLC
Warren County Board of Education	Warren County Board of Education
Western Kentucky University	Western Kentucky University

Source: City of Bowling Green, Department of Finance

Note: Taxpayer information is listed alphabetically only.

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

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income (b)	Per Capita (b)
	General	Lease	Special	Notes	General	Lease	Notes			
	Obligation Bonds	Revenue Bonds	Assessment Bonds (a)	Payable and Capital Leases	Obligation Bonds	Revenue Bonds	Payable and Capital Leases			
1998	440,000	12,076,184	-	3,241,717	-	3,405,251	99,386	19,262,538	1.01%	397
1999	2,465,000	11,414,384	-	4,527,454	3,198,399	60,616	244,949	21,910,802	1.09%	452
2000	19,480,000	10,713,984	-	5,124,620	2,971,640	41,016	478,450	38,809,710	1.85%	800
2001	14,577,000	9,989,284	-	8,256,987	7,290,376	20,716	454,450	40,588,813	1.79%	812
2002	52,762,000	4,050,000	-	7,286,937	7,043,394	-	367,541	71,509,872	3.18%	1,430
2003	52,317,000	3,660,000	-	6,847,891	14,736,250	-	987,263	78,548,404	3.34%	1,511
2004	66,537,320	3,240,000	160,241	7,542,796	15,969,295	-	405,894	93,855,546	3.77%	1,805
2005	65,738,223	2,805,000	153,331	9,630,041	14,408,408	-	318,668	93,053,671	3.52%	1,789
2006	64,175,565	2,350,000	148,250	8,129,023	13,427,668	-	233,686	88,464,192	3.25%	1,701
2007	77,134,278	1,350,000	143,167	6,106,231	13,385,722	-	153,352	98,272,750	3.34%	1,890

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

(a) Warren County Water District bonds.

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

Schedule 9
City of Bowling Green
Ratios of General Bonded Debt Outstanding
Last 10 Fiscal Years

	Fiscal Year									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General bonded debt outstanding										
General obligation bonds	\$ 77,134,277	\$ 64,175,565	\$ 65,738,223	\$ 66,537,320	\$ 52,317,000	\$ 52,762,000	\$ 14,577,000	\$ 19,480,000	\$ 2,465,000	\$ 440,000
Lease revenue bonds	1,350,000	2,350,000	2,805,000	3,240,000	3,660,000	4,050,000	9,989,284	10,713,984	11,414,384	12,076,184
Special Assessment bonds	143,167	148,250	153,331	160,241	-	-	-	-	-	-
Total	78,627,444	66,673,815	68,696,554	69,937,561	55,977,000	56,812,000	24,566,284	30,193,984	13,879,384	12,516,184
Less: Amounts set aside to repay general debt	(104,610)	(105,116)	(105,482)	(106,397)	(100,325)	(1,475,212)	(47,606)	(82,685)	(51,623)	(64,581)
Net general bonded debt	<u>\$ 78,522,834</u>	<u>\$ 66,568,699</u>	<u>\$ 68,591,072</u>	<u>\$ 69,831,164</u>	<u>\$ 55,876,675</u>	<u>\$ 55,336,788</u>	<u>\$ 24,518,678</u>	<u>\$ 30,111,299</u>	<u>\$ 13,827,761</u>	<u>\$ 12,451,603</u>
Property Values	\$ 4,094,335,746	\$ 3,394,130,088	\$ 3,117,333,952	\$ 2,942,526,746	\$ 2,841,283,564	\$ 2,769,203,146	\$ 2,608,629,648	\$ 2,466,046,490	\$ 2,322,516,306	\$ 2,231,166,684
Percentage of estimated actual taxable value of property	1.92%	1.96%	2.20%	2.37%	1.97%	2.00%	0.94%	1.22%	0.60%	0.56%
Per capita (a)	1,510	1,280	1,319	1,343	1,075	1,107	490	621	285	257

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

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

Schedule 10
City of Bowling Green
Direct and Overlapping Governmental Activities Debt
As of June 30, 2007

Governmental Unit	Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Overlapping Debt
Bowling Green Independent Schools	\$ 17,645,000	100.00%	\$ 17,645,000
Warren County	73,559,000	58.68%	43,163,293
Warren County Schools	63,946,187	50.45%	32,258,322
Bowling Green Municipal Utilities	39,410,344	100.00%	<u>39,410,344</u>
Subtotal, overlapping debt			132,476,959
City direct debt			<u>94,166,847</u>
Total direct and overlapping debt			<u>\$ 226,643,806</u>

Notes:

(1) Gross debt, less reserves.

(2) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the City of Bowling Green.
(Warren County ratio = City + Annex/All Districts; Warren County Schools = Annex/County + Annex)

Sources:

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

Schedule 11
City of Bowling Green
Legal Debt Margin Information
Last 10 Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2007	
Assessed value	\$ 4,094,335,746
Debt Limit (10% of assessed value) ^(a)	409,433,575
Debt applicable to limit:	
General Obligation bonds	92,013,167
Notes and Capital Leases payable	6,259,586
Less: Amount set aside for repayment of general obligation debt	(104,610)
Less: Non tax-supported debt	(4,001,296)
Total net debt applicable to limit	94,166,847
Legal debt margin	<u>\$ 315,266,728</u>

	Fiscal Year									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Debt Limit	\$ 409,433,575	\$ 339,413,009	\$311,733,395	\$321,124,611	\$306,400,447	\$303,272,181	\$ 285,902,804	\$ 269,972,326	\$254,913,274	\$ 240,649,797
Total net debt applicable to limit	<u>94,166,847</u>	<u>80,217,030</u>	<u>85,646,789</u>	<u>93,892,441</u>	<u>81,334,054</u>	<u>70,875,508</u>	<u>41,548,886</u>	<u>39,639,040</u>	<u>25,158,608</u>	<u>22,928,701</u>
Legal Debt Margin	<u>\$ 315,266,728</u>	<u>\$ 259,195,979</u>	<u>\$226,086,606</u>	<u>\$227,232,170</u>	<u>\$225,066,393</u>	<u>\$232,396,673</u>	<u>\$ 244,353,918</u>	<u>\$ 230,333,286</u>	<u>\$229,754,666</u>	<u>\$ 217,721,096</u>
Total net debt applicable to limit as a percentage of debt limit	23.00%	23.63%	27.47%	29.24%	26.55%	23.37%	14.53%	14.68%	9.87%	9.53%

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

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

Stonehenge Sections I-V (a)					Cedar Grove Section IX (a)				
Fiscal Year	Special Assessment	Debt Service			Special Assessment	Debt Service			Coverage
	Collections	Principal	Interest	Coverage	Collections	Principal	Interest	Coverage	
1998	\$ 20,796	\$ 5,000	\$ 20,963	0.80	\$ 28,600	\$ 5,000	\$ 21,600	1.08	
1999	26,013	5,000	19,013	1.08	28,263	5,000	21,263	1.08	
2000	42,969	6,000	35,000	1.05	27,625	5,000	20,925	1.07	
2001	65,774	10,000	50,805	1.08	27,588	5,000	20,588	1.08	
2002	93,659	15,000	73,691	1.06	27,250	5,000	20,250	1.08	
2003	93,540	16,000	72,571	1.06	26,913	5,000	19,913	1.08	
2004	92,565	16,000	71,596	1.06	26,575	5,000	19,575	1.08	
2005	115,120	24,000	86,151	1.05	26,238	5,000	19,238	1.08	
2006	114,776	25,000	84,808	1.05	25,900	5,000	18,900	1.08	
2007	112,572	29,000	81,468	1.02	29,997	10,000	18,563	1.05	

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.

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

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Median Age (d)</u>	<u>School Enrollment (e)</u>	<u>Percentage of Workforce Unemployed (f)</u>
1998	48,500	1,908,684,000	21,303	29	16,791	4.1%
1999	48,500	2,004,328,000	22,062	29	17,122	3.1%
2000	48,500	2,100,645,000	22,945	29	16,933	2.9%
2001	50,000	2,270,047,000	24,463	29	17,410	3.8%
2002	50,000	2,252,222,000	24,133	29	20,257	4.5%
2003	52,000	2,350,211,000	24,957	29	15,514	4.5%
2004	52,000	2,489,642,000	26,056	29	15,944	4.3%
2005	52,000	2,644,620,000	27,218	29	15,469	5.5%
2006	52,000	2,723,959,000	28,035	29	15,791	5.2%
2007	52,000	2,941,885,397	29,737	29	16,502	4.6%

Sources: (a) Estimated population statistics obtained from the Kentucky Cabinet for Economic Development (www.thinkkentucky.com).

(b) Personal Income Numbers were obtained from www.workforcekentucky.ky.gov

(c) Income Per Capita obtained from www.workforcekentucky.ky.gov

(d) U.S. Department of the Census (2000 Census)

(e) Bowling Green Board of Education, Warren County Board of Education, and all private schools. Western Kentucky University is not included.

(f) U.S. Department of Labor, Bureau of Labor Statistics

Note: (1) 2007 Personal Income and Per Capita Income numbers were based on a 2.56% cost of living increase.

(2) Personal Income, Per Capita Income, and Unemployment numbers are for the full calendar year before fiscal year end.

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

<u>Employer</u>	2007			1998		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Western Kentucky University	3,006	1	6.96%	2,835	2	5.22%
The Medical Center at BG	1,899	2	4.40%	1,419	4	2.62%
Wal-Mart Assoc., Inc.	1,128	3	2.61%	---	---	---
Union Underwear Co. LLC	1,056	4	2.45%	996	7	1.84%
NAO Comp Oper-North America Oper	1,033	5	2.39%	1,088	6	2.01%
BG Metalforming LLC	992	6	2.30%	---	---	---
Warren County Board of Education	928	7	2.15%	1,186	5	2.19%
City of Bowling Green	627	8	1.45%	---	---	---
Bowling Green Independent Schools	575	9	1.33%	754	8	1.39%
Houchens Food Group Inc.	567	10	1.31%	---	---	---
K Mart Corporation	---		---	4,440	1	8.18%
A T & T Corp.	---		---	2,270	3	4.18%
Kroger Store	---		---	607	9	1.12%
Greenview Hospital	---		---	600	10	1.11%
Total	<u>11,811</u>		<u>27.35%</u>	<u>16,195</u>		<u>29.85%</u>

Source: City of Bowling Green, Department of Finance

Schedule 15
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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General government	44	44	46	46	41	43	42	39	38	36
Administration	6	4	4	4	4	4	4	11	11	5
Citizen's Assistance	7	9	9	9	7	9	9	-	-	6
Finance	17	17	19	20	20	20	20	23	22	18
Human Resources	6	6	6	6	5	5	5	5	5	3
Legal	2	2	2	2	-	-	-	-	-	-
Information Technology	6	6	6	5	5	5	4	-	-	4
Public Safety	260	257	247	239	234	224	220	213	217	211
Police										
Officier	107	103	97	95	90	90	88	85	87	86
Civilians	35	35	34	31	34	33	31	27	29	28
Fire										
Firefighters and officers	115	115	112	109	106	97	97	97	97	94
Civilians	3	4	4	4	4	4	4	4	4	3
Public Works	60	60	57	58	53	49	59	53	47	48
Parks and Recreation	58	60	60	58	57	57	60	56	52	53
Community Development	26	24	22	23	21	20	20	19	18	16
Total	448	445	432	424	406	393	401	380	372	364

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

Function/Program	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Citizen's Information										
Anti-Litter presentations/events	50	23	10 ^a	-	-	-	-	-	-	-
Neighborhood Meetings conducted	84	91	70	65	65	47	60	51	25 ^b	-
Finance										
Tax bills sent	20,444	20,330	19,714	19,555	19,453	19,465	18,921	18,530	18,178	17,618
Business registrations received	1,072	1,134	1,351	1,193	1,141	1,083	1,204	1,308	1,413	1,544
Human Resources										
Job applicants	2,505	1,386	942	611	1,631	873	942	640	772	950
Position filled	147	185	132	122	111	116	130	145	137	173
Police										
911 Service calls	54,294	55,730	53,226	50,789	49,138	46,510 ^c	29,776	26,010	25,622	29,861
Animal control calls	3,990	4,900	4,867 ^d	524	501	451	198	-	-	-
Traffic stops	14,066	3,237	3,367	3,281	3,568	3,575	3,607	3,216	3,287	3,389
Fire*										
Fire runs	2,475	2,292	2,741	3,161	4,231	4,223	4,032	3,653	4,559	-
Accident runs	534	405	578	648	497	404	607	727	803	-
Inspections	937	134	2,183	1,136	1,219	811	1,627	906	1,105	-
Public Works										
Street resurfacing (miles)	18	17	14	14	11	8	9	12	11	14
Potholes repaired	294	349	625	567	755	521	748	198	147	368
Parks and Recreation										
Fitness & Athletic participants	845,618	821,759	729,967	705,271	636,122	620,339	573,774	554,756	559,859	520,791
Visits to Community Center	298,315	110,929	109,599	120,000	126,998 ^e	192,383	174,669	205,631	197,280	191,967
Community Development										
Households receiving asst	579	663	616	628	602	600	569	540	541	500
Bldg/Electrical & Code inspections**	15,460	16,001	13,935	9,032	7,561	7,670	5,933	-	-	-

Notes: (a) The Anti-Litter program was established in 2005.
(b) The Neighborhood Meeting program was started in 1999.
(c) Beginning in 2002, Public Safety became the answering point for both landline and cell phone 911 calls in Warren County.
(d) Animal Control Program was developed in 2005, calls had previously been forwarded to the Sheriff's Department.
(e) Community Action volume is no longer tracked at the Bowling Green Community Center.

* Fire Department records dating back to fiscal year 1998 are incomplete.

** Records of Building, Electrical and Code inspections are unrecoverable prior to 2001.

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Police										
Police Stations	1	1	1	3	3	3	7	7	7	3
Substations	2	2	2	-	-	-	-	-	-	-
Fire										
Fire stations	5	5	5	5	5	5	5	5	5	4
Training centers	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	241	235	230	221	408	307	221	297	217	223
Sidewalks (miles)	88	106	106	207	207	207	64	64	64	77
Alleys (miles)	4	4	4	3	8	8	3	3	17	31
Parks and recreation										
Number of Parks	25	25	24	24	24	24	23	23	21	21
Acreage	970	944	886	886	886	881	881	881	809	809
Playgrounds	19	19	17	17	17	17	17	17	15	13
Baseball/Softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer fields	13	13	13	13	13	13	13	13	13	13
Community Centers	2	2	2	2	2	2	2	2	2	2
Community Development										
Building Permits Issued	2,400	2,787	2,765	2,488	2,331	2,061	2,252	1,056	1,054	916