

**City of Bowling Green**

**Comprehensive Annual Financial  
Report**

**For the Fiscal Year Ended June 30,  
2014**



**Issued by the  
Department of Finance**

# City of Bowling Green, Kentucky

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Year Ended June 30, 2014

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November 20, 2014

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

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Bowling Green (City) for the fiscal year ended June 30, 2014. The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and the reporting standards of the Governmental Accounting Standards Board (GASB). The CAFR includes all funds of the City and the component units.

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

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

The independent accounting firm of Mountjoy Chilton Medley LLP, Certified Public Accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2014 are free of any material misstatement.

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The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by the City; and evaluating the overall financial statement presentation. The independent auditor rendered an unmodified (“clean”) opinion that the City’s financial statements for the fiscal year ended June 30, 2014 are fairly presented in all material respects in conformity with GAAP. Their report is the first component in the Financial Section of this report.

Additionally, Mountjoy Chilton Medley LLP included an audit of federal grants in order to meet the requirements of federal grantor agencies as outlined by the federal Single Audit Act of 1984, the Single Audit Act Amendment of 1996, and related OMB Circular A-133. These standards require the auditor to report not only on the fairness of the representation of the financial statements, but also on the internal controls and compliance with legal requirements of the federal awards. These reports are published separately. Requests for a copy of the Single Audit Report should be directed 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 38.7 square miles, has a population estimated at 61,500 and serves as the retail, educational, medical, commercial, and social hub for south-central Kentucky and northern Tennessee. The labor market area, which measures employable workers that are 18 years and older, is measured at approximately 475,000 for the area encompassing a sixty minute drive from the City with an additional 26,000 workers being of age in the next two years.

The City operates under the City Manager form of government, one of the alternative forms of municipal government established under Kentucky Statutes. Under this form of government, a Mayor, who is elected for a term of four years, and four City Commissioners, who serve two years each, are all voted into office in non-partisan elections. The Mayor and the City Commissioners comprise the Board of Commissioners (Board), in which all legislative and executive authority of the City is vested. As such, the Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring all City staff. The Board appoints a City Manager, who serves as the Chief Administrative Officer of the City and enforces City ordinances and policy as well as carrying out day-to-day operations. The City’s workforce as of June 30, 2014, was comprised of 438 authorized full-time positions, with 61% of the employees dedicated to public safety.

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

In accordance with GASB Statement No. 39, “*The Financial Reporting Entity*”, and based on the foregoing criteria, the City has presented the Bowling Green Police and Firefighters’ Retirement Fund and the Convention Center Corporation as blended component units within the City’s basic financial statements because the component unit’s governing body is substantially the same as the governing body of the City, or the component unit provides services almost entirely to the City. Bowling Green Municipal

Utilities is included as a discretely presented component unit because the City is financially accountable and is able to impose its will on the organization or the component unit provides specific financial benefits or imposes specific financial burdens on the City. The Bowling Green - Warren County Airport, Bowling Green Independent School District, Housing Authority of Bowling Green, and other various related organizations providing services within the City do not meet the financial accountability criteria discussed above and, therefore, are excluded from this report.

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

### **Local Economy**

The local economy is comprised of a well-balanced blend of service, manufacturing, retail and other industries that support the City's main revenue source, the Employee Withholdings tax. Bowling Green is the home of Western Kentucky University (WKU), the city's largest employer with over 4,700 employees and a prime catalyst for the local economy. The University's total enrollment for the Fall 2013 semester was approximately 20,500, which was another robust year of enrollment. WKU also houses the nation's number one rated high school, the Gatton Academy for Mathematics and Sciences, for years 2012 - 2014 according to Newsweek. Other major employers include the General Motors Corvette assembly plant and two regional hospitals. In addition, countless local businesses continue to prosper in the community, and the entrepreneurial spirit is alive and well in the region.

Aggressive cooperative strategies are in place between the local governments, the Chamber of Commerce and the Economic Development Authority that continue to attract business and jobs to the community. The city consistently scores high in national rankings of preferred business location and favorable environments for the creation of and development of businesses due to rich economic, social and cultural environments. According to the Lane Report, Bowling Green and Warren County are attracting the top investments in the state, recognizing a 30% increase in announcements in the last year. Although the State of Kentucky posted a 33% decline in capital investment, the city's region realized a tripling of investment, including the largest investment and the third largest investments in the state as well as a doubling of jobs created.

Additional accolades Bowling Green has received in the past year include being ranked 13<sup>th</sup> in emerging metropolitan areas by Sperling's Best Places, an online site dedicated to the analysis of people and places. Forbes ranked Bowling Green as 28<sup>th</sup> of 200 locations for "Best Small Places for Business and Careers" and 28<sup>th</sup> for projected job growth through 2014. The positive rankings are a result of the City's low cost of living, which is 10.1% below national average, coupled with projected job growth of +3.2% and current

job growth of +2.0%. Forbes also ranks Bowling Green as one of the top 25 best places to retire in 2014 due to low cost of living, low home prices and favorable tax climates. The city was also recognized by the World Health Organization as an age-friendly city.

Bowling Green began to show signs of economic recovery during fiscal years 2011 and 2012 as revenues rebounded and positive growth returned. Fiscal year 2014 continued this trend with revenue collections outperforming the previous year by +4.3%. The payroll tax base posted a gain of approximately \$96.3 million, which increased employee withholding fee collections by \$1,781,000 or +5.6% over fiscal year 2013 and contributed to total withholding receipts of \$33.8 million. The employee withholding revenue category has increased by an average of 5.5% over the prior three years, a strong improvement compared to the short period of decline in 2008-09. The City's other important revenue source, net profit revenues, dropped \$42,000 or -0.6% during fiscal year 2014 from the prior year, but outperformed budgeted figures by +9.6% and contributed to a total collection of \$7,033,000. New business registrations issued during the fiscal year totaled 1,025.

Bowling Green's average unemployment rate during the past fiscal year decreased by -0.4% and ended the year below the state and on par with the national average. Bowling Green began fiscal year 2014 with an unemployment rate of 7.4%, versus 8.5% for the state and 7.3% nationally. By the end of the fiscal twelve months, the City's unemployment rate was 6.7%, versus 7.4% for the state and 6.1% for the nation. Bowling Green's unemployment rate during fiscal year 2014 averaged 6.8%.

Management is optimistic that the future of the local economy is bright and the economic recovery that began in late 2011 will be sustainable by the continuing efforts to attract jobs to the area. The City plans to continue its commitment of offering incentives to new businesses locating in the area and to encourage the expansions of existing businesses to grow the existing job base. Furthermore, Western Kentucky University will remain as a stabilizing force for the local economy along with the continued diversification of industries forming the local tax base.

### **Long-term Financial Planning**

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

### **Relevant Financial Policies**

The City maintains an adopted Financial Policies and Procedures document that addresses various areas of operations such as revenue collection, banking services, investments, debt management, budget management, and fund balance reserves. The Fund Balance policy is included in the document and dictates that the General Fund minimum reserve balance will be 20% of adopted General Fund revenues. Prior to fiscal year 2012, the minimum reserve balance was targeted at 15% of adopted revenues. Segregation of duties and internal controls are a common theme to achieve sound financial operations in the sections covering accounting, accounts payable, revenue collections, payroll, cash management, investments, fixed assets, and procurement card guidelines.



## **Major Initiatives**

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

Recent historic flooding in Bowling Green demonstrated the continued need to direct resources to the City's stormwater efforts. The fiscal year 2014 budget continued the increased commitment to the stormwater improvement effort, which is a significant undertaking that will take a number of years to fully implement. The Public Works Department has identified numerous drainage improvement projects of varying size and scope throughout the City. The fiscal year 2014 budget for stormwater totaled \$500,000. Projects range from deepening an existing basin, to constructing new retention basins on vacant parcels, to any number of smaller projects. Costs depend greatly upon the conditions, such as rock, level of protection desired (75-year storm, 100-year storm), and market conditions for bids.

The City completed the eighth year of participation in the sidewalk program in fiscal year 2014. The sidewalk program is designed to construct over 5,000 linear feet of new sidewalks and improve existing sidewalks. The program is funded with available reserves on a year-to-year basis with no debt being issued. Funds totaling \$400,000 were available during fiscal year 2014 for this program and an additional \$650,000 will be contributed in fiscal year 2015.

The Parks and Recreation department continued and completed several projects during fiscal year 2014. The Lovers Lane Soccer Complex project to construct a new building to house restrooms, storage and office space was completed during FY2014 for a total cost of \$233,235. HP Thomas Park also received a newly constructed shelter with restrooms during the fiscal year, costing \$201,900. Lampkin Park was allotted General Fund monies during FY2013 to provide funding for numerous improvements, including new dug-outs, backstops, field lighting, fencing, field improvements and irrigation; all projects were completed in 2014. The City Crosswinds Golf course underwent improvements during fiscal year 2014 including replacement of the lake liners and a water intake stabilization project.

## **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, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The GFOA has also given an Award for Outstanding Achievement in Financial Reporting to the City of Bowling Green for its Popular Annual Financial Report for the fiscal year ended June 30, 2013. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

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

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

Respectfully submitted,

A handwritten signature in black ink, reading "Jeff Meisel". The signature is written in a cursive, flowing style with a large initial "J" and "M".

Jeff Meisel, CPA  
Chief Financial Officer



Government Finance Officers Association

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

Presented to

**City of Bowling Green  
Kentucky**

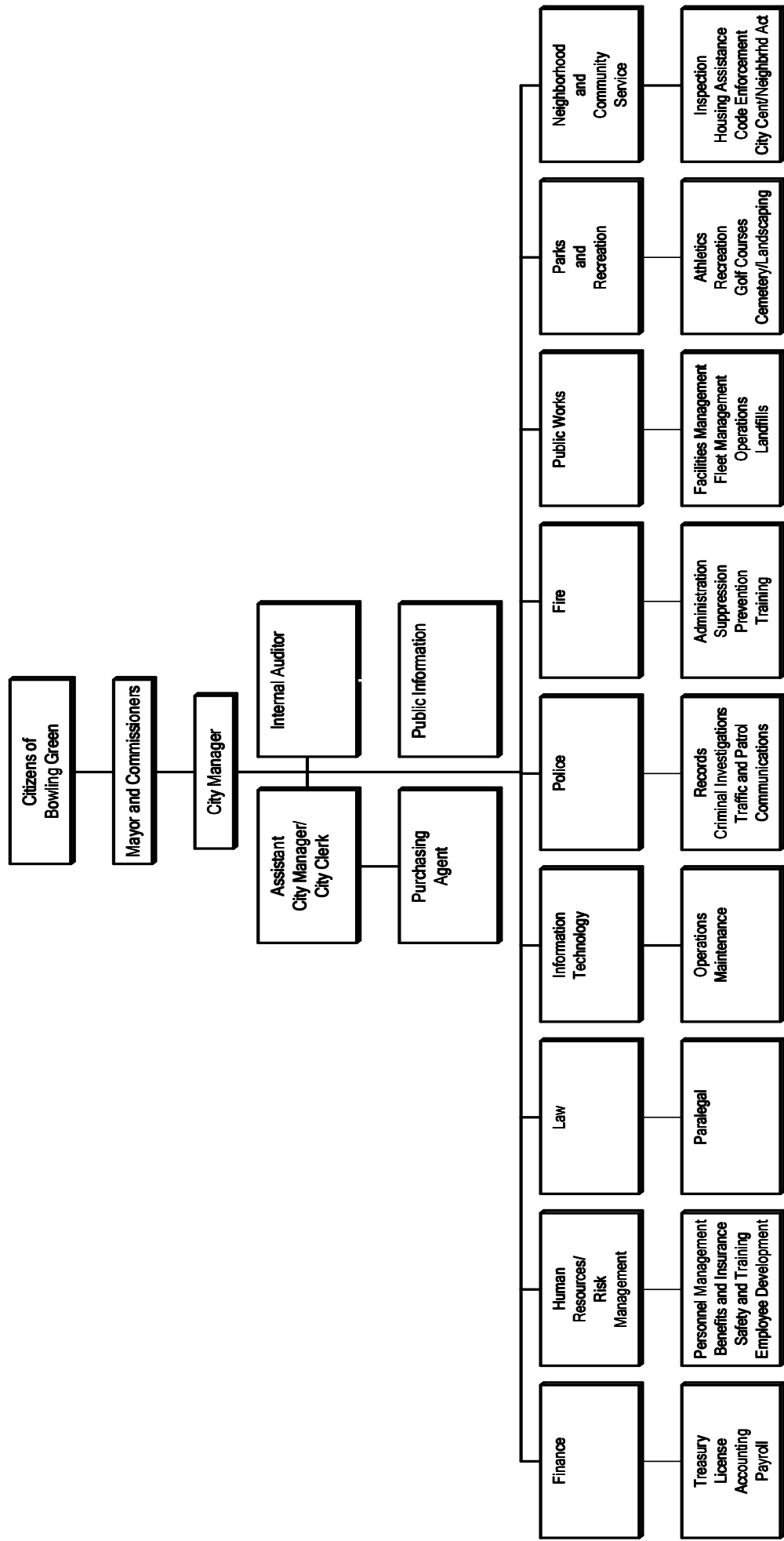
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director/CEO

# CITY OF BOWLING GREEN



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

Mayor and Commissioners

Bruce Wilkerson  
Melinda Hill  
Bill Waltrip  
Joe Denning  
Rick Williams

Mayor  
Mayor Pro Tem  
Commissioner  
Commissioner  
Commissioner

KEVIN D. DEFEBBO – CITY MANAGER

Administration:

Katie Schaller

Assistant City Manager/  
City Clerk  
Purchasing Agent  
Internal Auditor

Marilyn Parrigin  
Deborah Jenkins

Finance:

Jeff Meisel, CPA  
Wilma Brown

Chief Financial Officer  
Comptroller

Human Resources:

Michael Grubbs

Director

Law:

H. Eugene Harmon

City Attorney

Information Technology:

Lynn Hartley

Chief Information Officer

Public Safety:

Doug Hawkins  
Greg Johnson

Police Chief  
Fire Chief

Public Works:

Jeff Lashlee

Director

Parks and Recreation:

Brent Belcher

Director

Neighborhood and Community Services:

Brent Childers

Director



## **Independent Auditor's Report**

Honorable Bruce Wilkerson, Mayor  
and the Board of Commissioners  
City of Bowling Green  
Bowling Green, Kentucky

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bowling Green, Kentucky (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Policemen and Firemen's Retirement Fund which reflects total assets of \$7,552,085 and total additions of \$1,318,180 for the year ended June 30, 2014. We did not audit the financial statements of Bowling Green Municipal Utilities which represents all of the assets and the revenues as of and for the year ended June 30, 2014 of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Policemen and Firemen's Retirement Fund and Bowling Green Municipal Utilities is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

**Kentucky**  
**Indiana**  
**Ohio**

**Mountjoy Chilton Medley LLP**

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

## **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bowling Green as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13 through 24 and pages 68 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section on pages 1 through 9, combining and individual funds statements and schedules on pages 79 through 122, and the statistical section on pages 123 through 142 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Independent Auditor's Report (Continued)**

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Lexington, Kentucky  
November 20, 2014



## **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, 2014. The information presented here should be read in conjunction with the Letter of Transmittal and the financial statements immediately following this analysis.

### **Financial Highlights**

- The City’s assets exceeded liabilities at the close of the fiscal year by \$193.4 million (net position). This amount included \$13.3 million of resources that were restricted to specific projects by laws, regulations or contractual agreements. A total of \$23.3 million of resources were unrestricted and available to fund the City’s outstanding obligations and future programs.
- The City’s total net position increased \$10.4 million this year. Net position of governmental activities increased \$9.5 million and net position of business-type activities increased by \$0.9 million.
- As of June 30, 2014, the City’s governmental funds reported combined ending fund balances of \$48.5 million, a decrease of \$2.9 million from the prior year. Of this amount, \$4.2 million in the General Fund was unassigned and available for spending. The City’s General Fund minimum reserve policy is 20% of the adopted revenue budget, or \$10.7 million for FY14, and was reflected in the committed fund balance.
- The City’s governmental activities total liabilities decreased by \$2.3 million due to the payment of principal on outstanding debt. Business-type activity liabilities decreased by \$0.6 million due to the payment of principal on outstanding debt.

### **Overview of Financial Statements**

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

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

### **Government-Wide Financial Statements**

Government-wide financial statements include the Statement of Net Position and the Statement of Activities. The statements include all assets and liabilities using the accrual basis of accounting, which is

similar to the accounting used by most private-sector companies. In accrual accounting, revenues earned and expenses incurred in the fiscal year are taken into account in the financial statements regardless of when cash is actually received or paid.

The Statement of Net Position presents information on all the City's assets and liabilities as of June 30, 2014. Net position is the difference between assets and liabilities. Over time, increases or decreases in net position are one indicator of whether financial health is improving or deteriorating. Information on other factors, such as changes in the revenue structure and the condition of the City's assets, is also needed to assess the overall financial situation of the City.

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

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

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

## **Fund Financial Statements**

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

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

- Proprietary funds - When the City charges fees for services that are intended to cover the majority of the cost of providing the services - whether to outside customers or to other units of the City - the services are generally reported in proprietary funds. The subcategories of the funds include enterprise funds, which are business-type activities, and internal service funds that report services provided to internal units of government. The proprietary funds are reported in the same way that all activities are reported in the government-wide statements, but the fund statements provide more detail. The City considers the Golf Fund, the Aquatics Fund, and the Convention Center Fund to be major proprietary funds.

### **The City as Trustee**

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

### **Government-wide Financial Analysis**

#### **Net Position**

The following table summarizes the City's financial position as of June 30, 2014. The City reported assets greater than liabilities by \$193.4 million, an increase of \$10.4 million over last year. The gain in net position was primarily a result of increased cash from revenue collections in addition to expenditure reductions and an increase in depreciable and non-depreciable capital assets. Additionally, a restatement of FY13 figures was necessary due to the change in accounting principle in regards to GASB 65 in the amount of \$0.9 million. Of the \$193.4 million net position, \$156.8 million or 81.1% was the net investment in capital assets and \$23.3 million or 12.0% was unrestricted. The net position of governmental activity funds totaled \$178.7 million, with \$150.2 million or 84.1% net investment in capital assets and \$15.3 million or 8.6% unrestricted. The unrestricted net position of governmental funds included 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.

**Statement of Net Position**  
**June 30, 2014**  
*(in millions)*

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Restated)				(Restated)	
Current and other assets	\$105.9	\$104.3	\$8.2	\$7.2	\$114.1	\$111.5
Capital assets	186.0	183.1	12.9	13.6	198.9	196.7
Total assets	<u>291.9</u>	<u>287.4</u>	<u>21.1</u>	<u>20.8</u>	<u>313.0</u>	<u>308.2</u>
Deferred outflows	<u>2.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>2.7</u>	<u>0.0</u>
Long-term liabilities	103.3	106.2	5.1	5.8	108.4	112.0
Other liabilities	12.6	12.0	1.3	1.2	13.9	13.2
Total liabilities	<u>115.9</u>	<u>118.2</u>	<u>6.4</u>	<u>7.0</u>	<u>122.3</u>	<u>125.2</u>
Deferred inflows	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Net position:						
Net Investment in capital assets	150.2	137.1	6.7	6.8	156.8	144.0
Restricted for:						
Capital Projects	10.9	7.2	0.0	0.0	10.9	7.2
Community Development	1.4	1.6	0.0	0.0	1.4	1.6
Perpetual Care	1.0	0.9	0.0	0.0	1.0	0.9
Unrestricted	15.3	22.4	8.0	7.0	23.3	29.3
Total net position (Restated)	<u>\$178.7</u>	<u>\$169.2</u>	<u>\$14.7</u>	<u>\$13.8</u>	<u>\$193.4</u>	<u>\$183.0</u>

*\*Numbers may not total due to rounding*

The net position of the City's business-type activities totaled \$14.7 million. Of the net position total, \$6.7 million (46%) was net investment in capital assets and \$8.0 million (54%) was unrestricted.

### Analysis of City Operations

The following table summarizes City operations for the fiscal year ended June 30, 2014. Governmental activities increased the City of Bowling Green's net position by \$9.5 million, accounting for 91% of the total increase. The increase in net position was due to an increase in assets, particularly cash, as a result of improved revenue collections and expenditure reductions, in addition to an increase in depreciable and non-depreciable assets. Business-type activities increased the City's net position by \$0.9 million, which was 9% of the total increase. Likewise, the increase in business-type net position was related to growth in assets through reductions in spending at the golf courses.

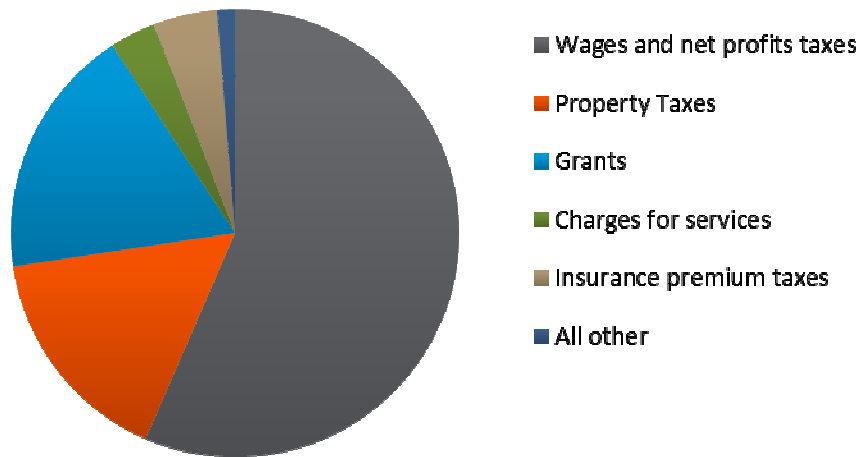
**Statement of Activities**  
**June 30, 2014**  
*(in millions)*

	Governmental Activities		Business-type Activities		Total Primary Government	
<b>Revenues</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	(Restated)				(Restated)	
Program Revenues:						
Charges for services	\$2.5	\$5.3	\$1.9	\$2.1	\$4.4	\$7.4
Operating grants and contributions	9.4	9.5	0.0	0.0	9.4	9.5
Capital grants and contributions	4.5	5.2	0.0	0.0	4.5	5.2
General revenue:						
Property taxes	12.3	11.8	0.1	0.0	12.4	11.8
Insurance premium taxes	3.5	3.3	0.0	0.0	3.5	3.3
Transient room taxes	0.0	0.0	0.4	0.4	0.4	0.4
Wages and net profits taxes	43.2	41.4	0.0	0.0	43.2	41.4
Other general revenues	1.1	0.9	0.1	0.0	1.2	0.9
Total revenues	<u>76.5</u>	<u>77.4</u>	<u>2.5</u>	<u>2.5</u>	<u>79.0</u>	<u>79.9</u>
<b>Program expenses</b>						
General government	14.9	16.3	0.0	0.0	14.9	16.3
Public safety	24.4	23.1	0.0	0.0	24.4	23.1
Public works	8.8	6.2	0.0	0.0	8.8	6.2
Parks and recreation	4.9	5.3	0.0	0.0	4.9	5.3
Neighborhood & community services	3.7	4.8	0.0	0.0	3.7	4.8
Community services	1.4	1.1	0.0	0.0	1.4	1.1
Interest on long-term debt (Restated)	6.9	7.5	0.0	0.0	6.9	7.5
Golf	0.0	0.0	1.7	2.0	1.7	2.0
Aquatics	0.0	0.0	0.9	0.9	0.9	0.9
Convention Center	0.0	0.0	1.0	0.7	1.0	0.7
Total expenses	<u>65.0</u>	<u>64.3</u>	<u>3.6</u>	<u>3.6</u>	<u>68.6</u>	<u>67.9</u>
Increase/decrease in net position before transfers	11.5	13.1	-1.1	-1.1	10.4	12.0
Transfers	-2.0	-2.4	2.0	2.4	0.0	0.0
Change in net positions	<u>9.5</u>	<u>10.7</u>	<u>0.9</u>	<u>1.2</u>	<u>10.4</u>	<u>12.0</u>
Net position, beginning of year (Restated)	169.2	158.5	13.8	12.6	183.0	171.0
Net position end of year	<u>\$178.7</u>	<u>\$169.2</u>	<u>\$14.7</u>	<u>\$13.8</u>	<u>\$193.4</u>	<u>\$183.0</u>

*\*Numbers may not total due to rounding*

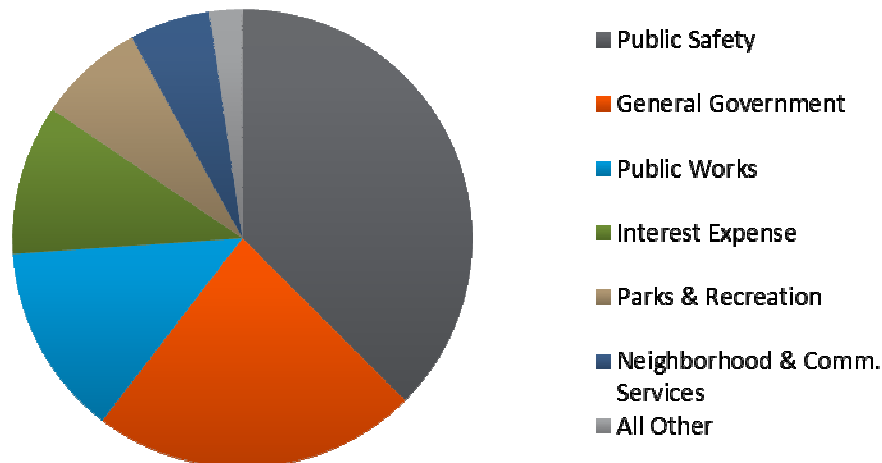
Total revenues for the City's governmental activities totaled \$76.5 million at June 30, 2014, compared to \$77.4 million in the prior year. The decrease in revenue was a result of a reduction in contributed capital infrastructure from private development and decreased revenue from charges and services. The City's largest source of revenue, wage and net profits taxes, totaled \$43.2 million or 56.5% of governmental revenue during FY2014. The second largest category of revenues was operating and capital grants and contributions, which accounted for \$13.9 million, or 18.2% of total revenue. Other revenue sources included property taxes (\$12.3 million), charges for services (\$2.5 million) and insurance premium taxes (\$3.5 million).

### Governmental Funds Revenue Sources



Current year total expenses of the City's governmental activities totaled \$65.0 million, compared to \$64.3 million in the prior year. The increase in expenses was a result of increases in Public Safety and Public Works spending and increased Community service costs. The City's largest expense category, Public Safety, ended the fiscal year with costs totaling \$24.4 million or 37.5% of total expenses during FY2014. The second largest category of expenses was General Government, with a total of \$14.9 million or 22.9% of total expenses. Other expense categories included interest expense (\$6.9 million), Public Works (\$8.8 million), Parks and Recreation (\$4.9 million) and Neighborhood and Community Services (\$3.7 million).

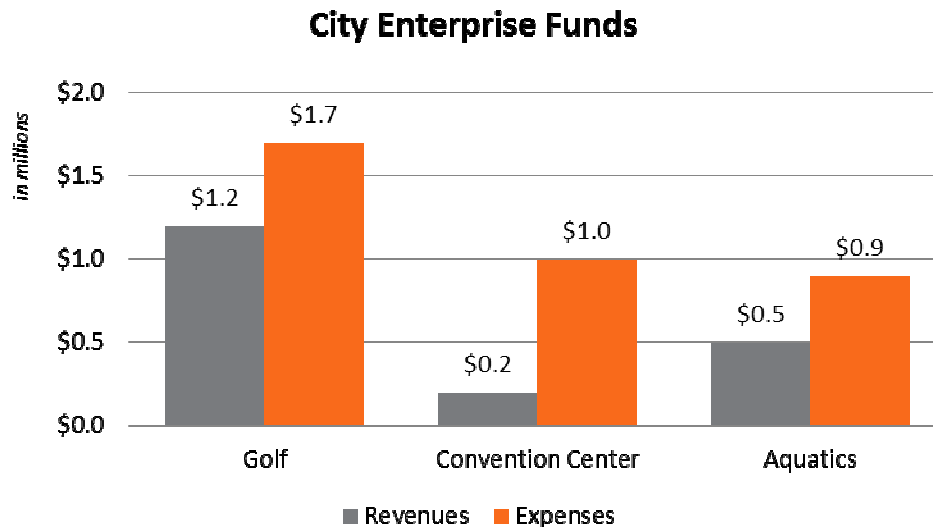
### Governmental Funds Expenditure Categories



### Business-type Activities

Revenues for business-type activities totaled \$2.5 million during fiscal year 2014 compared to \$2.5 million reported last year. The flat growth in revenue collections during fiscal year 2014 was a result of less than favorable weather but stable investment income. Of the \$2.5 million, \$1.9 million or 76.0% was from charges for services fees. Expenses for business-type activities totaled \$3.6 million during FY2014. The largest cost was due to the operation of three municipal golf courses that accounted for 47.2% of

business-type expenses. The Russell Sims Aquatic Center consumed 25.0% of business-type expenses and the operation of the Sloan Convention Center accounted for 27.8% of expenses. Transfers from special revenue funds (Parks Development and Job Development) helped to cover capital and debt service in the Golf and Aquatics funds. Neither fund received a transfer from the General Fund during FY14.



### Funds of the City of Bowling Green

The City's governmental funds for the year ended June 30, 2014 reflected a combined ending total fund balance of \$48.5 million, a decrease of \$2.9 million from the prior year. The decrease in fund balance was a result of increased debt service principal payments in the ITA bond fund. Of the \$48.5 million total fund balance, \$4.2 million was unassigned in the General Fund and available for spending at the City's discretion. The remaining balance was comprised of non-spendable, assigned, committed, and restricted amounts; indicating that the funds were not available for spending, or that spending was otherwise restricted by state statute or by City ordinance, or has been dedicated to pay outstanding contracts or purchase orders, or to fund future debt service payments, or intended to be used for specific purposes.

The total fund balance in the General Fund at June 30, 2014, was \$17.1 million, which represented a decrease of \$1.7 million from the prior year. The decrease in fund balance was mainly a result of savings from personnel attrition and an increase of occupational tax withholding revenue collections. Of the \$17.1 million total fund balance; unassigned fund balance was \$4.2 million and reflected 7.4% of General Fund revenues, representing residual net resources that have not been restricted, committed or assigned to specific purposes. Committed fund balance was \$10.7 million and was the General Fund's minimum reserve balance equal to 20% of budgeted revenues. Assigned fund balance totaled \$2.1 million or 3.7% of General Fund revenues; non-spendable fund balance was approximately \$118,000 and restricted was \$0. The fund balances for these categories represented prepaid items, spending restricted to specific purposes, and funds reserved to pay contracts and purchase orders outstanding as of June 30, 2014.

The WKU Athletics Fund is used to account for the revenues and expenditures associated with the City's \$29,580,000 General Obligation Refunding Bonds, Series 2010 and Series 2011. The original bond issuance was utilized to improve and increase public use of athletic and parking facilities belonging to

Western Kentucky University. The University reimburses the City for the total annual debt service of the bonds each year through student athletic fees.

The final major governmental fund, the Inter-Modal Transportation Authority, Inc. (ITA) Bond Fund, was used to account for the revenues and expenditures related to the refunding of ITA mortgage-backed bond issues that funded the acquisition and construction of the Kentucky Transpark. Total fund balance of the ITA Bond Fund was \$6.6 million as of June 30, 2014, compared to \$13.0 million in the prior fiscal year. Of the \$6.6 million total fund balance, \$5.1 million was restricted and \$1.5 million was assigned. The decrease in fund balance was due to the payment of debt service obligations with escrowed funds held in 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 position in the proprietary funds equaled \$14.7 million as of June 30, 2014, compared to \$13.8 million last year.

The Golf Fund's total net position remained unchanged for fiscal year 2014 and equaled \$3.6 million. The flat net position was due to continued reductions in personnel and supply and repair costs. Of the total net position, \$3.0 million represented the net investment in capital assets and the unrestricted net position was \$0.6 million.

The Aquatics Fund ended the year with a total net position of \$1.3 million, also unchanged from last year. This was a result of decreased repairs and supply costs compared to cost of living personnel expense increases. Of the total net position, unrestricted net position was \$1.3 million.

The Convention Center Fund total net position was \$9.9 million, an increase of \$1.0 million over last year. The gain in Convention Center fund net position was due to the increase in cash from greater interest receipts and reduced contractual spending. Of the total net position, \$3.6 million represented the net investment in capital assets, and \$6.2 million was unrestricted.

### **General Fund Budgetary Highlights**

Over the course of the fiscal year, the City Commission approved revisions of the General Fund's budget four times in order to make adjustments for additional revenues collected and to add projects not anticipated when the budget was initially adopted. In all, the revenue budget was increased by \$149,000 or +0.2%. The changes are briefly summarized below.

Original revenue estimates were changed by the following:

Grants	\$94,000
Contributions & Donations	55,000

The comparison of actual revenue to the final amended revenue budget yields significant budgetary variances for employee withholdings (+\$2.1 million), net profits (+\$0.6 million), and real estate taxes (+\$0.4 million). An optimistic but conservative approach was utilized to project FY2014 employee withholdings and growth of +2.7% was assumed in the budget process. During the fiscal year, employee withholdings realized actual collections of +5.5% over the previous year. Net profits continued to rebound in fiscal year 2014 and resulted in \$611,000 of excess collections above the estimated budget. Property



tax collections for the year also exceeded budget expectations as a result of higher property value assessments.

The total expenditure budget was increased by \$566,000 (+1.3%) during the fiscal year. The increase was primarily due to the better than expected tax increment financing (TIF) district revenues that resulted in a corresponding appropriation to the Warren County Downtown Economic Development Authority. Also, the state TIF revenues totaling \$351,000 under Community Services were appropriated for future debt service obligations. Other major changes are due to the following:

General Government	\$83,000
Public Safety	-241,000
Parks and Recreation	175,000
Neighborhood & Community Services	-158,000
Other Community Services	374,000
Public Works	-18,000

The comparison of actual expenditures to the final amended expenditure budget results in significant budgetary variances in the following activities: Community services (\$750,000), Public Works (\$550,000) and General Government (\$300,000). The positive variances are a result of unspent budgeted projects, disciplined under-spending and budget cuts made during fiscal year 2014.

### **Capital Assets**

The City's investment in capital assets totaled \$198.9 million as of June 30, 2014, which was an increase of \$2.2 million over last year. This investment included land, buildings, infrastructure, improvements, vehicles, equipment and intangible assets. For governmental activities, investments totaled \$186.0 million, an increase of \$2.9 million over FY13.

This year's major capital additions included the following:

Purchase of downtown traffic signal system	\$259,292
Lover's Lane Soccer Complex restroom/storage facility construction	233,235
HP Thomas shelter and restroom construction	201,900
International street sweeper with Schwarze body	163,971
Kereiakes Park basketball and tennis court improvements	137,512
City Hall security improvements	113,869
Microsoft Exchange email software and installation	86,316
Lampkin Park Cobb Field improvements	71,491
Police Department security improvements	62,406
Covington Cemetery on Lois Lane	58,500
Police Department bulk storage facility construction	54,385
Acquisition of 519 West Main for future park	50,279

The following table summarizes the changes in net capital assets:

*(Net of Depreciation, stated in millions)*

	Governmental Activities		Business-type		Total Primary	
	2014	2013	2014	2013	2014	2013
Land (including Restricted Land)	\$17.7	\$17.6	\$2.7	\$2.7	\$20.4	\$20.3
Infrastructure	115.4	114.1	0.0	0.0	115.4	114.1
Buildings	27.9	28.2	6.3	6.6	34.2	34.8
Improvements other than buildings	14.6	15.3	3.4	3.8	18.0	19.1
Vehicles, equipment, and furniture	3.5	3.8	0.3	0.3	3.8	4.1
Construction in progress	4.3	1.5	0.1	0.0	4.4	1.5
Intangibles	2.6	2.6	0.0	0.0	2.6	2.6
Property held under capital lease	0.0	0.0	0.1	0.2	0.1	0.2
Total*	<u>\$186.0</u>	<u>\$183.1</u>	<u>\$12.9</u>	<u>\$13.6</u>	<u>\$198.9</u>	<u>\$196.7</u>

*\*Numbers may not total due to rounding*

The City has elected to apply the Modified Approach to accounting for street and sidewalk infrastructure systems as set forth in GASB 34. With this approach, the City uses an overall condition index (OCI) to assess the surface condition of individual pavement segments. The City's policy is to consider streets and sidewalks in need when the OCI rating falls below minimum functional classification values. The City's most recent assessment in 2014 found that 98% of streets and 90% of sidewalks met or exceeded this goal. The estimated amount needed to maintain City streets at the specified levels for FY2014 was \$1,000,000 and \$100,000 for sidewalks, which was included in the FY15 budget. Additional information on the City's capital assets activity can be found in note 3C.

### **Debt Administration**

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

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

At the end of the Fiscal Year, the City had \$114.9 million in bonds and notes outstanding net of bond discounts and premiums. During FY2014, the City issued \$3,595,000 in General Obligation Refunding Bonds, Series 2013C for the purpose of refinancing \$3,640,000 of the Series 2003 General Obligation Refunding Bonds.

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

**Outstanding Debt at Year End**  
**June 30, 2014**  
*(in millions)*

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
General obligation & revenue bonds	\$104.4	\$110.5	\$6.2	\$7.3	\$110.6	\$117.8
Notes & lease purchase agreements	2.5	2.9	0.0	0.0	2.5	2.9
Compensated absences	1.7	1.7	0.0	0.0	1.7	1.7
Landfill post-closure costs	1.9	1.3	0.0	0.0	1.9	1.3
Bond premiums, discounts, refunding loss	-1.8	-2.0	0.0	-0.5	-1.8	-2.5
Total	<u>\$108.7</u>	<u>\$114.4</u>	<u>\$6.2</u>	<u>\$6.8</u>	<u>\$114.9</u>	<u>\$121.2</u>

*\*Numbers may not total due to rounding*

The City maintains bond ratings of “Aa2” from Moody's and “AA” from Standard & Poors. Despite the provisions for the issuance of GO debt already discussed, legal limits remain on the total amount of GO indebtedness that may be incurred. The Kentucky Constitution provides that the total principal amount of City net indebtedness, which excludes self-supporting obligations, revenue bonds, special assessment debt, and non-tax supported debt (net debt applicable to limit), cannot exceed 10% of the value of taxable property in the City (\$510,574,000). Therefore, the current debt margin of the City is \$399.3 million (See Statistical Schedule 11).

### Next Year's Budget

During the budget planning for FY2015, revenue growth projections were kept conservative to avoid budget shortfall and constrain spending. However, adjustments were made in certain revenue lines to align with what was shaping up with the FY2014 actuals at the time, particularly in the occupational license fee revenues. The FY2015 adopted General Fund budget is balanced without any budgeted utilization of fund balance.

The FY2015 adopted expenditure budget for all funds increased by 0.4% over the FY2014 original budget and includes a 2.0% cost of living (COLA) adjustments for all employees and average step adjustments of an additional 1.28% for most employees. There is \$20.2 million budgeted for Capital Improvement Projects, which includes debt service. This is a -9.0% decrease from the \$22.2 million CIP budget in FY2014. The FY2015 budget also continues funding in committed fund balance equal to 20% of adopted general fund revenue budget or \$11.8 million. The committed fund balance acts as the City's 'rainy day' account and can be accessed by a majority Board of Commissioners vote.

Improvements in community livability, traffic and roads, parks and golf courses, and technology are some of the highlights of the FY2015 capital budget. The City also plans to fund the new BG Reinvestment/Local Strategy Area with CDBG allocations and general fund dollars to make neighborhood improvements within targeted areas, funding in the total amount of \$500,000 has been

appropriated. A more significant change in the FY2015 budget proposal is the discontinuation of the Enterprise Fund accounting system for the Golf and Aquatics programs. Both programs will be incorporated into the General fund for accounting and budgetary purposes, while the Convention Center Corporation (CCC) will be the only remaining Enterprise Fund. Finally, the Convention Center Corporation and the City have entered into an agreement where the CCC will begin to advance \$300,000 to the Parks Development fund for the next five years. At the end of the five years, the Parks Development fund will begin to pay back the Convention Center fund over the following 15 years. This agreement went into effect with the FY2015 budget year.

### **Requests for Information**

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

**City of Bowling Green, Kentucky**  
**Statement of Net Position**  
**June 30, 2014**

	Primary Government			Component
	Governmental	Business-Type	Total	Units
	Activities	Activities		
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 33,710,218	\$ -	\$ 33,710,218	\$ -
Non-pooled cash and cash equivalents	1,132,561	4,566,646	5,699,207	15,801,977
Investments	17,460,481	3,601,196	21,061,677	100,000
Receivables (net):				
Accounts	79,709	16,270	95,979	10,294,830
Other	270,919	-	270,919	6,374,673
Accrued interest	46,007	647	46,654	-
Due from other governmental units	467,121	-	467,121	-
Due from Western Kentucky University	27,250,000	-	27,250,000	-
Prepaid items	440,847	-	440,847	582,138
Prepaid rent	18,889,063	-	18,889,063	-
Inventories	163,078	72,496	235,574	1,177,677
Other assets	-	-	-	797,767
Restricted assets:				
Non-pooled cash and cash equivalents	5,975,717	-	5,975,717	-
Restricted cash - TVA	-	-	-	433,416
Investments	-	-	-	7,785,999
Capital assets, net of accumulated depreciation:				
Non-depreciable	126,588,408	2,792,408	129,380,816	4,850,024
Depreciable	59,432,099	10,083,528	69,515,627	192,673,076
Total assets	291,906,228	21,133,191	313,039,419	240,871,577
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amounts from refunding debt	2,728,173	2,937	2,731,110	300,401
<b>LIABILITIES</b>				
Vouchers and accounts payable	1,306,693	66,977	1,373,670	9,220,373
Accrued payroll	1,424,161	83,364	1,507,525	-
Accrued interest payable	733,258	14,961	748,219	1,180,359
Insurance claims payable	314,140	-	314,140	-
Other current liabilities	-	-	-	2,248,405
Unearned revenue	205,269	-	205,269	12,040
Deposits	521,607	-	521,607	4,751,408
Noncurrent liabilities:				
Due within one year				
Compensated absences	955,333	22,579	977,912	735,352
Bonds payable	6,707,825	1,123,892	7,831,717	4,529,940
Notes and capital lease obligations	348,278	13,238	361,516	41,283
Landfill closure and post closure costs	61,914	-	61,914	-
Due in more than one year				
Bonds payable	98,611,514	5,067,373	103,678,887	88,266,844
Notes and capital lease obligations	2,111,194	8,433	2,119,627	85,823
Compensated absences	772,545	11,548	784,093	393,542
Landfill closure and post closure costs	1,852,328	-	1,852,328	-
Advances from customers and TVA	-	-	-	56,861
Total liabilities	115,926,059	6,412,365	122,338,424	111,522,230
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts from refunding debt	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	150,159,869	6,665,937	156,825,806	106,428,270
Restricted for:				
Debt service	-	-	-	6,168,369
Capital projects	10,912,846	-	10,912,846	-
Community development	1,382,493	-	1,382,493	-
Perpetual care (nonexpendable)	996,573	-	996,573	-
Unrestricted	15,256,561	8,057,826	23,314,387	17,053,109
Total net position	\$ 178,708,342	\$ 14,723,763	\$ 193,432,105	\$ 129,649,748

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Activities**  
**Year Ended June 30, 2014**

Function/Programs	Program Revenues			Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Component Units
<b>PRIMARY GOVERNMENT</b>							
Governmental activities:							
General government	\$ 14,940,954	\$ 1,898,623	\$ 3,774,146	\$ 1,410,693	\$ (7,857,492)	\$ -	\$ (7,857,492)
Public safety	24,384,208	259,539	1,419,205	1,662,748	(21,042,716)	-	(21,042,716)
Public works	8,781,909	-	815,183	1,469,018	(6,497,708)	-	(6,497,708)
Parks and recreation	4,899,266	381,975	6,100	-	(4,511,191)	-	(4,511,191)
Neighborhood and comm. services	3,734,515	-	3,373,158	2,192	(359,165)	-	(359,165)
Community services	1,362,100	-	-	-	(1,362,100)	-	(1,362,100)
Interest expense	6,869,043	-	-	-	(6,869,043)	-	(6,869,043)
Total governmental activities	64,971,995	2,540,137	9,387,792	4,544,651	(48,499,415)	-	(48,499,415)
Business-type activities:							
Golf course	1,750,037	1,247,622	-	-	-	(502,415)	(502,415)
Aquatics	884,172	449,284	-	-	-	(434,888)	(434,888)
Convention center	984,699	210,800	-	-	-	(773,899)	(773,899)
Total business-type activities	3,618,908	1,907,706	-	-	-	(1,711,202)	(1,711,202)
Total primary government	\$ 68,590,903	\$ 4,447,843	\$ 9,387,792	\$ 4,544,651	(48,499,415)	(1,711,202)	(50,210,617)
<b>COMPONENT UNITS</b>							
Bowling Green Municipal Utilities	\$ 108,906,225	\$ 111,612,638	\$ -	\$ 1,253,766	-	-	3,960,179
Total component units	\$ 108,906,225	\$ 111,612,638	\$ -	\$ 1,253,766	-	-	3,960,179
<b>General revenues:</b>							
Property taxes					12,253,118	100,322	12,353,440
Insurance premium taxes					3,545,527	-	3,545,527
Transient room taxes					-	405,516	405,516
Wages and net profits taxes					43,188,734	-	43,188,734
Investment income					597,329	85,883	683,212
Loss on sale of capital assets					(98,712)	-	(98,712)
Miscellaneous					562,905	35	562,940
Total general revenues					60,048,901	591,756	60,640,657
Transfers					(2,044,823)	2,044,823	-
					58,004,078	2,636,579	60,640,657
Change in net position					9,504,663	925,377	10,430,040
Net position, beginning of year					170,138,393	13,798,386	183,936,779
Change in accounting principle - GASB65					(934,714)	-	(934,714)
Net position, beginning of year, restated					169,203,679	13,798,386	183,002,065
Net position, end of year					\$ 178,708,342	\$ 14,723,763	\$ 193,432,105
							\$ 129,649,748

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Balance Sheet – Governmental Funds**  
**June 30, 2014**

	General	WKU Athletics	Debt Service	ITA Bond	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ 9,011,248	\$ -	\$ -	\$ 1,498,463	\$ 19,892,773	\$ 30,402,484
Non-pooled cash and cash equivalents	139,966	-	-	-	992,595	1,132,561
Investments	10,140,285	-	-	-	3,332,242	13,472,527
Receivables (net of allowances for uncollectibles):						
Accounts	51,177	-	-	-	19,203	70,380
Western Kentucky University	-	27,250,000	-	-	-	27,250,000
Interest	33,095	-	-	-	4,674	37,769
Due from other governmental units	108,568	-	-	-	358,553	467,121
Prepaid items	117,847	-	-	-	-	117,847
Restricted assets:						
Non-pooled cash and cash equivalents	-	-	-	5,080,995	894,722	5,975,717
<b>Total assets</b>	<b>\$ 19,602,186</b>	<b>\$ 27,250,000</b>	<b>\$ -</b>	<b>\$ 6,579,458</b>	<b>\$ 25,494,762</b>	<b>\$ 78,926,406</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Vouchers and accounts payable	\$ 369,517	\$ -	\$ -	\$ -	\$ 696,764	\$ 1,066,281
Accrued payroll	1,374,556	-	-	-	24,193	1,398,749
Unearned revenue	205,269	27,250,000	-	-	-	27,455,269
Security deposits	521,607	-	-	-	-	521,607
<b>Total liabilities</b>	<b>2,470,949</b>	<b>27,250,000</b>	<b>-</b>	<b>-</b>	<b>720,957</b>	<b>30,441,906</b>
<b>Fund Balances</b>						
<b>Non-spendable</b>						
Prepaid items	117,847	-	-	-	-	117,847
<b>Restricted for:</b>						
Cemetery perpetual	-	-	-	-	894,722	894,722
Community services	-	-	-	-	822,141	822,141
Public works	-	-	-	-	2,832,079	2,832,079
Public safety	-	-	-	-	1,899,394	1,899,394
Debt service reserve	-	-	-	5,080,995	-	5,080,995
Parks and recreation	-	-	-	-	26,506	26,506
<b>Committed to:</b>						
Economic stabilization	10,716,400	-	-	-	957,567	11,673,967
Public safety	-	-	-	-	1,717,297	1,717,297
Public works	-	-	-	-	2,047,643	2,047,643
<b>Assigned to:</b>						
Capital projects	652,089	-	-	-	10,500,031	11,152,120
Debt service	-	-	-	1,498,463	-	1,498,463
General government	276,422	-	-	-	2,685,706	2,962,128
Public safety	101,634	-	-	-	-	101,634
Public works	680,822	-	-	-	-	680,822
Neighborhood and community service	87,549	-	-	-	288,868	376,417
Parks and recreation	238,124	-	-	-	-	238,124
Other purposes	62,574	-	-	-	101,851	164,425
<b>Unassigned</b>	<b>4,197,776</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,197,776</b>
<b>Total fund balances</b>	<b>17,131,237</b>	<b>-</b>	<b>-</b>	<b>6,579,458</b>	<b>24,773,805</b>	<b>48,484,500</b>
<b>Total liabilities and fund balances</b>	<b>\$ 19,602,186</b>	<b>\$ 27,250,000</b>	<b>\$ -</b>	<b>\$ 6,579,458</b>	<b>\$ 25,494,762</b>	<b>\$ 78,926,406</b>

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Position**  
**June 30, 2014**

Fund balances - total governmental funds \$ 48,484,500

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

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

Governmental capital assets	227,023,224	
Less accumulated depreciation	<u>(41,120,717)</u>	185,902,507

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

7,315,466

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.

27,520,919

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

18,889,063

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	(104,365,653)	
Premiums, deferred charges and discounts on bond obligations	1,774,487	
Notes and lease purchase agreements	(2,459,472)	
Accrued interest payable	(733,258)	
Accrued compensated absences	(1,705,975)	
Landfill postclosure care	<u>(1,914,242)</u>	<u>(109,404,113)</u>

Total net position		<u><u>\$ 178,708,342</u></u>
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See accompanying notes.



**City of Bowling Green, Kentucky  
Statement of Revenues, Expenditures and Changes in Fund Balances – Government Funds  
Year Ended June 30, 2014**

	General	WKU Athletics	Debt Service	ITA Bond	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 11,666,446	\$ -	\$ -	\$ -	\$ 483,487	\$ 12,149,933
Insurance premium taxes	1,569,404	-	-	-	1,976,123	3,545,527
Wages and net profits taxes	40,873,746	-	-	-	2,314,988	43,188,734
Licenses and permits	1,053,434	-	-	-	-	1,053,434
Intergovernmental	122,881	2,470,690	-	-	7,168,308	9,761,879
Investment income	129,852	-	-	299,458	109,794	539,104
Charges for services	566,006	-	-	-	107,235	673,241
Parks and recreation	348,223	-	-	-	-	348,223
Rent income	-	-	-	1,303,456	-	1,303,456
Miscellaneous	160,492	-	-	-	2,047,389	2,207,881
Total Revenues	56,490,484	2,470,690	-	1,602,914	14,207,324	74,771,412
<b>EXPENDITURES</b>						
Current:						
General government	5,322,277	-	-	-	-	5,322,277
Public safety	23,846,189	-	-	-	2,204,732	26,050,921
Public works	5,618,465	-	-	-	1,824,046	7,442,511
Parks and recreation	5,495,960	-	-	-	-	5,495,960
Neighborhood and community services	1,427,597	-	-	-	3,563,741	4,991,338
Community services	1,362,928	-	-	675,000	-	2,037,928
Capital Outlay	-	-	-	-	6,092,831	6,092,831
Debt Service:						
Principal	-	1,540,000	3,524,281	7,410,000	505,000	12,979,281
Interest and fiscal charges	-	930,690	1,481,255	1,283,798	1,105,438	4,801,181
Total Expenditures	43,073,416	2,470,690	5,005,536	9,368,798	15,295,788	75,214,228
Excess (deficiency) of revenues over (under) expenditures	13,417,068	-	(5,005,536)	(7,765,884)	(1,088,464)	(442,816)
Other financing sources (uses):						
Transfers in	-	-	5,005,536	1,329,967	10,717,024	17,052,527
Transfers out	(15,356,721)	-	-	-	(4,390,629)	(19,747,350)
Proceeds from the sale of capital assets	260,653	-	-	-	7,200	267,853
Total other financing sources (uses)	(15,096,068)	-	5,005,536	1,329,967	6,333,595	(2,426,970)
Net change in fund balances	(1,679,000)	-	-	(6,435,917)	5,245,131	(2,869,786)
Fund balances, beginning	18,810,237	-	-	13,015,375	19,528,674	51,354,286
Fund balances, ending	\$ 17,131,237	\$ -	\$ -	\$ 6,579,458	\$ 24,773,805	\$ 48,484,500

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of the Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2014**

Net change in fund balances - total governmental funds \$(2,869,786)

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

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

Capital asset additions	6,796,905	
Depreciation expense	(3,543,208)	
Sales of capital assets	<u>(366,565)</u>	2,887,132

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

Payments on these receivables are recorded as revenue in the governmental funds and reduction of the receivable in the statement of net position. (1,554,264)

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term and related items. 6,322,575

Principal and interest payments made in relation to refunded ITA debt are current expenditures in the governmental funds. These items are recorded as prepaids in the statement of activities as they represent a long term lease agreement. 5,859,973

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. 32,810

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	(34,810)	
Landfill postclosure care	(646,501)	

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. (492,466)

Change in net position of governmental activities \$ 9,504,663

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Net Position – Proprietary Funds**  
**June 30, 2014**

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Golf	Aquatics	Convention Center	Total
<b>ASSETS</b>				
Current Assets				
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Non-pooled cash and cash equivalents	738,660	1,123,745	2,704,241	4,566,646
Investments	-	261,898	3,339,298	3,601,196
Accounts receivable	577	-	15,693	16,270
Interest receivable	-	131	516	647
Lease receivable from component unit	-	-	26,929	26,929
Inventories	72,496	-	-	72,496
Prepaid items	-	-	-	-
Total current assets	811,733	1,385,774	6,086,677	8,284,184
Noncurrent portion of lease receivable from component unit	-	-	113,858	113,858
Capital assets				
Land	248,543	200,991	2,290,764	2,740,298
Construction in progress	52,110	-	-	52,110
Buildings	1,734,994	210,684	10,562,775	12,508,453
Improvements other than buildings	-	5,647,802	-	5,647,802
Golf course improvements	4,855,613	-	-	4,855,613
Machinery and equipment	780,063	31,516	1,442,358	2,253,937
Property held under capital lease	306,633	-	-	306,633
	7,977,956	6,090,993	14,295,897	28,364,846
Less accumulated depreciation	(4,484,004)	(4,057,592)	(6,947,314)	(15,488,910)
Capital assets, net	3,493,952	2,033,401	7,348,583	12,875,936
Total noncurrent assets	3,493,952	2,033,401	7,462,441	12,989,794
Total assets	\$ 4,305,685	\$ 3,419,175	\$ 13,549,118	\$ 21,273,978
<b>DEFERRED OUTFLOWS</b>				
Deferred amounts from refunding debt	\$ -	\$ -	\$ 2,937	\$ 2,937
<b>LIABILITIES</b>				
Current liabilities				
Vouchers and accounts payable	35,470	31,507	-	66,977
Accrued payroll	42,224	40,522	618	83,364
Accrued interest payable	2,125	7,298	5,538	14,961
Insurance claims payable	-	-	-	-
Current portion of compensated absences	18,831	3,748	-	22,579
Current portion of capital lease obligations	13,238	-	-	13,238
Capital lease due to component unit	26,929	-	-	26,929
Current portion of bond obligations	30,092	358,800	735,000	1,123,892
	168,909	441,875	741,156	1,351,940
Noncurrent liabilities				
Noncurrent portion of compensated absences	9,701	1,847	-	11,548
Noncurrent portion of capital lease obligations	8,433	-	-	8,433
Noncurrent portion of capital lease due to component units	113,858	-	-	113,858
Noncurrent portion of bond obligations	422,374	1,689,382	2,955,617	5,067,373
Total noncurrent liabilities	554,366	1,691,229	2,955,617	5,201,212
Total liabilities	723,275	2,133,104	3,696,773	6,553,152
<b>DEFERRED INFLOWS</b>				
Deferred amounts from refunding debt	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	3,019,815	(14,781)	3,660,903	6,665,937
Unrestricted	562,595	1,300,852	6,194,379	8,057,826
Total net position	\$ 3,582,410	\$ 1,286,071	\$ 9,855,282	\$ 14,723,763

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds**  
**Year Ended June 30, 2014**

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Golf	Aquatics	Convention Center	Total
<b>OPERATING REVENUES</b>				
Transient room taxes	\$ -	\$ -	\$ 405,516	\$ 405,516
Property taxes	-	-	100,322	100,322
Charges for services	1,033,162	342,815	210,800	1,586,777
Sales of merchandise and concessions	211,960	101,469	-	313,429
Insurance premiums	-	-	-	-
Judgements and settlements	-	-	-	-
Contributions and donations	2,500	5,000	-	7,500
Miscellaneous	35	-	-	35
<b>Total operating revenues</b>	<b>1,247,657</b>	<b>449,284</b>	<b>716,638</b>	<b>2,413,579</b>
<b>OPERATING EXPENSES</b>				
Cost of sales	147,284	49,410	-	196,694
Personnel services	766,389	218,156	13,284	997,829
Contractual services	16,958	10,857	7,129	34,944
Supplies	254,233	89,994	44,383	388,610
Utilities	83,023	83,270	-	166,293
Repairs and maintenance	195,658	27,179	13,293	236,130
Insurance premiums and claims	-	-	34,673	34,673
Depreciation	227,407	287,770	351,195	866,372
Miscellaneous	28,907	270	24	29,201
<b>Total operating expenses</b>	<b>1,719,859</b>	<b>766,906</b>	<b>463,981</b>	<b>2,950,746</b>
<b>Operating income (loss)</b>	<b>(472,202)</b>	<b>(317,622)</b>	<b>252,657</b>	<b>(537,167)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	296	1,501	84,086	85,883
Interest expense	(20,305)	(98,647)	(147,693)	(266,645)
Amortization	(9,873)	(18,619)	(373,025)	(401,517)
<b>Total nonoperating revenues (expenses)</b>	<b>(29,882)</b>	<b>(115,765)</b>	<b>(436,632)</b>	<b>(582,279)</b>
<b>Income (loss) before transfers</b>	<b>(502,084)</b>	<b>(433,387)</b>	<b>(183,975)</b>	<b>(1,119,446)</b>
Transfers in	510,903	444,654	1,089,266	2,044,823
Transfers out	-	-	-	-
<b>Change in net position</b>	<b>8,819</b>	<b>11,267</b>	<b>905,291</b>	<b>925,377</b>
<b>Net position, beginning</b>	<b>3,573,591</b>	<b>1,274,804</b>	<b>8,949,991</b>	<b>13,798,386</b>
<b>Net position, ending</b>	<b>\$ 3,582,410</b>	<b>\$ 1,286,071</b>	<b>\$ 9,855,282</b>	<b>\$ 14,723,763</b>

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Cash Flows – Proprietary Funds**  
**Year Ended June 30, 2014**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Golf	Aquatics	Convention Center	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 1,254,376	\$ 449,284	\$ 241,792	\$ 1,945,452	\$ 7,008,798
Other cash receipts	35	-	505,838	505,873	-
Cash payments to employees	(931,005)	(264,271)	(13,223)	(1,208,499)	(602,606)
Cash payments to suppliers	(555,038)	(190,134)	(119,502)	(864,674)	(1,925,601)
Claims paid	-	-	-	-	(5,527,280)
Net cash provided by (used in) operating activities	(231,632)	(5,121)	614,905	378,152	(1,046,689)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	510,903	444,654	1,089,266	2,044,823	900,000
Transfers out	-	-	-	-	(250,000)
Net cash provided by noncapital financing activities	510,903	444,654	1,089,266	2,044,823	650,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(87,350)	-	(36,280)	(123,630)	-
Principal paid on bond obligations	(38,948)	(345,000)	(630,000)	(1,013,948)	-
Principal proceeds paid on component unit lease, net	(23,082)	-	-	(23,082)	-
Principal paid on capital leases	(12,836)	-	-	(12,836)	-
Interest paid on debt obligations	(19,192)	(99,462)	(106,412)	(225,066)	-
Net cash used in capital and related financing activities	(181,408)	(444,462)	(772,692)	(1,398,562)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	296	1,501	84,086	85,883	60,782
Purchase of investments	-	-	(542,334)	(542,334)	-
Proceeds from sale of investments	-	5,459	-	5,459	749,495
Cash received from lease property	-	-	23,082	23,082	-
Net cash provided by (used in) investing activities	296	6,960	(435,166)	(427,910)	810,277
Net increase (decrease) in cash and cash equivalents	98,159	2,031	496,313	596,503	413,588
Cash and cash equivalents, beginning of year	640,501	1,121,714	2,207,928	3,970,143	2,894,146
Cash and cash equivalents, end of year	\$ 738,660	\$ 1,123,745	\$ 2,704,241	\$ 4,566,646	\$ 3,307,734
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (472,202)	\$ (317,622)	\$ 252,657	\$ (537,167)	\$ (1,200,734)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	227,407	287,770	351,195	866,372	11,476
Change in assets and liabilities					
Accounts receivable	6,754	-	30,992	37,746	20,670
Inventories	20,282	-	-	20,282	(8,586)
Accounts payable	3,459	21,436	(20,000)	4,895	866
Compensated absences	(13,692)	1,937	-	(11,755)	4,369
Accrued payroll	(3,640)	1,358	61	(2,221)	2,527
Insurance claims payable	-	-	-	-	122,723
Net cash provided by (used in) operating activities	\$ (231,632)	\$ (5,121)	\$ 614,905	\$ 378,152	\$ (1,046,689)

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Fiduciary Net Position**  
**June 30, 2014**

	Pension Trust - Police & Firemen's Retirement	Agency Funds
<b>ASSETS</b>		
Pooled cash and cash equivalents	\$ -	\$ 84,002
Non-pooled cash and cash equivalents	297,929	1,345,910
Accrued interest receivable	32,541	-
Investments		
Corporate securities	1,735,521	-
Mutual funds	3,859,821	-
Kentucky local municipal bonds	1,452,131	-
United States government securities	174,142	-
Total investments at fair value	<u>7,221,615</u>	<u>-</u>
Total assets	<u>\$ 7,552,085</u>	<u>\$ 1,429,912</u>
<b>LIABILITIES</b>		
Due to other governmental units	\$ -	\$ 84,002
Other liabilities	<u>-</u>	<u>1,345,910</u>
Total liabilities	<u>-</u>	<u>\$ 1,429,912</u>
<b>NET POSITION</b>		
Held in trust for pension benefits	<u>\$ 7,552,085</u>	

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2014**

	Pension Trust - Police & Firemen's Retirement
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 400,000
Investment income	
Net appreciation in fair value of investments	722,341
Interest	144,238
Dividends	51,601
	<hr/>
Total investment earnings	918,180
	<hr/>
Total additions	1,318,180
	<hr/>
<b>DEDUCTIONS</b>	
Benefit payments	894,455
	<hr/>
Total deductions	894,455
	<hr/>
Change in net position	423,725
	<hr/>
Net position, beginning of year	7,128,360
	<hr/>
Net position, end of year	\$ 7,552,085
	<hr/>

See accompanying notes.

**City of Bowling Green, Kentucky**  
**Statement of Net Position**  
**Component Units**  
**June 30, 2014**

	Bowling Green Municipal Utilities
<b>ASSETS</b>	
Non-pooled cash and cash equivalents	\$ 15,801,977
Investments	100,000
Receivables (net):	
Accounts	10,294,830
Other	6,374,673
Inventories	1,177,677
Prepaid items	582,138
Restricted assets:	
Restricted cash - TVA	433,416
Investments	7,785,999
Other assets	797,767
Capital assets, net of accumulated depreciation:	
Non-depreciable	4,850,024
Depreciable	192,673,076
Total assets	<u>\$ 240,871,577</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on bond defeasance	<u>\$ 300,401</u>
<b>LIABILITIES</b>	
Vouchers and accounts payable	9,220,373
Compensated absences payable	735,352
Accrued interest payable	1,180,359
Other current liabilities	2,248,405
Customer deposits	12,040
Customer advances, noncurrent	56,861
Security deposits	4,751,408
Compensated absences payable, noncurrent	393,542
Noncurrent liabilities	
Due within one year	4,571,223
Due in more than one year	88,352,667
Total liabilities	<u>111,522,230</u>
<b>NET POSITION</b>	
Net investment in capital assets	106,428,270
Restricted for capital activities and debt service	6,168,369
Unrestricted	17,053,109
Total net position	<u>\$ 129,649,748</u>

See accompanying notes.



City of Bowling Green, Kentucky  
 Statement of Activities  
 Component Units  
 Year Ended June 30, 2014

Function/Programs	Expenses	Program Revenues			Net (expense) Revenue and Changes in Net Position Bowling Green Municipal Utilities
		Charges for Services	Operating Contributions	Capital Contributions	
Bowling Green Municipal Utilities	\$108,906,225	\$ 111,612,638	\$ -	\$ 1,253,766	\$ 3,960,179
<b>General revenues:</b>					
Investment income					133,032
Miscellaneous					416,902
Total general revenues					549,934
Change in net position					4,510,113
Net position, beginning of year					125,139,635
Net position, end of year					\$ 129,649,748

See accompanying notes.

## CITY OF BOWLING GREEN, KENTUCKY

### NOTES TO FINANCIAL STATEMENTS

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**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

**Governmental Fund Type**

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

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

**Bowling Green Municipal Projects Corporation.** The non-profit corporation was organized as an agency and instrumentality of the City to facilitate the financing of public capital projects. The corporation's articles of incorporation contain provisions for the City's governing body to retain organizational and supervisory control over the corporation's activities as a constituted authority of the City. The corporation issued revenue bonds to finance construction of public projects and leased 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. The non-profit corporation's debt service transactions were reported as part of the City's Debt Service Fund. Effective November 5, 2013 this Corporation was dissolved by Municipal Order 2013-183 and all properties were conveyed to the City of Bowling Green.

**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.

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

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

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

**Proprietary Fund Type**

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

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

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

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

**C. Joint Venture** - The Inter-Modal Transportation Authority, Inc. (ITA) is a non-profit corporation organized for the purpose of acquiring and financing public projects and public facilities as an agent for the City and the County of Warren, Kentucky, jointly. In the year ended June 30, 2008, the City approved the issuance of General Obligation bonds (Series 2007 B & C) in the amount of \$27,415,000 to refinance the ITA's mortgage-backed bonds that were outstanding. The City entered into a ground lease with the Authority, providing for the City's acquisition of a leasehold estate in the project. The City, Warren County, and the Authority entered into a Contract, Lease & Option agreement in which the Authority and County shall lease back the project from the City in consideration of rental payments to be utilized by the City in support of the payment of principal and interest on the general obligation bonds. The City and Warren County have each pledged to evenly share any shortfalls towards payment of debt service on the outstanding bonds. In 2013, there was a significant land sale to the State for right-of-way use on the I-65 connector road planned in the near future. It generated approximately \$2.3 million which was used for a partial early redemption call on the 2007C bonds through 2018. During FY14, the City and County made scheduled debt service contributions in the amount of \$2,606,912. Included in this amount was \$675,000 from debt service savings related to the partial early redemption of the C Series bonds which was redirected to the ITA per municipal order for the restricted purpose of future infrastructure in the Transpark. The separately audited financial statements of the ITA can be obtained from the finance department of the City.

**D. Basic Financial Statements**

**Government-wide and Fund Financial Statements**

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

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

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

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

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

**Basis of Accounting and Financial Statement Presentation**

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

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

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

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

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

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

**E. Basis of Presentation**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Agency Funds**

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

**Payroll Fund** is an imprest paying agent for City payroll.

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

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

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

**F. Assets, Liabilities and Fund Equity**

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

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

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

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

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

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

**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, 2014, 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 Government-wide and fund financial statements. Prepaid rent consists of payments made by the City in relation to a leasehold estate in the Inter-Modal Transit Authority project, net of current year amortization of rent expense.

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

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

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

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

The City's infrastructure consists of the street and storm sewers systems. The street system consists of streets, right of ways, sidewalks, and curbs. The storm sewers system consists of gutters and storm sewers. The City elected to use the Modified Approach as defined by GASB Statement No. 34 for infrastructure reporting of its street system. Using this approach, the City capitalizes the costs of its street system but does not report depreciation expense for those assets. Instead, the City reports all street system maintenance as expenditures in the period incurred unless those expenditures improve on those streets original condition or add to its capacity. These additions or improvements are not expensed but added to the historical cost of the assets. The City uses an asset



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

management system to provide an up-to-date inventory of its streets, perform condition assessments on the street pavement at least once every three years, and estimate an annual amount needed to maintain the streets at a specified condition level. The asset management system is discussed in the detail in Required Supplemental Information, immediately following these notes.

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

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

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

**Long-Term Obligations** – In the Government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position. The discounts and premiums related to bonds and notes issued are deferred and amortized over the life of the bond or note using the straight-line method. Bonds and notes payable are reported net of the applicable bond premium or discount. Issuance costs are reported as expenses effective for the period ending June 30, 2014.

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

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

Long-term liabilities include the following:

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

**Unearned Revenues** – The City defers revenue recognition in connection with resources that have been received but not yet earned. At the end of fiscal year 2014, licenses and permits paid in advance of \$205,269 have been deferred as these amounts have not yet been earned.

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

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

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by the City itself, by Ordinance approved by the Board of Commissioners; to be reported as committed, amounts cannot be used for any other purpose unless the City takes action to remove or change the constraint;
- Assigned fund balance – amounts the City intends to use for a specific purpose (such as encumbrances); intent can be expressed by the City or the City Manager, Assistant City Manager, and/or Chief Financial Officer or body to which the City delegates authority as established by the City's Fund Balance Policy included in the City's Financial Policies approved the Board of Commissioners.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the General Fund.

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

**G. Revenues, Expenditures and Expenses**

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

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

**H. Estimates**

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

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Compliance with Finance Related Legal and Contractual Provisions**

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

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 3. DETAIL NOTES ON ALL FUNDS**

**A. Cash and Investments**

**Primary Government**

The Government's bank balances at June 30, 2014 are entirely insured or collateralized with securities held by the City's agent in the City's name. In accordance with Kentucky Revised Statutes (KRS) 66.480 and the Government's investment policy, the Government is allowed to invest in obligations of the U.S. Treasury and U.S. agencies and instruments, repurchase agreements, bankers' acceptances, commercial paper, obligations of the Commonwealth of Kentucky and its agencies and instrumentalities, shares of mutual funds or interest bearing deposits of insured national or state banks. In addition, the Fiduciary Funds are allowed to invest in equity securities, corporate bonds and international stocks listed as American Depository Receipts (ADR). Investments of the City as of June 30, 2014 are summarized and categorized below in the following table:

Primary Government (except Fiduciary Funds)		
Investment Type	Fair Value	Weighted Average Maturity
Certificate of Deposit	\$ 16,182,100	0.424
Cash Equivalents	49,455	n/a
Tax Free Mutual Funds	2,578,164	n/a
U.S. Agencies CMO	635,905	0.040
U.S. Agencies Bonds	1,265,480	0.306
Municipal Bonds	350,573	0.196
	<u>\$ 21,061,677</u>	

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

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

**Concentration of Credit Risk** - To limit 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, 2014 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	\$ 595,777	\$ 595,777
U.S. Treasury money market fund	1,613,996	1,613,996
	<u>\$ 2,209,773</u>	<u>\$ 2,209,773</u>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

Carrying Value	
Deposits	\$ 5,076,533
Investments	2,209,773
	<u>\$ 7,286,306</u>

Included in the following captions:

Non-pooled cash and cash equivalents	\$ 2,444,665
Investments and restricted funds	4,841,641
	<u>\$ 7,286,306</u>

Bowling Green Municipal Utilities Electric Division		
		Maturities in Years
Investment Type	Fair Value	Less than 1
U.S. Agencies obligations	\$ 673,328	\$ 673,328
U.S. Treasury note	1,006	1,006
Money market account	2,086,017	2,086,017
	<u>\$ 2,760,351</u>	<u>\$ 2,760,351</u>

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

Carrying Value	
Deposits	\$ 13,417,122
Investments	2,760,351
	<u>\$ 16,177,473</u>

Included in the following captions:

Cash and cash equivalents	\$ 13,133,115
Noncurrent cash, cash equivalents and investments	3,044,358
	<u>\$ 16,177,473</u>

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

**Credit Risk** - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2014, the Utility's investments in U.S. agencies obligations not directly guaranteed by the U.S. government were rated by Standard & Poor's and by Moody's Investors Services as AAA.

**Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Utility will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of June 30, 2014 the Municipal Utilities were not exposed to custodial credit risk.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2014**

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

**Concentration of Credit Risk** - The Utility places no limit on the amount that may be invested in any one issuer. At June 30, 2014, the Water-Sewer Division's investment in Federal Home Loan Bank obligations constituted approximately 26% of its total investments. At June 30, 2014, the Electric Division's investment in Federal National Mortgage Corporation, Federal Home Loan Bank and Federal National Mortgage Association obligations constituted 4%, less than 1% and 21% of its total investments, respectively.

**Policemen and Firefighters' Retirement Fund**

Approximately 3% 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 Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Government	\$ 174,142	\$ -	\$ 171	\$ 25,009	\$ 148,963
Corporate Securities	1,735,521	206,064	348,776	586,281	594,400
Kentucky Municipal Bonds	1,452,131	-	355,818	677,857	418,456
Mutual Funds	3,859,821	3,859,821	-	-	-
Total	<u>\$ 7,221,615</u>	<u>\$ 4,065,885</u>	<u>\$ 704,765</u>	<u>\$ 1,289,147</u>	<u>\$ 1,161,819</u>

**Debt Securities Investments at Fair Value**

Quality Ratings	2014
AAA	\$ 105,447
AA1	50,783
AA2	347,538
AA3	913,687
A1	257,645
A2	103,603
A3	105,139
BAA1	187,375
BAA2	176,517
NR	939,918
Total Credit Risk Debt Securities	<u>3,187,652</u>
U.S. Government Agencies	<u>174,142</u>
Total Debt Securities	<u>\$ 3,361,794</u>

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the financial institution, the fund will not be able to recover the value of its cash equivalents. At June 30, 2014, the Fund's carrying amounts for cash investments were uninsured, but held in the Fund by the corresponding bank's trust department.

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2014**

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

**B. Restricted Assets**

**Governmental Activities**

**Cemetery Perpetual Fund** - Assets totaling \$894,722 are reported in the Cemetery Perpetual Fund as these assets are restricted for cemetery maintenance.

**2007B & C General Obligation Bonds** - For the 2007B and C bonds, various escrowed trustee accounts were established for the payment of outstanding Inter-Model Transportation Authority mortgage-backed bonds as they come due. The balance of these funds at June 30, 2014 is \$5,080,995.

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

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
<b>Primary Government</b>				
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 17,628,270	\$ 168,569	\$ (119,035)	\$ 17,677,804
Infrastructure	103,208,207	1,421,024	(62,179)	104,567,052
Construction in progress	1,485,299	4,156,123	(1,297,870)	4,343,552
Total capital assets, not being depreciated	122,321,776	5,745,716	(1,479,084)	126,588,408
Capital assets, being depreciated:				
Stormwater Infrastructure	12,633,188	151,493	-	12,784,681
Buildings	41,213,338	665,796	(20,745)	41,858,389
Improvements other than buildings	21,055,659	664,656	(877,803)	20,842,512
Intangibles	2,964,041	94,416	-	3,058,457
Vehicles, equipment and furniture	22,472,853	1,182,344	(1,288,520)	22,366,677
Total capital assets, being depreciated	100,339,079	2,758,705	(2,187,068)	100,910,716
Less accumulated depreciation:				
Stormwater Infrastructure	(1,719,601)	(234,034)	-	(1,953,635)
Buildings	(12,975,491)	(1,041,387)	16,972	(13,999,906)
Improvements	(5,761,796)	(746,318)	294,782	(6,213,332)
Intangibles	(358,244)	(110,837)	-	(469,081)
Vehicles, equipment and furniture	(18,700,880)	(1,422,108)	1,280,325	(18,842,663)
Total accumulated depreciation	(39,516,012)	(3,554,684)	1,592,079	(41,478,617)
Total capital assets, being depreciated, net	60,823,067	(795,979)	(594,989)	59,432,099
Governmental activities, capital assets, net	\$183,144,843	\$ 4,949,737	\$ (2,074,073)	\$186,020,507

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2014**

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

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
<b>Business-type assets:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,740,298	\$ -	\$ -	\$ 2,740,298
Construction in progress	3,900	87,350	(39,140)	52,110
Total capital assets, not being depreciated	<u>2,744,198</u>	<u>87,350</u>	<u>(39,140)</u>	<u>2,792,408</u>
Capital assets, being depreciated:				
Buildings	12,508,453	-	-	12,508,453
Improvements other than buildings	10,464,275	39,140	-	10,503,415
Vehicles, equipment and furniture	2,247,657	61,277	(54,998)	2,253,936
Property held under capital lease	306,633	-	-	306,633
Total capital assets, being depreciated	<u>25,527,018</u>	<u>100,417</u>	<u>(54,998)</u>	<u>25,572,437</u>
Less accumulated depreciation:				
Buildings	(5,894,868)	(349,221)	-	(6,244,089)
Improvements	(6,691,701)	(424,610)	-	(7,116,311)
Vehicles, equipment and furniture	(1,902,931)	(110,107)	54,998	(1,958,040)
Property held under capital lease	(163,039)	(7,431)	-	(170,470)
Total accumulated depreciation	<u>(14,652,539)</u>	<u>(891,369)</u>	<u>54,998</u>	<u>(15,488,910)</u>
Total capital assets, being depreciated, net	<u>10,874,479</u>	<u>(790,952)</u>	<u>-</u>	<u>10,083,528</u>
Business-type activities, capital assets, net	<u>\$ 13,618,677</u>	<u>\$ (703,602)</u>	<u>\$ (39,140)</u>	<u>\$ 12,875,936</u>

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

<b>Governmental activities</b>	
General government	\$ 505,356
Public safety	1,548,936
Public works	610,532
Parks and recreation	730,545
Housing and community development	159,315
Total depreciation expense - governmental activities	<u>\$ 3,554,684</u>
<b>Business-type activities</b>	
Golf course	\$ 227,407
Aquatics	287,770
Convention Center	351,195
Total depreciation expense - business-type activities	<u>\$ 866,372</u>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2014**

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

Component unit capital asset activity for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
<b>Bowling Green Municipal Utilities</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 74,487,833	\$ 3,305,647	\$ (72,943,456)	\$ 4,850,024
Capital assets, being depreciated:				
Transmission plant	2,087,948	103,755	(10,696)	2,181,007
Distribution plant	74,126,585	3,409,832	(983,898)	76,552,519
Structures and improvements, nodes	268,770	8,937	-	277,707
General plant	11,921,690	1,784,093	(534,121)	13,171,662
Water plant	74,544,629	14,292,925	-	88,837,554
Sewer plant	57,194,754	55,715,910	(2,627,117)	110,283,547
Equipment	5,387,698	750,127	(39,213)	6,098,612
Overhead conductors and devices	5,123,883	236,393	(6,331)	5,353,945
Trucks and autos	1,968,334	412,572	(176,489)	2,204,417
Office equipment	1,611,711	474,815	(800,605)	1,285,921
Office additions	65,716	-	-	65,716
Total capital assets, being depreciated	234,301,718	77,189,359	(5,178,470)	306,312,607
Less accumulated depreciation	(108,980,376)	(9,296,124)	4,636,969	(113,639,531)
Total capital assets, being depreciated, net	125,321,342	67,893,235	(541,501)	192,673,076
Bowling Green Municipal Utilities, capital assets, net	\$ 199,809,175	\$ 71,198,882	\$ (73,484,957)	\$ 197,523,100

**D. Interfund Transfers**

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



**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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

Transfers In	Transfers Out			
<b>Within the primary government:</b>	General	Non-Major Governmental	Internal Service	Total
ITA Bond	\$ 1,329,967	\$ -	\$ -	\$ 1,329,967
Debt Service	3,032,930	1,972,606	-	5,005,536
Golf	-	510,903	-	510,903
Aquatics	-	444,654	-	444,654
Convention Center	-	1,089,266	-	1,089,266
Internal Service	700,000	-	200,000	900,000
Non-major governmental	10,293,824	373,200	50,000	10,717,024
<b>Totals</b>	<b>\$ 15,356,721</b>	<b>\$ 4,390,629</b>	<b>\$ 250,000</b>	<b>\$ 19,997,350</b>

**E. Long-term Debt**

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

**Primary Government:**

	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
<b>Governmental Activities</b>					
<b>General Obligation and Revenue Bonds</b>					
General Obligation Bond, Series 2007A	Lovers Lane Utilities, Park Community Center Expansion, Circus Square, Downtown Signalization, SkyPAC land acquisition, various road projects, Southwest Parkway property acquisition, Broadway Curve Straightening, Fields Drive and Skate Park	\$ 14,905,000	4.0% - 5.0%	June 30, 2033	\$ 12,100,000
General Obligation Bond, Series 2007B	Inter-Modal Transportation Authority, Inc. refinancing	20,615,000	3.375% - 4.625%	September 1, 2023	15,785,000
General Obligation Bond, Series 2007C	Inter-Modal Transportation Authority, Inc. refinancing	6,800,000	5.60%	September 1, 2023	3,685,000
General Obligation Bond, Series 2008A	Baseball Stadium construction	24,835,000	3.50% - 5.00%	June 1, 2038	22,470,000
General Obligation Bond, Series 2008B	Fire stations at Greenwood, Airport and Fire Headquarters	6,585,000	3.50% - 4.75%	June 1, 2028	5,065,000
General Obligation Bond, Series 2009	Refinance prior year bond obligations	12,119,800	3.00% - 4.50%	June 1, 2020	7,218,750
General Obligation Bond, Series 2010/ 2011	Refinance prior year bond obligations	29,580,000	0.5% - 3.75%	June 1, 2026	27,250,000
General Obligation Bond, Series 2012A	Refinance GO Series 2004A	5,965,448	2.0% - 3.0%	June 1, 2024	5,875,778
General Obligation Bond, Series 2012B	Refinance GO Series 2004B	1,400,000	10% - 3.3%	June 1, 2024	1,350,000
General Obligation Bond, Series 2013	Refinancing of GO Series 2002A & 2004A	4,090,605	2.00%	December 1, 2017	3,566,125
					104,365,653
Premiums, deferred charges and discounts on bond obligations					(1,774,487)
<b>Total General Obligation Bonds</b>					<b>\$ 102,591,166</b>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2014**

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

	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
<b>Notes and Lease Purchase Agreements</b>					
BB&T	Relocation of operations division & realignment of 14th Avenue	\$ 1,630,000	10 yr. LIBOR	July 2, 2025	\$ 781,695
US Bank	Depot project	1,000,000	5.02%	June 7, 2018	293,944
Chase Bank	2007 Fire Pumper and Quint	1,019,193	3.97%	August 1, 2018	431,869
Chase Bank	2010 Fire Aerial & Pumper Trucks	1,309,391	2.66%	October 1, 2020	951,994
<b>Total Notes Payable and Capital Leases</b>					<u>2,459,472</u>
<b>Other Long-Term Liabilities</b>					
Compensated Absences					1,727,878
Landfill					194,242
					<u>3,642,120</u>
<b>Total long-term governmental liabilities</b>					<u>\$ 108,692,758</u>
	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
<b>Business-Type Activities</b>					
<b>General Obligation Bonds</b>					
General Obligation Bond, Series 2009	Refinance prior year bond obligations	\$ 3,620,200	3.00% - 4.50%	June 1, 2020	\$ 2,156,250
General Obligation Bond, Series 2012A	Refinance GO Series 2004A	354,552	2.0% - 3.0%	June 1, 2024	345,885
General Obligation Bond, Series 2013A	Refinancing of GO Series 2004A	109,395	2.00%	June 2, 2024	108,875
General Obligation Bond, Series 2013C	Refinancing of GO Series 2003	3,595,000	2.00%	December 1, 2018	3,595,000
					<u>6,206,010</u>
Premiums, deferred changes and discounts on bond obligations					(17,682)
<b>Total General Obligation Bonds</b>					<u>6,188,328</u>
<b>Notes Payable and Capital Leases</b>					
BB&T	Greens Roller lease	24,820	3.71%	February 1, 2015	5,503
BB&T	John Deere bed knife grinder & reel grinder	38,674	2.74%	June 15, 2016	16,168
<b>Total Notes Payable and Capital Leases</b>					<u>21,671</u>
<b>Other Long-Term Liabilities</b>					
Compensated Absences					34,127
<b>Total long-term business-type liabilities</b>					<u>\$ 6,244,126</u>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2014**

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

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014	Amounts Due In One Year
<b>Governmental Activities:</b>					
General obligation and revenue bonds	\$ 110,499,806	\$ -	\$ (6,134,153)	\$ 104,365,653	\$ 6,707,825
Notes and lease purchase agreements	2,871,503	-	(412,031)	2,459,472	348,278
Adjustments for deferred amounts:					
Discount on bonds payable	(112,662)	-	12,070	(100,592)	-
Premium on bonds payable	1,126,704	-	(72,426)	1,054,278	-
Loss on refunding	(3,012,138)	-	283,965	(2,728,173)	-
Total bonds, notes, leases payable	111,373,213	-	(6,322,575)	105,050,638	7,056,103
Compensated absences	1,688,695	944,352	(905,169)	1,727,878	955,333
Landfill postclosure care	1,267,741	646,501	-	1,914,242	61,914
Total governmental activities	114,329,649	1,590,853	(7,227,744)	108,692,758	8,073,350
<b>Business Type Activities</b>					
General obligation and revenue bonds	7,264,439	3,595,000	(4,653,429)	6,206,010	1,123,892
Notes and lease purchase agreements	34,390	-	(12,719)	21,671	13,238
Compensated absences	45,882	1,477	(13,232)	34,127	22,579
Less: unamortized bond discount and deferred amount from refunding	(511,880)	494,198	-	(17,682)	-
Total business-type activities	6,832,831	4,090,675	(4,679,380)	6,244,126	1,159,709
Total governmental and business-type activities	<u>\$ 121,162,480</u>	<u>\$ 5,681,528</u>	<u>\$ (11,907,124)</u>	<u>\$ 114,936,884</u>	<u>\$ 9,233,059</u>
<b>Component Units</b>					
Bowling Green Municipal Utilities					
Water-Sewer Division					
Notes payable	\$ 79,353,674	\$ 6,067,015	\$ (9,376,794)	\$ 76,043,895	\$ 4,114,940
Electric Division					
Revenue bonds	7,260,000	5,350,000	(485,000)	12,125,000	415,000
General Services Division					
Notes payable	5,000,000	-	-	5,000,000	-
Capital lease obligation	167,340	-	(40,234)	127,106	41,283
Less: unamortized bond discount	(385,052)	(99,888)	112,829	(372,111)	-
	<u>\$ 91,395,962</u>	<u>\$ 11,317,127</u>	<u>\$ (9,789,199)</u>	<u>\$ 92,923,890</u>	<u>\$ 4,571,223</u>

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2014**

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

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, \$21,903 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
2015	\$ 4,116,196	\$ 6,707,825	\$ 86,691	\$ 348,278	\$ 157,140	\$ 1,123,892	\$ 627	\$ 13,238
2016	3,914,065	6,900,694	72,421	355,824	127,643	1,119,357	223	8,433
2017	3,684,116	7,085,032	59,471	363,577	98,102	1,065,015	-	-
2018	3,440,823	7,503,525	46,287	371,542	69,523	1,151,323	-	-
2019	3,174,101	7,803,390	35,066	854,488	42,375	1,151,611	-	-
2020-2024	11,312,224	38,215,187	75,111	165,763	33,601	594,812	-	-
2025-2029	5,183,094	15,255,000	5,254	-	-	-	-	-
2030-2034	2,600,956	9,185,000	-	-	-	-	-	-
2035-2039	731,250	5,710,000	-	-	-	-	-	-
	<u>\$ 38,156,825</u>	<u>\$ 104,365,653</u>	<u>\$ 380,301</u>	<u>\$ 2,459,472</u>	<u>\$ 528,384</u>	<u>\$ 6,206,010</u>	<u>\$ 850</u>	<u>\$ 21,671</u>

**Component Units**

Principal requirements for component units' debt are as follows:

Fiscal Year	Bowling Green Municipal Utilities Water- Sewer Division	Bowling Green Municipal Utilities General Services Division	Bowling Green Municipal Utilities Electric Division	Total
2015	\$ 4,114,940	\$ -	\$ 415,000	\$ 4,529,940
2016	4,179,997	5,000,000	430,000	9,609,997
2017	4,235,936	-	440,000	4,675,936
2018	4,292,398	-	455,000	4,747,398
2019	4,343,845	-	470,000	4,813,845
2020 - 2024	22,397,124	-	2,585,000	24,982,124
2025 - 2029	19,951,437	-	3,085,000	23,036,437
2030 - 2034	12,528,218	-	3,360,000	15,888,218
2035 - 2036	-	-	885,000	885,000
Total	<u>\$ 76,043,895</u>	<u>\$ 5,000,000</u>	<u>\$ 12,125,000</u>	<u>\$ 93,168,895</u>

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

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

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

1. \$13,375,000 general obligation bonds, Series 2004A, portion of proceeds (94.4%) used to provide funds for the demolition and reconstruction of the Parks Community Center, renovation and expansion of the Police Department headquarters, property acquisition for a relocated Public Works operations facility, improvements to parks and cemetery facilities, and various road improvements.

The remainder of the proceeds (5.6%) serviced by the Golf Enterprise Fund and used for the construction of the Hobson Grove golf course pro shop and maintenance facility.

In April 2012, this bond was partially refunded by Series 2012. The remaining portion was fully refunded by Series 2013C in December of 2013.

2. \$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. In April 2012, this bond was partially refunded by Series 2012.
3. \$14,905,000 general obligation bonds, Series 2007A, issued to finance costs for construction of public park improvements, construction of utilities, design and construction of a skate park, Circus Square acquisition and construction, land acquisition, construction of public roads, and installation of downtown signalization upgrades.
4. \$27,415,000 general obligation bonds, Series 2007B & C, issued for the purpose of refinancing existing mortgage-backed bond issues used for acquisition and construction of the Kentucky Transpark. Series B is comprised of \$20,615,000 tax-exempt bonds, and Series C is comprised of \$6,800,000 taxable bonds.
5. \$24,835,000 general obligation bonds, Series 2008A, issued for the purpose of constructing a baseball park and related infrastructure for the Bowling Green Hot Rods, a single A baseball team.
6. \$6,585,000 general obligation bonds, Series 2008B, issued for the purpose of constructing the Greenwood Fire Station and the expansions and renovations of the Headquarters and Airport fire stations.
7. \$15,740,000 general obligation bonds, Series 2009, issued for the purpose of refinancing the 1995 Bowling Green Municipal Projects Corporation Lease Revenue Bonds, the 1998 City of Bowling Green General Obligation Bonds, Series A and the 2000 City of Bowling Green General Obligation bonds.
8. \$29,580,000 general obligation and special revenue refunding bonds, Series 2010 and Series 2011, issued for the purpose of refinancing the series 2002B and series 2002C general obligation and special revenue bonds for Western Kentucky University.
9. \$6,320,000 general obligation bonds, Series 2012A, issued for the purpose of refinancing Series 2004A, general obligation bonds. 94.4% of the proceeds were recorded in the Debt Service Fund and 5.6% were recorded in the Golf Enterprise Fund.
10. \$1,400,000 general obligation bonds, Series 2012B, issued for the purpose of refinancing Series 2004B, general obligation bonds.
11. \$4,090,605 general obligation bonds, Series 2013A, issued for the purpose of refinancing Series 2002A and 2004A general obligation bonds.
12. \$3,595,000 general obligation bonds, Series 2013C, issued for the purpose of refinancing Series 2003 general obligation bonds. As a result, the refunded portion of the bonds is considered to be defeased and liability has been removed from the business-type activities column of the statement of net position. The refunding was undertaken to reduce the total debt service payments and resulted in a net present value savings or benefit of \$254,552 or approximately 7.0%. The aggregate difference between the refunding debt and refunded debt was \$45,000; with \$3,640,000 as the refunded principal.

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

**Memorandum of Agreement/WKU Project Financing**

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

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

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

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

Year Ending June 30,	Principal 2010/2011	Interest 2010/2011	Total
2015	\$ 1,650,000	\$ 905,980	\$ 2,555,980
2016	1,775,000	872,980	2,647,980
2017	1,915,000	828,605	2,743,605
2018	2,045,000	771,155	2,816,155
2019	2,185,000	709,805	2,894,805
2020-2024	12,300,000	2,388,470	14,688,470
2025-2026	5,380,000	315,231	5,695,231
	<u>\$ 27,250,000</u>	<u>\$ 6,792,226</u>	<u>\$ 34,042,226</u>

As of June 30, 2014 the City has recorded a receivable from WKU and deferred revenue of \$27,250,000 in the WKU Athletics Special Revenue Fund applicable to future revenues to be received from WKU related to the above agreement.

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

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

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

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

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

**TIF District**

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

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

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

As of December 31, 2012, the TIF District broke the \$150 million threshold and is currently at \$285 million for eligible projects. In October of 2013, the State verified and released five years of incremental revenues generated during 2008-2012 consisting of State withholdings, individual, corporate, sales and property taxes within the TIF boundaries. The total of the distribution was \$3.7 million split between the City, Warren County, the Medical Center, Western Kentucky University, Warren County Downtown Economic Development Authority, the Special Purpose Entity, and debt service for an Industrial Revenue Bond issue for Block 6 development.

**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, 2014, \$46,695,000 of bonds outstanding is considered defeased.

**Landfill Closure and Postclosure Care Cost**

Landfill closure and post-closure costs are accounted for in the Landfill Closure Special Revenue Fund. As of June 30, 2014, the cash, investments and due from other governments available totaled \$1,382,343.

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

In fiscal year 2005, the Environmental and Public Protection Cabinet (EPPC) announced a program under which the Commonwealth might assume responsibility for many aspects of landfill closure currently funded by local jurisdictions. However, under the provisions of the enabling legislation (HB 174 Kentucky Pride Fund, KRS 224.43-505) it appears that jurisdictions may well retain the bulk of costs to maintain landfill sites (e.g. sampling, pumping, transportation and disposal of leachate, erosion control, mowing, etc.). 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, 2014 is \$1,914,242. The actual cost may differ due to inflation, changes in technology or applicable laws and regulations, the extent of any damage to landfill caps caused by weather and erosion, the magnitude of site improvements or corrections required by state inspectors to achieve closure, or other unforeseeable circumstances (e.g. acts of nature).

*Glen Lily Road Landfill*

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

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

*Butler County Landfill*

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

*Old Louisville Road*

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



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

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.

**F. Net Position**

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

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

**NOTE 4. RISK MANAGEMENT**

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

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

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

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

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

**City of Bowling Green, Kentucky**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 4. RISK MANAGEMENT (Continued)**

Changes in the balances of claims liabilities during fiscal years 2014 and 2013 were as follows:

	Health Care	Workers Compensation	Property and Casualty
Liability at June 30, 2012	\$ 96,467	\$ 120,428	\$ -
Claims and changes in estimates FY 2013	3,176,647	(34,603)	(12,331)
Claims paid FY 2013	(3,103,937)	(63,585)	12,331
Liability at June 30, 2013	169,177	22,240	-
Claims and changes in estimates FY 2014	2,937,999	(51,988)	(78,513)
Claims paid FY 2014	(2,851,453)	88,165	78,513
Liability at June 30, 2014	\$ 255,723	\$ 58,417	\$ -

**NOTE 5. COMMITMENTS AND CONTINGENCIES**

**A. Litigation** - The City of Bowling Green is party to numerous legal proceedings, many of which normally occur in government operations and will not involve any potential liability to the City.

**B. Bowling Green Municipal Utilities** - Bowling Green Municipal Utilities has erected various street lighting systems for the City, which represents a total unamortized investment by the Utility at June 30, 2014 of \$4,461,176. 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 \$490,729 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.

**C. Construction Commitments** - The City has active construction projects as of June 30, 2014. At year end, the City had the following commitments on construction contracts:

Project	Remaining Commitment
Sidewalk Improvement Project	\$ 92,899
City Hall Annex and Neighborhood & Community Services Building Renovations	1,050,588
CrossWinds Lake Liner replacement	22,890
Butler County Landfill Improvement Design Services	45,958
Street Resurfacing Project	1,087,944
Energy Savings Project for City Buildings	38,002
Hennessey Way Construction Project	11,586
Smallhouse Road Improvements	34,500
Hobson House Roof Drainage Project	18,613
CrossWinds & Lover's Lane Soccer Complex Field Improvements	40,000

**D. Contingencies** - The City participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the City complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2014 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.

Also, City entered into a sublease agreement dated August 1, 2012 with the sub-developer of a project to provide a backstop revenue pledge to cover debt service shortfalls on \$20,500,000 million in variable rate taxable industrial building revenue bonds (IRBs) (Series 2012) by Warren County for the benefit of the sub-developer. This project is a 100,000+ square foot downtown mixed-use development called Hitcents Plaza that connects to the parking structure on College and 8<sup>th</sup> streets located next to the Bowling Green Ballpark. In August of 2013, the Board of Commissioners approved an amendment to the City's parking sublease to cover an additional borrowing of \$5,000,000 in variable rate debt to finish the construction of Hitcents Plaza.

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

Pursuant to the sublease, the City agreed to sublease parking facilities in the parking structure connected to the above-referenced project from the sub-developer who subleases the parking garage from Warren County. In May 2012, an Agreement on Sharing of Revenues was executed between the City, County, and the Warren County Downtown Economic Development Authority that outlined the revenue streams from the TIF district pledged to cover the IRB debt. The City's parking sublease agreement is the last line of revenue pledged that follows after (1) lease revenues from Hitcents Plaza, (2) 80% of state TIF revenues from Blocks 4A, 5, 8, and 10 in the TIF District, (3) 80% of TIF revenues generated by the key tenant of the building, and (4) a \$1,500,000 debt service reserve fund set aside from bond proceeds of the permanent financing issue scheduled for 2016.

Following the initial term of the sublease ending June 30, 2013, the sublease will terminate unless renewed by the City. Thereafter, the sublease renews automatically unless notice of its election not to renew for the succeeding fiscal year is given by the City to the Sub Developer in writing at least one hundred twenty (120) days prior to the renewal date. In the sublease, the City has stated and certified its intention to annually renew the sublease and to adopt a budget for each renewal period that includes sufficient funds to pay the sublease payments. While financial projections prepared in conjunction with the initial issuance of the Series 2012 IRB Bonds forecasted sufficient revenues would be provided from lease revenues and TIF revenues, no assurance can be given that such amounts will be sufficient at all times during the term of the interim financing or any permanent refunding IRB Bonds, since a substantial portion of such projected payments are dependent on factors not within the direct control of the City. While the City does not presently anticipate any requirement to make a sublease payment, the extent of any sublease payments that may be required in the future cannot be determined until such time as the other dedicated revenue streams begin to be realized and the permanent refunding IRBs are issued with an established debt service schedule.

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

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

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

As of June 30, 2014, there were four series of industrial revenue bonds and six series of special assessment bonds outstanding with an aggregate principal balance of \$68,350,000 and \$1,354,000, respectively.

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

**G. Lease Commitments** - The Golf Enterprise Fund leases approximately 53 acres of real estate from the Bowling Green-Warren County Airport Board. This lease provides for future minimum lease payments as of June 30, 2014 as follows:

Year Ended	
2015	\$ 6,226
2016	6,226
2017	6,226
	<u>\$ 18,678</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, 2014:

Year Ending June 30,	
2015	\$ 33,071
2016	31,670
2017	30,268
2018	31,067
2019	31,036
Total	<u>\$ 157,112</u>

**NOTE 6. THE SINGLE AUDIT ACT**

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

**NOTE 7. DEFINED BENEFIT PENSION PLANS**

**The Policemen and Firemen's Retirement Fund (PFRF)**

**A. Plan Descriptions**

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

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

**B. Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting** - The accrual basis of accounting is followed by the PFRF with reserve accounts maintained in accordance with legal and accounting requirements imposed by Kentucky Revised Statutes (KRS). Employer contributions to the fund are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The financial statements are presented in accordance with generally accepted accounting principles as promulgated by the Government Accounting Standards Board.

**Investments** – As required by GASB Statement No. 25, plan investments are presented at fair value, which is the amount at which financial instruments could be exchanged in a current transaction between willing parties. Short-term investments are carried at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Other investments not having an established market are reported at estimated fair value. All fair values are determined by external consultants.

**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, 2014.

The City contributes amounts to amortize the unfunded actuarial accrued liability (AAL) and interest on unfunded AAL costs as determined by actuarial valuations in compliance with Kentucky Revised Statutes. Administrative costs of the PFRF are paid by the City. The City is not required to make an annual contribution. At June 30, 2014, 2013 and 2012, the Net Pension Obligation was estimated to be zero. For 2010-2011 the City made a contribution of \$450,000, which included a 2.7% cost of living increase and payment towards the unfunded liability. For 2011-2012 the City made a contribution of \$400,000, which included a 2.5% cost of living increase and payment towards the unfunded liability. For 2012-2013 the City made a contribution of \$400,000, which included a 2.0% cost of living increase and payment towards the unfunded liability. For 2013-2014 the City made a contribution of \$400,000, which included 0.0% cost of living increase and payment towards the unfunded liability.

**C. Funded Status and 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)
<b><i>Assumes no Future Cost of Living Increase</i></b>						
1/1/2014	\$ 7,628,297	\$ 7,840,553	\$ 212,256	97.30%	N/A	N/A
<b><i>Assumes Future Cost-of-Living Increase of 3% per Year</i></b>						
1/1/2014	\$ 7,628,297	\$ 9,690,447	\$ 2,062,150	78.70%	N/A	N/A

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

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

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

Valuation date	January 1, 2014
Actuarial cost method	Entry Age Normal
Amortization method	N/A - no method has been adopted. Due to this being a closed plan, the City has adopted the minimum statutory requirements
Amortization period	N/A - no period has been adopted. Due to this being a closed plan, the City has adopted the minimum statutory requirements
Asset valuation method	Fair Market Value
Actuarial assumptions:	
Investment rate of return	6.0%
Projected salary increases	N/A - closed plan
Inflation rate	None
Cost of living adjustment	0% or 3%

**D. The County Employees' Retirement System**

**Plan Description** - The City, as well as employees for Bowling Green Municipal Utilities Electric, Water-Sewer, and General Services Divisions, are participants in the Commonwealth of Kentucky's County Employees' Retirement System (CERS). CERS is a cost-sharing multi-employer public employee retirement system. Funding for the Plan is provided through payroll withholdings (5% for non-hazardous and 8% for hazardous) and participating employers are required to contribute at an actuarially determined rate. Any employee entering the program after September 1, 2008 is required to contribute an additional 1%. The rates for the year ended June 30, 2014 were 18.89% for non-hazardous and 35.70% for hazardous employees of the employee's total compensation subject to contribution.

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

The contribution requirements for CERS for the years ended June 30, 2014, 2013 and 2012 were \$7,786,980, \$7,997,969, and \$7,468,607, respectively. These amounts consisted of \$6,306,141, \$6,499,081, and \$6,021,529, from the City and \$1,480,839, \$1,498,888, and \$1,447,078, from the employees, respectively.

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

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

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

**E. Deferred Compensation Plan**

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

Investments are managed by ICMA Retirement Corporation, plan administrator, with various investment options. The choice of the investment option(s) is made by the participants. Participating employees can contribute to the Plan based on either a percentage of compensation or a fixed dollar amount per pay period. The limits for the plan are up to \$17,500 per year for regular contributions and \$5,500 for catch-up contributions. The limits for the Roth plan are up to \$5,500 per year for regular contributions and \$1,000 for catch-up contributions. During the fiscal year ended June 30, 2014, employee contributions for both plans totaled \$281,535.

On December 5, 1995, the City Commission also adopted Municipal Order 95-269 authorizing participation in the Kentucky Public Employees 401(k) Deferred Compensation Plan. During the year ended June 30, 2009, the City also began offering a Roth 401(k) option. The Plans are administered by the Kentucky Public Employees Deferred Compensation Authority and are offered to all eligible City employees as a voluntary retirement supplement. Participating employees can defer a maximum of \$17,500 for regular contributions and \$5,500 for catch-up contributions for the 401(k) and \$5,500 for regular contributions and \$1,000 dollars for the Roth. Benefits are available upon termination of employment, retirement, death or for hardship withdrawal. Employee contributions for both plans totaled \$269,390 for the fiscal year ended June 30, 2014.

**NOTE 8. SUBSEQUENT EVENTS**

The City has no subsequent events through date of report.

**NOTE 9. IMPLEMENTATION OF GASB 63**

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 provides financial reporting guidance relative to deferred outflows of resources, a consumption of net assets by the entity that is applicable to a future reporting period, and deferred inflows of resources, an acquisition of net assets by the entity that is applicable to a future reporting period. GASB Statement No. 63 incorporates deferred outflows and inflows of resources into the definitions of the required components of the residual measure, renaming such measure as net position, rather than net assets. The provisions of GASB Statement No. 63 are effective for fiscal periods beginning after December 15, 2011. The City adopted GASB 63 for the year ended June 30, 2013, the adoption of this standard did not have an impact on the City's financial position, results of operations, and/or cash flows.

**NOTE 10. IMPLEMENTATION OF GASB 65**

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been

**NOTE 10. IMPLEMENTATION OF GASB 65 (Continued)**

issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The City adopted GASB 65 for the year ended June 30, 2014, the adoption of this standard did impact the City's financial position and resulted in a restatement of beginning net position due to this change in accounting principle in the amount of \$934,714 for governmental activities and \$0 for business-type activities.

**NOTE 11. IMPLEMENTATION OF GASB 67 & 68**

In June 2012, the GASB issued Statements No. 67 and No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. The GASB Statements address accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through trusts that have defined characteristics. The statements establish standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. For defined benefit pensions the Statements identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, this Statement details the recognition and disclosure requirements for employers with liabilities to a defined pension plan.

The provisions of GASB Statement No. 67 are effective for fiscal periods beginning after June 15, 2013. The City adopted GASB 67 for the year ended June 30, 2014, the adoption of this standard did not have an impact on the City's financial position, results of operations, and/or cash flows.

The provisions of GASB Statement No. 68 are effective for fiscal periods beginning after June 15, 2014. The City is currently evaluating this guidance and expects, while a negative impact on financial position in the government-wide statements is expected, the City has not yet determined the dollar amount of the effect of implementation.



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

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget - Positive (Negative)
REVENUES				
Property taxes				
Real estate	\$ 7,379,000	\$ 7,379,000	\$ 7,749,092	\$ 370,092
Personal property	1,619,000	1,619,000	1,743,534	124,534
Insurance premium	1,450,000	1,450,000	1,569,404	119,404
Motor vehicle and boat	871,000	871,000	827,991	(43,009)
Payment in lieu of taxes	218,000	218,000	115,696	(102,304)
Franchise	1,199,000	1,199,000	1,136,441	(62,559)
Other taxes	16,000	16,000	17,298	1,298
Penalties and Interest	90,000	90,000	76,394	(13,606)
Total taxes	12,842,000	12,842,000	13,235,850	393,850
Licenses and permits				
Occupational:				
Employees' w withholding	31,773,000	31,773,000	33,840,925	2,067,925
Net profits	6,422,000	6,422,000	7,032,821	610,821
Other fees	254,000	254,000	201,744	(52,256)
Special licenses	230,000	230,000	205,100	(24,900)
Permits	699,000	699,000	646,590	(52,410)
Total licenses and permits	39,378,000	39,378,000	41,927,180	2,549,180
Intergovernmental				
Federal grants	39,500	133,506	62,982	(70,524)
State grants	-	-	-	-
Local grants	60,500	60,500	59,899	(601)
Total intergovernmental	100,000	194,006	122,881	(71,125)
Charges for services				
School tax collection fees	185,000	185,000	187,791	2,791
Other general government fees	9,200	9,200	10,697	1,497
Public safety fees	50,500	50,500	62,166	11,666
Cemetery lot sales	97,800	97,800	92,340	(5,460)
Cemetery fees	151,200	151,200	156,011	4,811
Other	70,000	70,000	57,001	(12,999)
Total charges for services	563,700	563,700	566,006	2,306
Parks and recreation	372,800	372,800	348,223	(24,577)
Miscellaneous				
Interest income	130,000	130,000	129,852	(148)
ABC and parking violations fees	26,000	26,000	8,785	(17,215)
Contributions and donations	32,000	86,830	66,094	(20,736)
Judgements and settlements	40,000	40,000	16,324	(23,676)
Other	73,500	73,500	69,289	(4,211)
Total miscellaneous	301,500	356,330	290,344	(65,986)
Total revenues	\$ 53,558,000	\$ 53,706,836	\$ 56,490,484	\$ 2,783,648

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
General Fund (Continued)  
Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
General government				
Legislative	\$ 147,937	\$ 141,149	\$ 139,422	\$ 1,727
Executive	911,955	1,080,926	906,854	174,072
Finance	1,405,909	1,370,779	1,360,950	9,829
Human resources	914,810	810,017	772,284	37,733
Law	310,200	297,389	295,281	2,108
Information technology	1,529,619	1,608,555	1,529,847	78,708
Administrative services	324,314	318,554	317,639	915
Total general government	5,544,744	5,627,369	5,322,277	305,092
Public safety				
Police	12,827,226	12,660,336	12,583,834	76,502
Fire	11,379,897	11,306,172	11,262,355	43,817
Total public safety	24,207,123	23,966,508	23,846,189	120,319
Public works				
Public works administration	1,294,124	1,474,476	1,227,349	247,127
Highway and streets	2,339,879	2,293,815	2,229,832	63,983
Building and plant	2,316,998	2,164,979	1,924,174	240,805
Transportation	237,110	237,110	237,110	-
Total public works	6,188,111	6,170,380	5,618,465	551,915
Parks and recreation				
Parks	2,149,882	2,414,050	2,235,900	178,150
Recreation	615,480	562,743	540,458	22,285
Athletics	545,110	689,130	682,973	6,157
Community centers	947,625	805,186	794,734	10,452
Other parks	1,296,520	1,258,467	1,241,895	16,572
Total parks and recreation	5,554,617	5,729,576	5,495,960	233,616
Neighborhood & Community Services	1,678,052	1,520,278	1,427,597	92,681
Community services				
Community services	957,424	1,375,141	1,275,928	99,213
Intergovernmental	432,000	739,089	87,000	652,089
Total community services	1,389,424	2,114,230	1,362,928	751,302
Total Expenditures	44,562,071	45,128,340	43,073,416	2,054,924
Excess of revenues over expenditures	8,995,929	8,578,496	13,417,068	4,838,572
Other financing sources (uses):				
Transfers out	(9,319,929)	(15,356,792)	(15,356,721)	71
Proceeds from sale of capital assets	24,000	161,000	260,653	99,653
Total other financing sources (uses)	(9,295,929)	(15,195,792)	(15,096,068)	99,724
Net change in fund balances	(300,000)	(6,617,296)	(1,679,000)	4,938,296
Fund balances, beginning	18,810,237	18,810,237	18,810,237	-
Fund balances, ending	\$ 18,510,237	\$ 12,192,941	\$ 17,131,237	\$ 4,938,296

See accompanying independent auditor's report

## City of Bowling Green, Kentucky

### Notes to Required Supplementary Information on Budgetary Accounting and Control Year Ended June 30, 2014

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

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

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

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

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

The following funds had purchase orders outstanding at June 30, 2014 as follows:

General fund	\$	207,841
Golf		51,750
Convention Center		11,640
Aquatics		162,098
Nonmajor governmental		6,947,820
Internal Service		50,058
	\$	<u>7,431,207</u>

**City of Bowling Green, Kentucky  
Police and Firemen's Retirement Fund  
Year Ended June 30, 2014**

***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)
<b><i>Assumes no Future Cost of Living Increase</i></b>						
1/1/2014	\$ 7,628,297	\$ 7,840,553	\$ 212,256	97.30%	N/A	N/A
1/1/2013	7,296,133	8,543,490	1,247,357	85.40%	N/A	N/A
1/1/2012	7,202,376	8,810,728	1,608,352	81.70%	N/A	N/A
1/1/2011	7,471,464	8,891,254	1,419,790	84.00%	N/A	N/A
1/1/2010	7,425,235	9,419,690	1,994,455	78.83%	N/A	N/A
<b><i>Assumes Future Cost-of-Living Increase of 3% per Year</i></b>						
1/1/2014	\$ 7,628,297	\$ 9,690,447	\$ 2,062,150	78.70%	N/A	N/A
1/1/2013	7,296,133	10,608,154	3,312,021	68.80%	N/A	N/A
1/1/2012	7,202,376	11,005,995	3,803,619	65.40%	N/A	N/A
1/1/2011	7,471,464	11,174,666	3,703,202	66.90%	N/A	N/A
1/1/2010	7,425,235	11,877,751	4,452,516	62.51%	N/A	N/A

***Schedule of Employer Contributions***

Year Ended June 30	Annual Pension Cost	Amount Contributed
2001	\$ 48,781	\$ 48,781
2002	88,514	88,514
2003	108,000	108,000
2004	108,000	108,000
2005	209,000	209,000
2006	209,000	209,000
2007	328,000	328,000
2008	328,000	328,000
2009	384,000	384,000
2010	410,000	410,000
2011	450,000	450,000
2012	400,000	400,000
2013	400,000	400,000
2014	400,000	400,000

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Modified Approach for City Streets Infrastructure Capital Assets**  
**Year Ended June 30, 2014**

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

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

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

**Roads**

The City began using its computerized pavement management system in 1997. Surface distress and ride comfort assessments are conducted on all segments. Street assessments are conducted annually, and all segments are assessed within a three year cycle. The most recent assessment was conducted in the summer of 2014.

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

The following pavement quality conditions have been defined:

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

**Established Condition Level**

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

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

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

**City of Bowling Green, Kentucky**  
**Modified Approach for City Streets Infrastructure Capital Assets (Continued)**  
**Year Ended June 30, 2014**

**Assessed Conditions**

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

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

**Budgeted and Estimated Costs to Maintain**

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

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

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

**Sidewalks**

The City utilizes a computerized sidewalk management system. Condition assessments are visually performed on all sidewalks segments, ratings are based on the presence of cracking, heaving, holes, settling and spalling. These assessments were conducted on the entire sidewalk network on a three year cycle. The most recent assessment was completed in the Spring of 2010 and in the Summer/Fall of 2014.

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

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Modified Approach for City Streets Infrastructure Capital Assets (Continued)**  
**Year Ended June 30, 2014**

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

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

**Established Condition Level**

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

**Assessed Conditions**

The sidewalk management system indicates that 90% of city maintained sidewalks had an OCI value greater than or equal to the minimum rating of 76.0 as of June 30, 2014.

**Budgeted and Estimated Costs to Maintain**

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

Fiscal Year	Estimated Spending	Actual Spending
2014-2015	\$100,000	\$-
2013-2014	\$100,000	\$10,000
2012-2013	\$100,000	\$41,000
2011-2012	\$100,000	\$41,000
2010-2011	\$100,000	\$133,000
2009-2010	\$100,000	\$-
2008-2009	\$100,000	\$100,000
2007-2008	\$100,000	\$60,000
2006-2007	\$100,000	\$5,000
2005-2006	\$100,000	\$113,000

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



**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

#### **Community Development Fund**

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

#### **Fire Improvement Fund**

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

#### **Municipal Aid Funds**

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

#### **Job Development Fund**

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

#### **Parks Development Fund**

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

#### **Landfill Closure Fund**

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

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

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

#### **Trunking Operation Fund**

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

#### **Police Improvement Fund**

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

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

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

#### **Homeland Security Fund**

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

## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECTS FUNDS**

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

#### **Riverfront Development Fund**

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

#### **Equipment Replacement Fund**

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

#### **Road Construction Fund**

This fund was previously used to account for costs associated with the purchase of land and construction of three road projects, Bale Boulevard, Turner Court, and Houston Court. This fund recently tracked expenditures related to the Smallhouse/Cavemil Road intersection realignment project. Funding for the new projects has been made available through the General Fund.

#### **Hennessey Way Construction Fund**

The Hennessey Way Construction Fund will account for costs related to the Hennessey Way construction project. The project will be funded by the General Fund.

#### **Heritage Trail Construction Fund**

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

#### **Sidewalk Improvement Fund**

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

#### **Stormwater Infrastructure Improvement Fund**

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

#### **Municipal Facilities Fund**

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

#### **Technology Capital Improvement Fund**

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

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

This fund will be used to track revenues and expenditures associated with the replacement and improvement of the existing 800 Trunking Radio System. Funding has currently been provided from the General Fund and other local governmental agencies, such as Warren County.

## **NONMAJOR GOVERNMENTAL FUNDS**

### **DEBT SERVICE FUNDS**

#### **TIF District**

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

## **NONMAJOR GOVERNMENTAL FUNDS**

### **PERMANENT FUNDS**

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

#### **Cemetery Perpetual Trust Fund**

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

**City of Bowling Green, Kentucky**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**June 30, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund - TIF District	Nonmajor Permanent Fund - Cemetery Perpetual	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Pooled cash and cash equivalents	\$ 5,842,703	\$ 11,262,513	\$ 2,685,706	\$ 101,851	\$ 19,892,773
Non-pooled cash and cash equivalents	992,595	-	-	-	992,595
Investments	3,332,242	-	-	-	3,332,242
Receivables (net of allowances for uncollectibles):					
Accounts	19,203	-	-	-	19,203
Interest	4,674	-	-	-	4,674
Due from other governmental units	356,361	2,192	-	-	358,553
Restricted assets:					
Non-pooled cash and cash equivalents	-	-	-	894,722	894,722
Total assets	<u>\$ 10,547,778</u>	<u>\$ 11,264,705</u>	<u>\$ 2,685,706</u>	<u>\$ 996,573</u>	<u>\$ 25,494,762</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Vouchers and accounts payable	\$ 344,905	\$ 351,859	\$ -	\$ -	\$ 696,764
Accrued payroll	24,193	-	-	-	24,193
Total liabilities	<u>369,098</u>	<u>351,859</u>	<u>-</u>	<u>-</u>	<u>720,957</u>
<b>Fund Balances</b>					
Assigned	-	10,788,899	2,685,706	101,851	13,576,456
Committed	4,722,507	-	-	-	4,722,507
Restricted	5,456,173	123,947	-	894,722	6,474,842
Total fund balances	<u>10,178,680</u>	<u>10,912,846</u>	<u>2,685,706</u>	<u>996,573</u>	<u>24,773,805</u>
Total liabilities and fund balances	<u>\$ 10,547,778</u>	<u>\$ 11,264,705</u>	<u>\$ 2,685,706</u>	<u>\$ 996,573</u>	<u>\$ 25,494,762</u>

See accompanying independent auditor's report

City of Bowling Green, Kentucky  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2014

	Community Development	Fire Improvement	Municipal Aid	Job Development Incentive	Parks Development	Landfill Closure
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ -	\$ 669,645	\$ 3,489,681	\$ 958,567	\$ 2,886	\$ 268,043
Non-pooled cash and cash equivalents	860,507	132,088	-	-	-	-
Investments	500,000	534,023	1,185,069	-	-	1,113,150
Receivables (net of allowances for uncollectibles)						
Accounts	19,203	-	-	-	-	-
Interest	206	2,069	1,249	-	-	1,150
Due from other governmental units	108,091	5,400	226,073	-	-	-
Total assets	\$ 1,488,007	\$ 1,343,225	\$ 4,902,072	\$ 958,567	\$ 2,886	\$ 1,382,343
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Vouchers and accounts payable	\$ 92,364	\$ 12,159	\$ 217,498	\$ 1,000	\$ 2,886	\$ 18,998
Accrued payroll	13,150	-	11,043	-	-	-
Total liabilities	105,514	12,159	228,541	1,000	2,886	18,998
Fund Balances						
Committed	684,298	1,318,190	95,380	957,567	-	1,363,345
Restricted	698,195	12,876	4,578,151	-	-	-
Total fund balances	1,382,493	1,331,066	4,673,531	957,567	-	1,363,345
Total liabilities and fund balances	\$ 1,488,007	\$ 1,343,225	\$ 4,902,072	\$ 958,567	\$ 2,886	\$ 1,382,343

See accompanying independent auditor's report

City of Bowling Green, Kentucky  
Combining Balance Sheet  
Nonmajor Special Revenue Funds (Continued)  
June 30, 2014

	Trunking Operation	Police Improvement	Lampkin Park Trust	Homeland Security	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>					
Pooled cash and cash equivalents	\$ 140,445	\$ 286,930	\$ 26,506	\$ -	\$ 5,842,703
Non-pooled cash and cash equivalents	-	-	-	-	992,595
Investments	-	-	-	-	3,332,242
Receivables (net of allowances for uncollectibles)					
Accounts	-	-	-	-	19,203
Interest	-	-	-	-	4,674
Due from other governmental units	-	16,797	-	-	356,361
Total assets	\$ 140,445	\$ 303,727	\$ 26,506	\$ -	\$ 10,547,778
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Vouchers and accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 344,905
Accrued payroll	-	-	-	-	24,193
Total liabilities	-	-	-	-	369,098
<b>Fund Balances</b>					
Committed	-	303,727	-	-	4,722,507
Restricted	140,445	-	26,506	-	5,456,173
Total fund balances	140,445	303,727	26,506	-	10,178,680
Total liabilities and fund balances	\$ 140,445	\$ 303,727	\$ 26,506	\$ -	\$ 10,547,778

See accompanying independent auditor's report



City of Bowling Green, Kentucky  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2014

	Riverfront Development	Equipment Replacement	Road Construction	Hennessey Way Construction	Heritage Trail Construction	Sidewalk Improvement	Stormwater Infrastructure Improvement
<b>ASSETS</b>							
Pooled cash and cash equivalents	\$ 216,113	\$ 1,969,596	\$ 365,000	\$ 469,310	\$ 196,702	\$ 896,658	\$ 1,088,029
Due from other governmental units	2,192	-	-	-	-	-	-
Total assets	\$ 218,305	\$ 1,969,596	\$ 365,000	\$ 469,310	\$ 196,702	\$ 896,658	\$ 1,088,029
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Vouchers and accounts payable	\$ 2,192	\$ 3,152	\$ -	\$ 4,304	\$ -	\$ -	\$ -
Total liabilities	2,192	3,152	-	4,304	-	-	-
<b>Fund Balances</b>							
Assigned	208,834	1,966,444	365,000	465,006	80,034	896,658	1,088,029
Restricted	7,279	-	-	-	116,668	-	-
Total fund balances	216,113	1,966,444	365,000	465,006	196,702	896,658	1,088,029
Total liabilities and fund balances	\$ 218,305	\$ 1,969,596	\$ 365,000	\$ 469,310	\$ 196,702	\$ 896,658	\$ 1,088,029

See accompanying independent auditor's report

City of Bowling Green, Kentucky  
Combining Balance Sheet  
Nonmajor Capital Projects Funds (Continued)  
June 30, 2014

	Municipal Facilities	Technology Capital Improvement	800 Trunking Radio Systems Improvements	Total Nonmajor Capital Project Funds
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 2,866,836	\$ 1,220,834	\$ 1,973,435	\$ 11,262,513
Due from other governmental units	-	-	-	2,192
Total assets	\$ 2,866,836	\$ 1,220,834	\$ 1,973,435	\$ 11,264,705
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Vouchers and accounts payable	\$ 335,203	\$ 7,008	\$ -	\$ 351,859
Total liabilities	335,203	7,008	-	351,859
Fund Balances				
Assigned	2,531,633	1,213,826	1,973,435	10,788,899
Restricted	-	-	-	123,947
Total fund balances	2,531,633	1,213,826	1,973,435	10,912,846
Total liabilities and fund balance	\$ 2,866,836	\$ 1,220,834	\$ 1,973,435	\$ 11,264,705

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund - TIF District	Nonmajor Permanent Fund - Cemetery Perpetual	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 483,487	\$ -	\$ -	\$ -	\$ 483,487
Insurance premium taxes	1,976,123	-	-	-	1,976,123
Wages and net profits taxes	2,314,988	-	-	-	2,314,988
Judgements and settlements	13,307	-	-	-	13,307
Intergovernmental	7,166,116	2,192	-	-	7,168,308
Investment income	45,221	-	-	64,573	109,794
Charges for services	107,235	-	-	-	107,235
Contributions and donations	74,707	1,465,517	317,999	22,000	1,880,223
Miscellaneous	131,174	-	-	22,685	153,859
Total Revenues	12,312,358	1,467,709	317,999	109,258	14,207,324
<b>EXPENDITURES</b>					
Current:					
Public safety	1,932,306	272,426	-	-	2,204,732
Public works	1,651,131	172,915	-	-	1,824,046
Neighborhood and community services	3,561,549	2,192	-	-	3,563,741
Capital Outlay	334,766	5,758,065	-	-	6,092,831
Debt service:					
Principal	-	-	505,000	-	505,000
Interest	-	-	1,105,438	-	1,105,438
Total Expenditures	7,479,752	6,205,598	1,610,438	-	15,295,788
Excess (deficiency) of revenues over (under) expenditures	4,832,606	(4,737,889)	(1,292,439)	109,258	(1,088,464)
Other financing sources (uses):					
Sale of Capital Assets	7,200	-	-	-	7,200
Transfers in	451,629	8,654,895	1,610,500	-	10,717,024
Transfers out	(4,167,429)	(223,200)	-	-	(4,390,629)
Total other financing sources (uses)	(3,708,600)	8,431,695	1,610,500	-	6,333,595
Net change in fund balances	1,124,006	3,693,806	318,061	109,258	5,245,131
Fund balances, beginning	9,054,674	7,219,040	2,367,645	887,315	19,528,674
Fund balances, ending	\$ 10,178,680	\$ 10,912,846	\$ 2,685,706	\$ 996,573	\$24,773,805

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2014**

	Community Development	Fire Improvement	Municipal Aid	Job Development Incentive	Parks Development	Landfill Closure	Local Law Enforcement Block Grant	Trunking Operation
<b>REVENUES</b>								
Property taxes	\$ -	\$ -	\$ -	\$ 71,613	\$ 411,874	\$ -	\$ -	\$ -
Insurance premium taxes	-	1,976,123	-	-	-	-	-	-
Wages and net profits taxes	-	-	-	1,126,693	1,188,295	-	-	-
Judgments and settlements	-	13,307	-	-	-	-	-	-
Intergovernmental	3,385,868	55,860	3,686,362	-	-	-	13,026	25,000
Investment income	3,183	4,876	18,421	-	-	18,741	-	-
Charges for services	-	-	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	63,664	-	7,100
Miscellaneous	41,036	-	90,138	-	-	-	-	-
Total Revenues	3,430,087	2,050,166	3,794,921	1,198,306	1,600,169	82,405	13,026	32,100
<b>EXPENDITURES</b>								
Current:								
Public safety	-	317,453	1,548,798	-	-	-	13,026	43,316
Public works	-	-	1,534,919	-	-	116,212	-	-
Neighborhood and community services	3,546,882	-	-	14,667	-	-	-	-
Capital outlay	-	147,546	38,425	-	-	-	-	-
Total Expenditures	3,546,882	464,999	3,122,142	14,667	-	116,212	13,026	43,316
Excess (deficiency) of revenues over (under) expenditures	(116,795)	1,585,167	672,779	1,183,639	1,600,169	(33,807)	-	(11,216)
Other financing sources (uses):								
Transfers in	-	-	26,629	400,000	-	-	-	25,000
Transfers out	(150,000)	(1,459,602)	-	(957,658)	(1,600,169)	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(150,000)	(1,459,602)	26,629	(557,658)	(1,600,169)	-	-	25,000
Net change in fund balances	(266,795)	125,565	699,408	625,981	-	(33,807)	-	13,784
Fund balances, beginning	1,649,288	1,205,502	3,974,123	331,586	-	1,397,151	-	126,661
Fund balances, ending	\$1,382,493	\$1,331,067	\$4,673,531	\$957,567	\$-	\$1,363,344	\$-	\$140,445

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds (Continued)**  
**Year Ended June 30, 2014**

	Police Improvement	Lampkin Park	Homeland Security	Total Special Revenue Funds
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 483,487
Insurance premium taxes	-	-	-	1,976,123
Wages and net profits taxes	-	-	-	2,314,988
Judgments and settlements	-	-	-	13,307
Intergovernmental	-	-	-	7,166,116
Investment income	-	-	-	45,221
Charges for services	107,235	-	-	107,235
Contributions and donations	-	3,943	-	74,707
Miscellaneous	-	-	-	131,174
Total Revenues	107,235	3,943	-	12,312,358
<b>EXPENDITURES</b>				
Current:				
Public safety	9,713	-	-	1,932,306
Public works	-	-	-	1,651,131
Neighborhood and community services	-	-	-	3,561,549
Capital outlay	148,795	-	-	334,766
Total Expenditures	158,508	-	-	7,479,752
Excess (deficiency) of revenues over (under) expenditures	(51,273)	3,943	-	4,832,606
Other financing sources (uses) :				
Transfers in	-	-	-	451,629
Transfers out	-	-	-	(4,167,429)
Proceeds from sale of capital assets	7,200	-	-	7,200
Total other financing sources (uses)	7,200	-	-	(3,708,600)
Net change in fund balances	(44,073)	3,943	-	1,124,006
Fund balances, beginning	347,800	22,563	-	9,054,674
Fund balances, ending	\$ 303,727	\$ 26,506	\$ -	\$ 10,178,680

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Funds**  
**Year Ended June 30, 2014**

	Riverfront Development	Equipment Replacement	Road Construction	Hennessey Way Construction	Heritage Trail Construction	Sidewalk Improvement	Stormwater Infrastructure Improvement
<b>REVENUES</b>							
Intergovernmental	\$ 2,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and donations	-	-	-	-	-	-	-
Total Revenues	2,192	-	-	-	-	-	-
<b>EXPENDITURES</b>							
Current:							
Public safety	-	84,995	-	-	-	-	-
Public works	-	-	-	20,194	-	4,800	66,305
Neighborhood and community services	2,192	-	-	-	-	-	-
Capital outlay	-	785,996	-	-	-	357,588	1,350
Total Expenditures	2,192	870,991	-	20,194	-	362,388	67,655
Excess (deficiency) of revenues over (under) expenditures	-	(870,991)	-	(20,194)	-	(362,388)	(67,655)
Other financing sources (uses):							
Transfers in	-	1,983,195	365,000	223,200	-	400,000	500,000
Transfers out	-	-	(223,200)	-	-	-	-
Total other financing sources (uses)	-	1,983,195	141,800	223,200	-	400,000	500,000
Net change in fund balances	-	1,112,204	141,800	203,006	-	37,612	432,345
Fund balances, beginning	216,113	854,240	223,200	262,000	196,702	859,046	655,684
Fund balances, ending	\$ 216,113	\$ 1,966,444	\$ 365,000	\$ 465,006	\$ 196,702	\$ 896,658	\$ 1,088,029

See accompanying independent auditor's report

City of Bowling Green, Kentucky  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Capital Projects Funds (Continued)  
Year Ended June 30, 2014

	Municipal Facilities	Technology Capital Improvement	800 Trucking Radio Systems Improvements	Total Nonmajor Capital Project Funds
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ 2,192
Contributions and donations	-	-	1,465,517	1,465,517
Total Revenues	-	-	1,465,517	1,467,709
<b>EXPENDITURES</b>				
Current:				
Public safety	-	187,431	-	272,426
Public works	81,616	-	-	172,915
Neighborhood and community services	-	-	-	2,192
Capital outlay	1,668,688	126,140	2,818,303	5,758,065
Total Expenditures	1,750,304	313,571	2,818,303	6,205,598
Excess (deficiency) of revenues over (under) expenditures	(1,750,304)	(313,571)	(1,352,786)	(4,737,889)
Other financing sources (uses):				
Transfers in	3,183,500	850,000	1,150,000	8,654,895
Transfers out	-	-	-	(223,200)
Total other financing sources (uses)	3,183,500	850,000	1,150,000	8,431,695
Net change in fund balances	1,433,196	536,429	(202,786)	3,693,806
Fund balances, beginning	1,098,438	677,397	2,176,220	7,219,040
Fund balances, ending	\$ 2,531,634	\$ 1,213,826	\$ 1,973,434	\$10,912,846

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts			Variance w ith Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES</b>				
Principal	\$ 3,554,835	\$ 3,556,769	\$ 3,524,281	\$ 32,488
Interest and fiscal charges	1,487,740	1,485,806	1,481,255	4,551
Total expenditures	5,042,575	5,042,575	5,005,536	37,039
Excess (deficiency) of revenues over (under) expenditures	(5,042,575)	(5,042,575)	(5,005,536)	37,039
Other financing sources (uses):				
Transfers in	5,042,575	5,042,575	5,005,536	(37,039)
Total other financing sources	5,042,575	5,042,575	5,005,536	(37,039)
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report



City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 WKU Athletics Debt Service Fund  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 2,470,690	\$ 2,470,690	\$ 2,470,690	\$ -
Total revenues	2,470,690	2,470,690	2,470,690	-
<b>EXPENDITURES</b>				
Debt Service				
Principal	1,540,000	1,540,000	1,540,000	-
Interest	930,690	930,690	930,690	-
Total expenditures	2,470,690	2,470,690	2,470,690	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report

City of Bowling Green, Kentucky  
 Budgetary Comparison Schedule  
 ITA Bond Debt Service Fund  
 Year Ended June 30, 2014

	Budgeted Amounts			Variance w ith Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 299,458	\$ 299,458
Rent Income	1,329,967	1,329,967	1,303,456	(26,511)
Total revenues	1,329,967	1,329,967	1,602,914	272,947
<b>EXPENDITURES</b>				
Community Services	-	675,000	675,000	-
Debt Service:				
Principal	1,960,000	7,410,000	7,410,000	-
Interest	1,336,719	1,336,719	1,283,798	52,921
Total expenditures	3,296,719	9,421,719	9,368,798	52,921
Excess (deficiency) of revenues over (under) expenditures	(1,966,752)	(8,091,752)	(7,765,884)	325,868
Other financing sources (uses):				
Transfers In	1,329,967	1,329,967	1,329,967	-
Total other financing sources (uses)	1,329,967	1,329,967	1,329,967	-
Net change in fund balances	(636,785)	(6,761,785)	(6,435,917)	325,868
Fund balances, beginning	13,015,375	13,015,375	13,015,375	-
Fund balances, ending	\$ 12,378,590	\$ 6,253,590	\$ 6,579,458	\$ 325,868

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
TIF District Bond Debt Service Fund  
Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Contributions and donations	\$ -	\$ 298,500	\$ 317,999	\$ 19,499
Total revenues	-	298,500	317,999	19,499
<b>EXPENDITURES</b>				
Principal	505,000	505,000	505,000	-
Interest and fiscal charges	1,105,500	1,105,500	1,105,438	62
Total expenditures	1,610,500	1,610,500	1,610,438	62
Excess (deficiency) of revenues over (under) expenditures	(1,610,500)	(1,312,000)	(1,292,439)	19,561
Other financing sources (uses):				
Transfers in	1,610,500	1,610,500	1,610,500	-
Total other financing sources	1,610,500	1,610,500	1,610,500	-
Net change in fund balances	-	298,500	318,061	19,561
Fund balances, beginning	2,367,645	2,367,645	2,367,645	-
Fund balances, ending	\$ 2,367,645	\$ 2,666,145	\$ 2,685,706	\$ 19,561

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Community Development Special Revenue Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ 3,567,434	\$ 3,944,255	\$ 3,385,868	\$ (558,387)
Investment income	1,000	1,000	3,183	2,183
Miscellaneous	43,000	43,000	41,036	(1,964)
Total revenues	3,611,434	3,988,255	3,430,087	(558,168)
<b>EXPENDITURES</b>				
Current:				
Neighborhood and community services	3,611,434	3,689,007	3,546,882	142,125
Capital outlay	-	128,707	-	128,707
Total expenditures	3,611,434	3,817,714	3,546,882	270,832
Excess (deficiency) of revenues over (under) expenditures	-	170,541	(116,795)	(287,336)
Other financing sources (uses):				
Transfers out	(150,000)	(150,000)	(150,000)	-
Total other financing sources (uses)	(150,000)	(150,000)	(150,000)	-
Net change in fund balances	(150,000)	20,541	(266,795)	(287,336)
Fund balances, beginning	1,649,288	1,649,288	1,649,288	-
Fund balances, ending	<u>\$ 1,499,288</u>	<u>\$ 1,669,829</u>	<u>\$ 1,382,493</u>	<u>\$ (287,336)</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Fire Improvement Special Revenue Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Insurance premium taxes	\$ 1,805,000	\$ 1,805,000	\$ 1,976,123	\$ 171,123
Judgments and settlements	14,000	14,000	13,307	(693)
Intergovernmental	-	56,340	55,860	(480)
Investment income	6,500	6,500	4,876	(1,624)
Total revenues	1,825,500	1,881,840	2,050,166	168,326
EXPENDITURES				
Current:				
Public safety	315,983	390,456	317,453	73,003
Capital outlay	58,000	168,793	147,546	21,247
Total expenditures	373,983	559,249	464,999	94,250
Excess (deficiency) of revenues over (under) expenditures	1,451,517	1,322,591	1,585,167	262,576
Other financing sources (uses):				
Transfers out	(1,460,000)	(1,460,000)	(1,459,602)	398
Total other financing sources (uses)	(1,460,000)	(1,460,000)	(1,459,602)	398
Net change in fund balances	(8,483)	(137,409)	125,565	262,974
Fund balances, beginning	1,205,502	1,205,502	1,205,502	-
Fund balances, ending	\$ 1,197,019	\$ 1,068,093	\$ 1,331,067	\$ 262,974

See accompanying independent auditor's report

**City of Bowling Green, Kentucky  
Budgetary Comparison Schedule  
Municipal Aid Special Revenue Fund  
Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ 3,533,100	\$ 4,265,455	\$ 3,686,362	\$ (579,093)
Investment income	17,000	17,000	18,421	1,421
Miscellaneous	84,500	84,500	90,138	5,638
Total revenues	3,634,600	4,366,955	3,794,921	(572,034)
<b>EXPENDITURES</b>				
Current:				
Public safety	1,486,208	1,606,483	1,548,798	57,685
Public works	1,760,000	2,070,041	1,534,919	535,122
Capital outlay	237,500	273,639	38,425	235,214
Total expenditures	3,483,708	3,950,163	3,122,142	828,021
Excess (deficiency) of revenues over (under) expenditures	150,892	416,792	672,779	255,987
Other financing sources (uses):				
Transfers in	28,700	28,700	26,629	(2,071)
Total other financing sources (uses)	28,700	28,700	26,629	(2,071)
Net change in fund balances	179,592	445,492	699,408	253,916
Fund balances, beginning	3,974,123	3,974,123	3,974,123	-
Fund balances, ending	\$ 4,153,715	\$ 4,419,615	\$ 4,673,531	\$ 253,916

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Job Development Incentive Special Revenue Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Wages and net profits taxes	\$ 1,030,000	\$ 1,030,000	\$ 1,126,693	\$ 96,693
Property taxes	-	74,000	71,613	(2,387)
Investment income	2,500	2,500	-	(2,500)
Total revenues	1,032,500	1,106,500	1,198,306	91,806
<b>EXPENSES</b>				
Current:				
Neighborhood and community service	-	74,000	14,667	59,333
Excess of revenues over expenditures	1,032,500	1,032,500	1,183,639	151,139
Other financing sources (uses):				
Transfers in	-	400,000	400,000	-
Transfers out	(960,125)	(960,125)	(957,658)	2,467
Total other financing sources (uses)	(960,125)	(560,125)	(557,658)	2,467
Net change in fund balances	72,375	472,375	625,981	153,606
Fund balances, beginning	331,586	331,586	331,586	-
Fund balances, ending	\$ 403,961	\$ 803,961	\$ 957,567	\$ 153,606

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Parks Development Special Revenue Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 411,500	\$ 411,500	\$ 411,874	\$ 374
Wages and net profits taxes	1,122,000	1,257,000	1,188,295	(68,705)
Total revenues	1,533,500	1,668,500	1,600,169	(68,331)
Other financing sources (uses):				
Transfers out	(1,533,500)	(1,668,500)	(1,600,169)	68,331
Total other financing sources (uses)	(1,533,500)	(1,668,500)	(1,600,169)	68,331
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report



**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Landfill Closure Special Revenue Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Interest income	\$ 30,750	\$ 30,750	\$ 18,741	\$ (12,009)
Contributions and donations	19,500	62,306	63,664	1,358
Total revenues	50,250	93,056	82,405	(10,651)
<b>EXPENDITURES</b>				
Current:				
Public works	96,879	171,834	116,212	55,622
Total expenditures	96,879	171,834	116,212	55,622
Net change in fund balances	(46,629)	(78,778)	(33,807)	44,971
Fund balances, beginning	1,397,151	1,397,151	1,397,151	-
Fund balances, ending	\$ 1,350,522	\$ 1,318,373	\$ 1,363,344	\$ 44,971

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Local Law Enforcement Block Grant Special Revenue Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 43,264	\$ 13,026	\$ (30,238)
<b>EXPENDITURES</b>				
Current:				
Public safety	-	43,264	13,026	30,238
Total expenditures	-	43,264	13,026	30,238
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Trunking Operation Special Revenue Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Contributions and donations	7,100	7,100	7,100	-
Total revenues	32,100	32,100	32,100	-
<b>EXPENDITURES</b>				
Current:				
Public Safety	57,100	57,100	43,316	13,784
Total expenditures	57,100	57,100	43,316	13,784
Excess (deficiency) of revenues over (under) expenditures	(25,000)	(25,000)	(11,216)	13,784
Other financing sources (uses):				
Transfers in	25,000	25,000	25,000	-
Total other financing sources (uses)	25,000	25,000	25,000	-
Net change in fund balances	-	-	13,784	13,784
Fund balances, beginning	126,661	126,661	126,661	-
Fund balances, ending	\$ 126,661	\$ 126,661	\$ 140,445	\$ 13,784

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Police Improvement Special Revenue Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 128,000	\$ 128,000	\$ 107,235	\$ (20,765)
Total revenues	128,000	128,000	107,235	(20,765)
<b>EXPENDITURES</b>				
Public safety	14,500	18,949	9,713	9,236
Capital outlay	145,000	149,787	148,795	992
Total expenses	159,500	168,736	158,508	10,228
Excess (deficiency) of revenues over (under) expenditures	(31,500)	(40,736)	(51,273)	(10,537)
Other financing sources (uses):				
Proceeds from sale of capital assets	-	7,200	7,200	-
Total other financing sources (uses)	-	7,200	7,200	-
Net change in fund balances	(31,500)	(33,536)	(44,073)	(10,537)
Fund balances, beginning	347,800	347,800	347,800	-
Fund balances, ending	\$ 316,300	\$ 314,264	\$ 303,727	\$ (10,537)

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Lampkin Park Special Revenue Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Contributions and donations	\$ 5,000	\$ 5,000	\$ 3,943	\$ (1,057)
Total revenues	5,000	5,000	3,943	(1,057)
Net change in fund balances	5,000	5,000	3,943	(1,057)
Fund balances, beginning	22,563	22,563	22,563	-
Fund balances, ending	\$ 27,563	\$ 27,563	\$ 26,506	\$ (1,057)

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Homeland Security Special Revenue Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts			Variance w ith Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 1,567	\$ -	\$ (1,567)
Total revenues	-	1,567	-	(1,567)
<b>EXPENDITURES</b>				
Current:				
Public safety	-	1,567	-	1,567
Total expenditures	-	1,567	-	1,567
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Riverfront Development Capital Projects Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 22,095	\$ 2,192	\$ (19,903)
Total revenues	-	22,095	2,192	(19,903)
<b>EXPENDITURES</b>				
Current:				
Neighborhood and community services	-	10,684	2,192	8,492
Capital outlay	-	120,000	-	120,000
Total expenditures	-	130,684	2,192	128,492
Net change in fund balances	-	(108,589)	-	108,589
Fund balances, beginning	216,113	216,113	216,113	-
Fund balances, ending	\$ 216,113	\$ 107,524	\$ 216,113	\$ 108,589

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Equipment Replacement Capital Projects Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance w ith Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Current:				
Public Safety	\$ 84,995	\$ 84,995	\$ 84,995	\$ -
Capital outlay	530,080	854,719	785,996	68,723
Total expenditures	615,075	939,714	870,991	68,723
Excess (deficiency) of revenues over (under) expenditures	(615,075)	(939,714)	(870,991)	68,723
Other financing sources (uses):				
Transfers in	300,000	1,983,195	1,983,195	-
Net change in fund balances	(315,075)	1,043,481	1,112,204	68,723
Fund balances, beginning	854,240	854,240	854,240	-
Fund balances, ending	\$ 539,165	\$ 1,897,721	\$ 1,966,444	\$ 68,723

See accompanying independent auditor's report



**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Road Construction Capital Projects Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Capital outlay	\$ -	\$ 365,000	\$ -	\$ 365,000
Total expenditures	-	365,000	-	365,000
Excess (deficiency) of revenues over (under) expenditures	-	(365,000)	-	(365,000)
Other financing sources (uses):				
Transfers in	-	365,000	365,000	-
Transfers out	-	(223,200)	(223,200)	-
Total other financing sources (uses)	-	141,800	141,800	-
Net change in fund balances	-	(223,200)	141,800	365,000
Fund balances, beginning	223,200	223,200	223,200	-
Fund balances, ending	<u>\$ 223,200</u>	<u>\$ -</u>	<u>\$ 365,000</u>	<u>\$ 365,000</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Hennessey Way Construction Capital Projects Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES</b>				
Current:				
Public Works	\$ -	\$ 35,154	\$ 20,194	\$ 14,960
Capital outlay	-	438,460	-	438,460
Total expenditures	-	473,614	20,194	453,420
Other financing sources (uses):				
Transfer in	-	223,200	223,200	-
Net change in fund balances	-	(250,414)	203,006	453,420
Fund balances, beginning	262,000	262,000	262,000	-
Fund balances, ending	\$ 262,000	\$ 11,586	\$ 465,006	\$ 453,420

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Heritage Trail Construction Capital Projects Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES</b>				
Capital outlay	\$ 50,000	\$ 50,000	\$ -	\$ 50,000
Net change in fund balances	(50,000)	(50,000)	-	50,000
Fund balances, beginning	196,702	196,702	196,702	-
Fund balances, ending	<u>\$ 146,702</u>	<u>\$ 146,702</u>	<u>\$ 196,702</u>	<u>\$ 50,000</u>

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Sidewalk Replacement Capital Projects Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts			Variance w ith Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES</b>				
Current:				
Public w orks	\$ -	\$ 34,427	\$ 4,800	\$ 29,627
Capital outlay	400,000	1,131,721	357,588	774,133
Total expenditures	400,000	1,166,148	362,388	803,760
Other financing sources (uses):				
Transfers in	400,000	400,000	400,000	-
Total other financing sources (uses)	400,000	400,000	400,000	-
Net change in fund balances	-	(766,148)	37,612	803,760
Fund balances, beginning	859,046	859,046	859,046	-
Fund balances, ending	\$ 859,046	\$ 92,898	\$ 896,658	\$ 803,760

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Stormwater Infrastructure Improvement Capital Projects Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts			Variance w ith Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES</b>				
Current:				
Public Works	\$ -	\$ 83,332	\$ 66,305	\$ 17,027
Capital Outlay	500,000	1,058,552	1,350	1,057,202
Total expenditures	(500,000)	(1,141,884)	(67,655)	1,074,229
Other financing sources (uses):				
Transfers in	500,000	500,000	500,000	-
Net change in fund balances	-	(641,884)	432,345	1,074,229
Fund balances, beginning	655,684	655,684	655,684	-
Fund balances, ending	\$ 655,684	\$ 13,800	\$ 1,088,029	\$ 1,074,229

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Municipal Facilities Capital Projects Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES</b>				
Current:				
Public Works	\$ -	\$ 82,692	\$ 81,616	\$ 1,076
Capital outlay	2,150,000	3,152,209	1,668,688	1,483,521
Total Expenditures	(2,150,000)	(3,234,901)	(1,750,304)	1,484,597
Other financing sources (uses):				
Transfers in	1,150,000	3,183,500	3,183,500	-
Net change in fund balances	(1,000,000)	(51,401)	1,433,196	1,484,597
Fund balances, beginning	1,098,438	1,098,438	1,098,438	-
Fund balances, ending	\$ 98,438	\$ 1,047,037	\$ 2,531,634	\$ 1,484,597

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**800 Trunking Radio Systems Capital Projects Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Contributions and donations	\$ -	\$ 3,347,000	\$ 1,465,517	\$ (1,881,483)
Total revenues	-	3,347,000	1,465,517	(1,881,483)
<b>EXPENDITURES</b>				
Capital Outlay	3,300,000	3,028,303	2,818,303	210,000
Total expenditures	3,300,000	3,028,303	2,818,303	210,000
Other financing sources (uses):				
Bond Proceeds	1,100,000	-	-	-
Transfers in	150,000	1,150,000	1,150,000	-
Total other financing sources (uses)	1,250,000	1,150,000	1,150,000	-
Net change in fund balances	(2,050,000)	1,468,697	(202,786)	(1,671,483)
Fund balances, beginning	2,176,220	2,176,220	2,176,220	-
Fund balances, ending	\$ 126,220	\$ 3,644,917	\$ 1,973,434	\$ (1,671,483)

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Budgetary Comparison Schedule**  
**Technology Capital Improvements Projects Fund**  
**Year Ended June 30, 2014**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES</b>				
Public Safety	\$ 85,000	\$ 190,360	\$ 187,431	\$ 2,929
Capital outlay	121,000	126,140	126,140	-
Total expenditures	206,000	316,500	313,571	2,929
Other financing sources (uses):				
Transfers in	150,000	850,000	850,000	-
Total other financing sources (uses)	150,000	850,000	850,000	-
Net change in fund balances	(56,000)	533,500	536,429	2,929
Fund balances, beginning	677,397	677,397	677,397	-
Fund balances, ending	<u>\$ 621,397</u>	<u>\$ 1,210,897</u>	<u>\$ 1,213,826</u>	<u>\$ 2,929</u>

See accompanying independent auditor's report



## **NONMAJOR GOVERNMENTAL FUNDS**

### **INTERNAL SERVICE FUNDS**

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

#### **Fleet Maintenance Fund**

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

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

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

#### **Workers Compensation Fund**

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

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

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

**City of Bowling Green, Kentucky**  
**Combining Statement of Net Position – Internal Service Funds**  
**June 30, 2014**

	Fleet Maintenance	Employee Health Care	Workers Compensation	Properly and Casualty	Total
<b>ASSETS</b>					
Current assets					
Pooled cash and cash equivalents	\$ 456,309	\$ 984,029	\$ 624,033	\$ 1,243,363	\$ 3,307,734
Investments	-	2,828,133	1,159,821	-	3,987,954
Accounts receivable	6,618	-	-	2,711	9,329
Interest receivable	-	3,794	4,444	-	8,238
Inventories	163,078	-	-	-	163,078
Prepaid items	-	323,000	-	-	323,000
Total current assets	626,005	4,138,956	1,788,298	1,246,074	7,799,333
Noncurrent assets					
Capital assets					
Building	200,986	-	-	-	200,986
Machinery and equipment	234,569	-	40,345	-	274,914
	435,555	-	40,345	-	475,900
Less accumulated depreciation	(318,480)	-	(39,420)	-	(357,900)
Total capital assets, net of accumulated depreciation	117,075	-	925	-	118,000
Total noncurrent assets	117,075	-	925	-	118,000
Total assets	\$ 743,080	\$ 4,138,956	\$ 1,789,223	\$ 1,246,074	\$ 7,917,333
<b>LIABILITIES</b>					
Current liabilities					
Vouchers and accounts payable	\$ 61,880	\$ 116,050	\$ 50,835	\$ 11,647	\$ 240,412
Accrued payroll	24,425	-	987	-	25,412
Insurance claims payable	-	255,723	58,417	-	314,140
Current portion of compensated absences payable	12,115	-	-	-	12,115
Total current liabilities	98,420	371,773	110,239	11,647	592,079
Noncurrent liabilities					
Compensated absences payable, net of current portion	9,788	-	-	-	9,788
Total liabilities	108,208	371,773	110,239	11,647	601,867
<b>NET POSITION</b>					
Net investment in capital assets	117,075	-	925	-	118,000
Unrestricted	517,797	3,767,183	1,678,059	1,234,427	7,197,466
Total net position	\$ 634,872	\$ 3,767,183	\$ 1,678,984	\$ 1,234,427	\$ 7,315,466

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds**  
**Year Ended June 30, 2014**

	Fleet Maintenance	Employee Health Care	Workers Compensation	Property and Casualty	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,993,136	\$ -	\$ -	\$ -	\$ 1,993,136
Insurance premiums	-	4,308,281	614,942	2,925	4,926,148
Judgments and settlements	2,014	-	-	62,386	64,400
Contributions and donations	-	-	2,535	-	2,535
Miscellaneous	1,904	-	-	-	1,904
Total operating revenues	1,997,054	4,308,281	617,477	65,311	6,988,123
<b>OPERATING EXPENSES</b>					
Personnel services	587,109	-	22,388	-	609,497
Contractual services	11,842	330,860	82,308	11,106	436,116
Supplies	1,216,643	6,657	44,157	27,475	1,294,932
Utilities	40,209	-	-	-	40,209
Repairs and maintenance	137,074	-	-	-	137,074
Insurance premiums and claims	-	4,523,899	316,187	809,917	5,650,003
Depreciation	10,328	-	1,148	-	11,476
Miscellaneous	5,794	1,423	741	1,592	9,550
Total operating expenses	2,008,999	4,862,839	466,929	850,090	8,188,857
Operating income (loss)	(11,945)	(554,558)	150,548	(784,779)	(1,200,734)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	-	44,894	13,374	-	58,268
Total nonoperating revenues	-	44,894	13,374	-	58,268
Income (loss) before transfers	(11,945)	(509,664)	163,922	(784,779)	(1,142,466)
Transfer in	-	-	-	900,000	900,000
Transfers out	(50,000)	-	(200,000)	-	(250,000)
Change in net position	(61,945)	(509,664)	(36,078)	115,221	(492,466)
Net position, beginning	696,817	4,276,847	1,715,062	1,119,206	7,807,932
Net position, ending	\$ 634,872	\$ 3,767,183	\$ 1,678,984	\$ 1,234,427	\$ 7,315,466

See accompanying independent auditor's report

**City of Bowling Green, Kentucky**  
**Combining Statement of Cash Flows – Internal Service Funds**  
**Year Ended June 30, 2014**

	Fleet Maintenance	Employee Health Care	Workers Compensation	Property and Casualty	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 2,020,440	\$ 4,308,281	\$ 617,477	\$ 62,600	\$ 7,008,798
Payments to employees	(580,311)	-	(22,295)	-	(602,606)
Payments to suppliers	(1,436,418)	(357,063)	(99,511)	(32,609)	(1,925,601)
Insurance premiums and claims paid	-	(4,437,353)	(280,010)	(809,917)	(5,527,280)
Net cash (used in) provided by operating activities	3,711	(486,135)	215,661	(779,926)	(1,046,689)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	-	-	-	900,000	900,000
Transfers out	(50,000)	-	(200,000)	-	(250,000)
Net cash provided by (used in) noncapital financing activities	(50,000)	-	(200,000)	900,000	650,000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	-	51,663	9,119	-	60,782
Sale of investments	-	748,136	1,359	-	749,495
Net cash provided by investing activities	-	799,799	10,478	-	810,277
Net increase (decrease) in cash and cash equivalents	(46,289)	313,664	26,139	120,074	413,588
Cash and cash equivalents, beginning of year	502,598	670,365	597,894	1,123,289	2,894,146
Cash and cash equivalents, end of year	<u>\$ 456,309</u>	<u>\$ 984,029</u>	<u>\$ 624,033</u>	<u>\$ 1,243,363</u>	<u>\$ 3,307,734</u>
Reconciliation of operating income to net cash provided by operating activities					
Operating income (loss)	\$ (11,945)	\$ (554,558)	\$ 150,548	\$ (784,779)	\$ (1,200,734)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	10,328	-	1,148	-	11,476
Change in assets and liabilities					
Accounts receivable	23,381	-	-	(2,711)	20,670
Inventories	(8,586)	-	-	-	(8,586)
Accounts payable	(16,270)	(18,123)	27,695	7,564	866
Compensated absences	4,369	-	-	-	4,369
Accrued payroll	2,434	-	93	-	2,527
Insurance claims payable	-	86,546	36,177	-	122,723
Net cash provided by (used in) operating activities	<u>\$ 3,711</u>	<u>\$ (486,135)</u>	<u>\$ 215,661</u>	<u>\$ (779,926)</u>	<u>\$ (1,046,689)</u>

See accompanying independent auditor's report

## **NONMAJOR GOVERNMENTAL FUNDS**

### **AGENCY FUNDS**

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

#### **Claims Fund**

Imprest vendor paying agent for all government funds.

#### **Payroll Fund**

Imprest paying agent for City payroll.

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

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

#### **Tax Distribution Fund**

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

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

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

City of Bowling Green, Kentucky  
Combining Statement of Changes in Assets and Liabilities – Agency Funds  
Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b>CLAIMS FUND</b>				
Assets				
Non-pooled cash and cash equivalents	\$ 1,681,128	\$ 112,384,853	\$ 112,736,646	\$ 1,329,335
Liabilities				
Other liabilities	\$ 1,681,128	\$ 112,384,853	\$ 112,736,646	\$ 1,329,335
<b>PAYROLL FUND</b>				
Assets				
Non-pooled cash and cash equivalents	\$ 15,080	\$ 35,324,531	\$ 35,323,036	\$ 16,575
Liabilities				
Other liabilities	\$ 15,080	\$ 35,324,531	\$ 35,323,036	\$ 16,575
<b>TOURIST &amp; CONVENTION FUND</b>				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 1,622,062	\$ 1,622,062	\$ -
Liabilities				
Due to Tourist Commission	\$ -	\$ 1,216,546	\$ 1,216,546	\$ -
Due to Convention Center Corp.	-	405,516	405,516	-
Total liabilities	\$ -	\$ 1,622,062	\$ 1,622,062	\$ -
<b>TAX DISTRIBUTION FUND</b>				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 20,117,578	\$ 20,117,578	\$ -
Liabilities				
Due to other funds	\$ -	\$ 10,391,968	\$ 10,391,968	\$ -
Due to other taxing units - School Board	-	9,389,566	9,389,566	-
Other liabilities	-	336,044	336,044	-
Total liabilities	\$ -	\$ 20,117,578	\$ 20,117,578	\$ -

See accompanying independent auditor's report

City of Bowling Green, Kentucky  
Combining Statement of Changes in Assets and Liabilities – Agency Funds (Continued)  
Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b>TREASURER'S DISTRIBUTION FUND</b>				
Assets				
Pooled cash and cash equivalents	\$ 106,385	\$ 119,529	\$ 141,912	\$ 84,002
Liabilities				
Due to other governmental units	\$ 106,385	\$ 119,529	\$ 141,912	\$ 84,002
<b>TOTALS - ALL AGENCY FUNDS</b>				
Assets				
Pooled cash and cash equivalents	\$ 106,385	\$ 21,859,169	\$ 21,881,552	\$ 84,002
Non-pooled cash and cash equivalents	1,696,208	147,709,384	148,059,682	1,345,910
Total assets	\$ 1,802,593	\$ 169,568,553	\$ 169,941,234	\$ 1,429,912
Liabilities				
Due to other funds	\$ -	\$ 10,391,968	\$ 10,391,968	\$ -
Due to Tourist Commission	-	1,216,546	1,216,546	-
Due to Convention Center Corp.	-	405,516	405,516	-
Due to other taxing units - School Board	-	9,389,566	9,389,566	-
Due to other governmental units	106,385	119,529	141,912	84,002
Other liabilities	1,696,208	148,045,428	148,395,726	1,345,910
Total liabilities	\$ 1,802,593	\$ 169,568,553	\$ 169,941,234	\$ 1,429,912

See accompanying independent auditor's report

City of Bowling Green, Kentucky  
Combining Statement of Net Position – Component Units – Bowling Green Municipal Utilities  
June 30, 2014

	Bowling Green Municipal Utilities			
	Electric Division	Water-Sewer Division	General Services Division	Total
<b>ASSETS</b>				
Non-pooled cash and cash equivalents	\$ 13,133,115	\$ 2,444,665	\$ 224,197	\$ 15,801,977
Receivables (net):				
Accounts	8,811,721	1,387,954	95,155	10,294,830
Other	91,418	131,539	-	222,957
Inventories	895,384	193,997	88,296	1,177,677
Prepaid items	381,272	181,288	19,578	582,138
Long-term investments	100,000	-	-	100,000
Prepayment to TVA	433,416	-	-	433,416
Investments and restricted funds	2,944,358	4,841,641	-	7,785,999
Due from component units	21,324	6,095,969	34,423	6,151,716
Capital assets, net of accumulated depreciation:				
Non-depreciable	3,804,343	956,974	88,707	4,850,024
Depreciable	49,751,796	138,393,152	4,528,128	192,673,076
Other assets	67,952	524,365	205,450	797,767
Total assets	80,436,099	155,151,544	5,283,934	240,871,577
Deferred Outflow s of Resources - Deferred Loss on Bond Defeasance	-	300,401	-	300,401
Total assets and deferred outflow s of resources	80,436,099	155,451,945	5,283,934	241,171,978
<b>LIABILITIES</b>				
Vouchers and accounts payable	8,174,817	933,352	112,204	9,220,373
Compensated absences payable	494,366	240,986	-	735,352
Accrued interest payable	1,078,047	102,312	-	1,180,359
Due to component unit	855,392	-	275,000	1,130,392
Customer deposits	-	12,040	-	12,040
Security deposits	4,751,408	-	-	4,751,408
Other current liabilities	786,548	236,692	94,773	1,118,013
Compensated absences payable, noncurrent	250,714	142,828	-	393,542
Customer advances, noncurrent	56,861	-	-	56,861
Noncurrent liabilities:				
Due w ithin one year	415,000	4,114,940	41,283	4,571,223
Due in more than one year	11,548,184	71,718,660	85,823	83,352,667
Due to component unit	-	-	5,000,000	5,000,000
Total liabilities	28,411,337	77,501,810	5,609,083	111,522,230
<b>NET POSITION</b>				
Net investment in capital assets	43,310,585	63,627,956	(510,271)	106,428,270
Restricted	1,326,728	4,841,641	-	6,168,369
Unrestricted	7,387,449	9,480,538	185,122	17,053,109
Total net position	\$ 52,024,762	\$ 77,950,135	\$ (325,149)	\$ 129,649,748

See accompanying independent auditor's report



City of Bowling Green, Kentucky  
Combining Statement of Activities – Component Units – Bowling Green Municipal Utilities  
Year Ended June 30, 2014

Bowling Green Municipal Utilities	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Charges for Services	Operating Contributions	Capital Contributions	Electric System	Water and Sewer System	Fiber Optic System	Totals
Electric Division	\$ 86,059,813	\$ -	\$ -	\$ 2,140,301	\$ -	\$ -	\$ 2,140,301
Water-Sewer Division	20,664,441	-	1,253,766	-	1,163,543	-	1,163,543
General Services Division	2,181,971	-	-	-	-	656,335	656,335
Total component units	\$ 108,906,225	\$ -	\$ 1,253,766	2,140,301	1,163,543	656,335	3,960,179
<b>General revenues:</b>							
Investment income				46,989	86,043	-	133,032
Merchandising revenues, net				28,605	-	24,612	53,217
Miscellaneous				-	393,102	(29,417)	363,685
Total general revenues				75,594	479,145	(4,805)	549,934
Change in net position				2,215,895	1,642,688	651,530	4,510,113
Net position beginning of year				49,808,867	76,307,447	(976,679)	125,139,635
Net position end of year				\$ 52,024,762	\$ 77,950,135	\$ (325,149)	\$ 129,649,748

See accompanying independent auditor's report

# STATISTICAL SECTION

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

## Financial Trends:            Tables 1 - 4

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

## Revenue Capacity:            Tables 5 - 7

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

## Debt Capacity:                Tables 8 - 12

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

## Demographic and Economic Information:    Tables 13 - 14

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

## Operating Information:       Tables 15 - 17

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

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

	Fiscal Year									
	<u>2014</u>	<u>Restated 2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 150,159,869	\$ 137,092,802	\$ 135,364,894	\$ 124,378,964	\$ 115,406,434	\$ 110,124,978	\$ 95,299,980	\$ 70,506,798	\$ 61,920,839	\$ 48,982,175
Restricted	13,291,912	9,755,642	8,334,411	7,678,890	8,489,209	12,648,978	13,706,589	16,471,139	7,114,135	8,614,231
Unrestricted	15,256,561	22,355,235	14,779,013	11,861,503	10,322,628	3,791,321	30,702,914	35,938,960	32,220,951	24,642,192
Total governmental activities net position	\$ 178,708,342	\$ 169,203,679	\$ 158,478,318	\$ 143,919,357	\$ 134,218,271	\$ 126,565,277	\$ 139,709,483	\$ 122,916,897	\$ 101,255,925	\$ 82,238,598
<b>Business-type activities</b>										
Net investment in capital assets	\$ 6,665,937	\$ 6,831,728	\$ 6,697,127	\$ 6,601,646	\$ 6,073,639	\$ 5,673,876	\$ 4,914,526	\$ 4,536,514	\$ 4,391,188	\$ 4,007,468
Restricted	-	-	-	-	-	-	-	-	-	533
Unrestricted	8,057,826	6,966,658	5,855,494	5,109,640	4,408,480	3,763,476	2,954,021	2,723,849	1,908,071	1,503,788
Total business-type activities net position	\$ 14,723,763	\$ 13,798,386	\$ 12,552,621	\$ 11,711,286	\$ 10,482,119	\$ 9,437,352	\$ 7,868,547	\$ 7,260,363	\$ 6,299,259	\$ 5,511,789
<b>Primary government</b>										
Net investment in capital assets	\$ 156,825,806	\$ 143,924,530	\$ 142,062,021	\$ 130,980,610	\$ 121,480,073	\$ 115,798,854	\$ 100,214,506	\$ 75,043,312	\$ 66,312,027	\$ 52,989,643
Restricted	13,291,912	9,755,642	8,334,411	7,678,890	8,489,209	12,648,978	13,706,589	16,471,139	7,114,135	8,614,764
Unrestricted	23,314,387	29,321,893	20,634,507	16,971,143	14,731,108	7,554,797	33,656,935	38,662,809	34,129,022	26,145,980
Total primary government net position	\$ 193,432,105	\$ 183,002,065	\$ 171,030,939	\$ 155,630,643	\$ 144,700,390	\$ 136,002,629	\$ 147,578,030	\$ 130,177,260	\$ 107,555,184	\$ 87,750,387

See accompanying independent auditor's report

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

	Fiscal Year									
	<u>2014</u>	<u>Restated 2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 14,940,954	\$ 16,265,264	\$ 15,273,247	\$ 15,155,819	\$ 12,874,758	\$ 14,240,674	\$ 14,963,398	\$ 11,585,397	\$ 10,620,708	\$ 9,839,358
Public safety	24,384,208	23,180,539	22,297,308	21,843,704	22,477,932	20,629,290	20,888,002	18,477,954	17,028,198	16,864,958
Public works	8,781,909	6,207,967	7,576,164	6,700,923	7,782,325	6,276,210	6,445,139	8,024,218	6,407,082	6,126,248
Parks and recreation	4,899,266	5,280,474	5,011,216	5,478,404	4,895,725	4,715,430	4,643,176	4,579,136	4,318,574	4,056,394
Neighborhood and comm. services	3,734,515	4,787,160	5,158,144	4,948,826	4,739,011	5,562,852	4,533,189	5,891,219	5,221,716	4,170,122
Community services	1,362,100	1,070,544	1,341,318	1,238,015	2,446,270	24,078,708	4,087,698	3,016,601	2,585,297	2,445,889
Miscellaneous	-	-	-	-	-	-	-	-	-	5,595
Interest expense (restated)	6,869,043	7,568,802	6,498,659	5,670,703	6,789,892	7,033,869	4,380,214	3,501,788	3,478,617	3,470,870
Total governmental activities expenses	<u>64,971,995</u>	<u>64,360,750</u>	<u>63,156,056</u>	<u>61,036,394</u>	<u>62,005,913</u>	<u>82,537,033</u>	<u>59,940,816</u>	<u>55,076,313</u>	<u>49,660,192</u>	<u>46,979,434</u>
Business-type activities:										
Golf course	1,750,045	2,066,604	2,759,341	2,366,430	2,323,270	2,342,624	2,379,799	2,375,208	2,316,855	2,251,191
Aquatics	884,164	885,993	919,636	871,429	849,210	848,501	1,231,201	862,409	877,479	1,039,779
Convention center	984,699	673,102	904,908	607,015	823,333	742,829	850,659	682,734	897,524	1,087,721
Total business-type activities expenses	<u>3,618,908</u>	<u>3,625,699</u>	<u>4,583,885</u>	<u>3,844,874</u>	<u>3,995,813</u>	<u>3,933,954</u>	<u>4,461,659</u>	<u>3,920,351</u>	<u>4,091,858</u>	<u>4,378,691</u>
Total primary government expenses	<u>\$ 68,590,903</u>	<u>\$ 67,986,449</u>	<u>\$ 67,739,941</u>	<u>\$ 64,881,268</u>	<u>\$ 66,001,726</u>	<u>\$ 86,470,987</u>	<u>\$ 64,402,475</u>	<u>\$ 58,996,664</u>	<u>\$ 53,752,050</u>	<u>\$ 51,358,125</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services:										
General government	\$ 1,898,623	\$ 4,650,906	\$ 3,728,986	\$ 3,415,888	\$ 3,095,600	\$ 3,545,304	\$ 2,234,584	\$ 2,124,151	\$ 1,072,180	\$ 1,248,536
Public safety	259,539	252,181	269,502	187,098	187,228	250,696	294,866	191,964	199,137	572,295
Public works	-	-	-	-	-	-	-	-	-	-
Parks and recreation	381,975	380,360	389,486	398,333	421,798	390,693	382,818	323,999	361,444	351,497
Operating grants and contributions	9,387,792	9,538,468	7,308,403	8,425,923	8,986,489	7,311,410	7,544,586	6,445,180	5,614,030	5,242,315
Capital grants and contributions	4,544,651	5,169,106	13,461,928	9,941,334	8,339,284	7,689,270	14,582,910	17,335,681	7,856,470	4,185,783
Total governmental activities program revenues	<u>16,472,580</u>	<u>19,991,021</u>	<u>25,158,305</u>	<u>22,368,576</u>	<u>21,030,379</u>	<u>19,187,373</u>	<u>25,039,764</u>	<u>26,420,975</u>	<u>15,103,261</u>	<u>11,600,426</u>
Business-type activities:										
Charges for services:										
Golf course	1,247,622	1,368,727	1,438,517	1,275,821	1,316,218	1,429,946	1,416,483	1,430,200	1,369,313	1,326,003
Aquatics	449,284	477,508	649,347	578,532	518,834	511,395	475,673	421,185	461,381	460,480
Convention center	210,800	212,823	205,503	216,665	214,459	223,958	203,324	194,675	312,682	570,517
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>1,907,706</u>	<u>2,059,058</u>	<u>2,293,367</u>	<u>2,071,018</u>	<u>2,049,511</u>	<u>2,165,299</u>	<u>2,095,480</u>	<u>2,046,060</u>	<u>2,143,376</u>	<u>2,357,000</u>
Total primary government program revenues	<u>\$ 18,380,286</u>	<u>\$ 22,050,079</u>	<u>\$ 27,451,672</u>	<u>\$ 24,439,594</u>	<u>\$ 23,079,890</u>	<u>\$ 21,352,672</u>	<u>\$ 27,135,244</u>	<u>\$ 28,467,035</u>	<u>\$ 17,246,637</u>	<u>\$ 13,957,426</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (48,499,415)	\$ (44,369,729)	\$ (37,997,751)	\$ (38,667,818)	\$ (40,975,534)	\$ (63,349,660)	\$ (34,901,052)	\$ (28,655,338)	\$ (34,556,931)	\$ (35,379,008)
Business-type activities	(1,711,202)	(1,566,641)	(2,290,518)	(1,773,856)	(1,946,302)	(1,768,655)	(2,366,179)	(1,874,291)	(1,948,482)	(2,021,691)
Total primary government net expense	<u>\$ (50,210,617)</u>	<u>\$ (45,936,370)</u>	<u>\$ (40,288,269)</u>	<u>\$ (40,441,674)</u>	<u>\$ (42,921,836)</u>	<u>\$ (65,118,315)</u>	<u>\$ (37,267,231)</u>	<u>\$ (30,529,629)</u>	<u>\$ (36,505,413)</u>	<u>\$ (37,400,699)</u>

See accompanying independent auditor's report

	2014	Restated 2013	2012	2011	2010	2009	2008	2007	2006	2005
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 12,253,118	\$ 11,763,153	\$ 11,377,484	\$ 11,220,959	\$ 11,346,706	\$ 10,824,938	\$ 11,871,893	\$ 10,835,879	\$ 13,163,115	\$ 10,797,549
Insurance premium taxes <sup>a</sup>	3,545,527	3,342,087	3,156,411	3,087,621	3,140,598	3,100,377	3,154,521	3,097,857	-	-
Wages and net profits taxes	43,188,734	41,392,272	39,490,949	37,220,689	35,502,869	36,016,500	36,502,625	37,247,653	37,285,158	35,711,658
Gain (loss) on sale of capital assets	(98,712)	53,678	-	(1,839,170)	-	-	-	(872,410)	44,519	6,107
Judgements and settlements	-	-	-	-	-	-	-	-	730,458	427,363
Investment income	597,329	644,577	815,700	886,084	1,031,911	2,435,228	2,351,828	2,253,732	1,787,940	957,679
Miscellaneous	562,905	251,083	262,868	270,561	144,527	696,997	327,802	159,972	148,603	1,302,587
Transfers	(2,044,823)	(2,351,760)	(2,546,700)	(2,477,840)	(2,538,083)	(2,868,586)	(2,515,031)	(2,406,373)	(2,318,501)	(1,651,859)
Total governmental activities	58,004,078	55,095,090	52,556,712	48,368,904	48,628,528	50,205,454	51,693,638	50,316,310	50,841,292	47,551,084
Business-type activities:										
Taxes										
Property taxes <sup>b</sup>	100,322	-	-	-	-	-	-	-	-	-
Transient room taxes	405,516	460,640	432,158	420,300	382,340	396,518	398,381	369,162	373,236	379,571
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	(10,854)	10,386
Judgements and settlements	-	-	-	-	-	-	-	-	-	-
Investment income	85,883	6	152,995	84,510	70,646	72,356	60,951	59,860	55,069	39,089
Miscellaneous	35	-	-	20,373	-	-	-	-	-	17,542
Transfers	2,044,823	2,351,760	2,546,700	2,477,840	2,538,083	2,868,586	2,515,031	2,406,373	2,318,501	1,651,859
Total business-type activities	2,636,579	2,812,406	3,131,853	3,003,023	2,991,069	3,337,460	2,974,363	2,835,395	2,735,952	2,098,447
Total primary government	\$ 60,640,657	\$ 57,907,496	\$ 55,688,565	\$ 51,371,927	\$ 51,619,597	\$ 53,542,914	\$ 54,668,001	\$ 53,151,705	\$ 53,577,244	\$ 49,649,531
Changes in Net Position										
Governmental activities	\$ 9,504,663	\$ 10,725,361	\$ 14,558,961	\$ 9,701,086	\$ 7,652,994	\$ (13,144,206)	\$ 16,792,586	\$ 21,660,972	\$ 16,284,361	\$ 12,172,076
Business-type activities	925,377	1,245,765	841,335	1,229,167	1,044,767	1,568,805	608,184	961,104	787,470	76,756
Total primary government	\$ 10,430,040	\$ 11,971,126	\$ 15,400,296	\$ 10,930,253	\$ 8,697,761	\$ (11,575,401)	\$ 17,400,770	\$ 22,622,076	\$ 17,071,831	\$ 12,248,832

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

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

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Nonspendable	\$ 117,847	\$ 102,022	\$ 110,067	\$ 116,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved	-	-	-	-	580,258	1,843,259	2,175,158	853,653	681,409	573,802
Restricted	-	-	-	28,381	-	-	-	-	-	-
Committed	10,716,400	10,476,400	10,142,001	7,153,358	-	-	-	-	-	-
Assigned	2,099,214	4,147,690	3,946,030	2,350,558	-	-	-	-	-	-
Unassigned	4,197,776	4,084,127	4,288,920	8,083,626	-	-	-	-	-	-
Unreserved	-	-	-	-	16,393,728	13,888,739	15,328,742	20,593,019	21,042,696	16,742,378
Total General Fund	\$ 17,131,237	\$ 18,810,239	\$ 18,487,018	\$ 17,732,514	\$ 16,973,986	\$ 15,731,998	\$ 17,503,900	\$ 21,446,672	\$ 21,724,105	\$ 17,316,180
All Other Governmental Funds										
Restricted	11,555,838	17,445,124	17,804,417	\$ 20,223,543	\$ 4,992,442	\$ 3,672,061	\$ 6,198,535	\$ 6,364,120	\$ 4,340,670	\$ 3,348,334
Committed	4,722,507	4,093,440	3,875,464	-	-	-	-	-	-	-
Assigned	15,074,918	11,005,485	9,810,617	11,382,712	-	-	-	-	-	-
Unreserved, reported in:										
Special Revenue funds	-	-	-	-	25,691,575	27,562,694	24,465,839	7,658,317	8,367,593	7,091,740
Capital Projects funds	-	-	-	-	3,285,091	8,778,626	8,619,293	13,733,273	2,747,696	4,887,593
Debt Service funds	-	-	-	-	-	-	47,702	104,610	105,116	104,949
Permanent fund	-	-	-	-	36,806	93,736	67,610	47,988	32,288	541,276
Total all other governmental funds	\$ 31,353,263	\$ 32,544,049	\$ 31,490,498	\$ 31,606,255	\$ 34,005,914	\$ 40,107,117	\$ 39,398,979	\$ 27,908,308	\$ 15,593,363	\$ 15,973,892

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

Nonspendable  
Committed  
Assigned  
Unassigned

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

See accompanying independent auditor's report

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

	Fiscal Year									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Revenues</b>										
Taxes	\$ 12,149,933	\$ 11,642,257	\$ 11,233,161	\$ 11,094,132	\$ 11,174,838	\$ 10,633,642	\$ 11,743,169	\$ 10,835,879	\$ 13,163,115	\$ 10,797,549
Insurance premium taxes	3,545,527	3,342,087	3,131,426	3,087,621	3,140,598	3,100,377	3,154,521	3,097,857	-	-
Wage and net profit taxes	43,188,734	41,392,272	39,490,949	37,218,764	35,502,869	36,111,281	36,681,744	37,406,227	37,285,157	35,711,658
Licenses and permits	1,053,434	1,196,829	1,225,876	1,008,531	1,164,737	898,603	945,383	735,949	-	-
Intergovernmental	9,761,879	9,699,484	10,282,887	10,490,457	12,457,418	9,836,174	10,453,862	11,392,786	9,868,433	9,428,098
Investment income	539,104	597,234	709,096	774,589	940,504	2,236,555	2,099,729	2,017,219	-	-
Charges for services	673,241	655,280	617,189	572,038	616,196	481,491	547,340	595,021	571,009	572,295
Parks and recreation	348,223	345,951	352,727	379,821	410,111	380,317	372,484	323,999	361,444	351,497
Rental Income	1,303,456	3,698,284	1,418,056	1,410,533	976,868	1,685,901	-	-	-	-
Miscellaneous	2,207,881	2,045,088	678,284	1,007,904	492,125	954,532	591,109	965,356	3,050,865	2,188,073
Total revenues	74,771,412	74,614,766	69,139,651	67,044,390	66,876,264	66,318,873	66,589,341	67,370,293	64,300,023	59,049,170
<b>Expenditures</b>										
General government	5,322,276	5,929,691	6,416,600	6,319,543	6,753,844	6,899,349	8,512,371	7,018,903	6,490,388	6,034,350
Public safety	26,050,921	26,153,318	24,472,880	23,911,824	24,774,100	23,200,660	23,276,993	21,382,962	19,849,913	17,481,667
Public works	7,442,511	7,611,230	7,879,907	7,330,975	7,590,188	7,862,753	6,885,983	7,369,126	7,518,741	6,504,418
Parks and recreation	5,495,961	5,733,383	5,298,687	5,591,502	4,986,858	5,412,954	5,758,676	5,107,121	4,274,028	3,913,462
Neighborhood & Community Services	4,991,338	4,979,298	5,756,566	5,194,215	6,937,549	27,800,163	6,062,010	6,652,290	5,298,730	4,253,515
Community services	2,037,928	423,326	625,098	461,995	751,278	1,066,412	3,116,912	3,016,601	2,576,613	2,437,205
Miscellaneous	-	-	-	-	-	-	-	-	-	5,595
Capital outlay	6,092,831	3,883,548	2,491,802	5,879,013	5,675,679	12,407,497	10,561,509	9,324,923	6,254,064	9,846,885
Debt service:										
Principal	12,979,281	10,131,855	7,391,770	6,798,046	5,489,095	5,009,606	4,201,347	4,757,074	3,506,898	2,648,501
Interest and fiscal charges	4,801,181	5,315,979	5,632,984	6,145,566	6,655,188	7,277,785	4,500,337	3,403,076	3,403,726	3,576,060
Total Expenditures	75,214,228	70,161,625	65,966,294	67,632,679	69,613,779	96,937,179	72,876,138	68,032,076	59,173,101	56,701,658
Excess (deficiency) of revenues over (under) expenditures	(442,816)	4,453,141	3,173,357	(588,289)	(2,737,515)	(30,618,306)	(6,286,797)	(661,783)	5,126,922	2,347,512

See accompanying independent auditor's report

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Other Financing Sources (Uses)</b>										
Transfers in	17,052,527	12,547,232	13,721,906	10,727,493	14,823,177	19,275,432	14,236,314	12,653,038	9,202,125	9,336,999
Transfers out	(19,747,350)	(15,632,723)	(16,452,014)	(13,105,332)	(17,011,260)	(22,144,018)	(16,816,345)	(15,186,551)	(11,448,126)	(10,893,858)
Issuance of debt	-	-	-	-	-	31,420,000	-	-	-	1,630,000
Premium on general obligation bonds	-	-	-	-	-	667,110	-	83,038	-	-
Discount on general obligation bonds	-	-	-	-	-	(8,009)	-	-	-	-
Capital lease proceeds	-	-	-	1,309,391	-	-	-	-	-	1,708,594
General Obligation note proceeds	-	-	-	-	-	-	-	-	-	-
General Obligation bond proceeds	-	-	-	-	-	-	-	-	-	-
Issuance of refunding debt	-	4,099,807	7,409,463	29,627,561	-	12,119,800	30,443,095	14,682,962	-	-
Payment to refunded bonds redeemed	-	170,747	-	-	-	(2,147,888)	-	-	-	-
Payments to refunded debt escrow agent	-	(4,281,161)	(7,718,497)	(29,627,561)	-	(9,971,912)	(13,803,815)	-	-	-
Premium from bond refunding	-	19,731	319,639	-	-	-	-	-	-	-
Other financing costs	-	-	-	-	-	-	(319,653)	-	-	-
Sale of capital assets	267,853	-	184,893	15,604	66,383	344,027	95,100	466,807	1,146,475	199,236
Total other financing sources (uses)	(2,426,970)	(3,076,367)	(2,534,610)	(1,052,844)	(2,121,700)	29,554,542	13,834,696	12,699,294	(1,099,526)	1,980,971
Net Change in fund balances	\$ (2,869,786)	1,376,774	638,747	\$ (1,641,133)	\$ (4,859,215)	\$ (1,063,764)	\$ 7,547,899	\$ 12,037,511	\$ 4,027,396	\$ 4,328,483
Debt service as a percentage of noncapital expenditures	26.14%	24.37%	24.37%	22.78%	21.03%	15.55%	21.74%	18.28%	13.41%	12.75%

- (a) Insurance Premium Taxes were previously reported as Property Tax Revenue.  
(b) Licenses and Permits were previously reported under Wage and Net Profit Taxes.  
(c) Investment Income was previously reported as Miscellaneous Revenue.  
(d) Neighborhood & Community Services was previously known as Community Development.



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

<b>Fiscal Year</b>		<b>Occupational</b>	<b>Total Direct</b>
<b>Ended June 30,</b>	<b>Total Gross Wages</b>	<b>Withholding Fees</b>	<b>Tax Rate</b>
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% <sup>a</sup>
2008	1,528,058,865	28,269,089	1.85%
2009	1,506,249,500	27,865,616	1.85%
2010	1,517,902,824	28,081,202	1.85%
2011	1,559,791,267	28,856,139	1.85%
2012	1,672,226,810	30,936,196	1.85%
2013	1,732,990,595	32,060,326	1.85%
2014	1,829,239,189	33,840,925	1.85%

Source: City of Bowling Green, Department of Finance

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

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

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

<b><u>Fiscal Year</u></b>	<b><u>City of Bowling Green Direct Rate</u></b>	<b><u>Total Direct</u></b>
2005	2.00%	2.00%
2006	2.00%	2.00%
2007	1.85%	1.85%
2008	1.85%	1.85%
2009	1.85%	1.85%
2010	1.85%	1.85%
2011	1.85%	1.85%
2012	1.85%	1.85%
2013	1.85%	1.85%
2014	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 February of 2007.

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

<b>Taxpayer</b>	
<b><u>2014</u></b>	<b><u>2005</u></b>
Bowling Green Independent Schools	Bowling Green Independent Schools
Bowling Green Metalforming LLC	City of Bowling Green
General Motors Corporation	Commonwealth of Kentucky
Graves-Gilbert Clinic PSC	Desa Heating LLC
Houchens Food Group Inc	General Motors Corporation
Sun Products Corporation	Sun Products Corporation
The Medical Center at BG	The Medical Center at BG
Union Underwear Co. LLC	Union Underwear Co. LLC
Warren County Board of Education	Warren County Board of Education
Western Kentucky University	Western Kentucky University

Source: City of Bowling Green, Department of Finance

Note: Taxpayer information is listed alphabetically.

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

## Schedule 8

## Governmental Activities

(a) Warren County Water District bonds.

(b) See Schedule 13 for personal income and population data. The ratios are calculated using personal income and population for the

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

	Fiscal Year									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General bonded debt outstanding										
General obligation bonds	\$ 108,779,496	\$ 115,254,269	\$ 127,600,001	\$ 134,130,008	\$ 138,635,001	\$ 143,470,001	\$ 114,330,002	\$ 90,519,999	\$ 77,603,233	\$ 80,146,631
Lease revenue bonds	-	-	-	-	-	-	1,230,000	1,350,000	2,350,000	2,805,000
Special Assessment bonds	-	-	112,506	118,419	125,229	131,906	136,590	143,167	148,250	153,331
Total	<u>108,779,496</u>	<u>115,254,269</u>	<u>\$ 127,712,507</u>	<u>134,248,427</u>	<u>138,760,230</u>	<u>143,601,907</u>	<u>115,696,592</u>	<u>92,013,166</u>	<u>80,101,483</u>	<u>83,104,962</u>
Less: Amounts set aside to repay general debt	-	-	-	-	-	-	(47,702)	(104,610)	(105,116)	(105,482)
Net general bonded debt	<u>\$ 108,779,496</u>	<u>\$ 115,254,269</u>	<u>\$ 127,712,507</u>	<u>\$ 134,248,427</u>	<u>\$ 138,760,230</u>	<u>\$ 143,601,907</u>	<u>\$ 115,648,890</u>	<u>\$ 91,908,556</u>	<u>\$ 79,996,367</u>	<u>\$ 82,999,480</u>
Property Values	\$5,105,744,064	\$4,941,833,867	\$4,725,859,276	\$4,565,229,850	\$4,551,808,439	\$4,489,771,784	\$4,394,868,241	\$4,094,335,746	\$3,394,130,088	\$3,117,333,952
Percentage of estimated actual taxable value of property	2.13%	2.33%	2.70%	2.94%	3.05%	3.20%	2.63%	2.24%	2.36%	2.66%
Per capita (a)	1,769	1,902	2,165	2,194	2,434	2,611	2,142	1,767	1,538	1,596

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.

See accompanying independent auditor's report

**Schedule 10**  
**City of Bowling Green**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2014**

<b>Governmental Unit</b>	<b>Debt Outstanding (1)</b>	<b>Estimated Percentage Applicable (2)</b>	<b>Estimated Share of Overlapping Debt</b>
Bowling Green Independent Schools	\$ 36,397,000	100.00%	\$ 36,397,000
Warren County	70,650,000	57.80%	40,834,265
Warren County Schools	126,600,000	50.20%	63,549,249
Bowling Green Municipal Utilities	93,168,895	100.00%	<u>93,168,895</u>
Subtotal, overlapping debt			233,949,409
<b>City direct debt</b>			<u>105,050,638</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 339,000,047</u></u>

Notes:

(1) Gross governmental 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 Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	\$ 5,105,744,064
Debt Limit (10% of assessed value)	510,574,406
Debt applicable to limit:	
General Obligation bonds	108,779,496
Notes and Capital Leases payable	2,459,472
Less: Non tax-supported debt	21,671
Total net debt applicable to limit	111,260,639
Legal debt margin	<u>\$ 399,313,767</u>

	Fiscal Year									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Debt Limit	\$510,574,406	\$494,183,387	\$472,585,927	\$456,522,985	\$455,180,844	\$448,977,178	\$ 439,486,824	\$ 409,433,575	\$339,413,009	\$ 311,733,395
Total net debt applicable to limit	<u>111,260,639</u>	<u>118,194,553</u>	<u>129,153,378</u>	<u>135,935,233</u>	<u>140,594,305</u>	<u>145,580,339</u>	<u>117,768,696</u>	<u>94,166,847</u>	<u>80,217,030</u>	<u>85,646,789</u>
Legal Debt Margin	<u>\$399,313,767</u>	<u>\$375,988,834</u>	<u>\$343,432,549</u>	<u>\$320,587,752</u>	<u>\$314,586,539</u>	<u>\$303,396,839</u>	<u>\$ 321,718,128</u>	<u>\$ 315,266,728</u>	<u>\$259,195,979</u>	<u>\$ 226,086,606</u>
Total net debt applicable to limit as a percentage of debt limit	21.79%	23.92%	27.33%	29.78%	30.89%	32.42%	26.80%	23.00%	23.63%	27.47%

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

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

Stonehenge Sections I-V (a)										Cedar Grove Section IX (a)					Lovers Lane (b)			
Fiscal Year	Special Assessment			Debt Service			Coverage			Special Assessment			Debt Service			Special Assessment		
	Collections	Principal	Interest	Principal	Interest	Principal	Coverage	Interest	Principal	Collections	Principal	Interest	Coverage	Interest	Principal	Collections	Principal	Interest
2005	\$ 115,120	\$ 24,000	\$ 86,151	\$ 24,000	\$ 86,151	\$ 24,000	1	\$ 19,238	\$ 5,000	\$ 26,238	\$ 5,000	\$ 19,238	1.08	\$ -	\$ -	-	\$ -	-
2006	114,776	25,000	84,808	25,000	84,808	25,000	1.05	18,900	5,000	25,900	5,000	18,900	1.08	-	-	-	-	-
2007	112,572	29,000	81,468	29,000	81,468	29,997	1.02	18,563	10,000	29,997	10,000	18,563	1.05	-	-	-	-	-
2008	111,571	29,000	83,125	29,000	83,125	29,513	1.00	17,888	10,000	29,513	10,000	17,888	1.06	16,150	6,273	9,877	1.00	1.00
2009	117,482	33,000	85,712	33,000	85,712	29,238	0.99	19,213	10,000	29,238	10,000	19,213	1.00	16,150	6,577	9,574	1.00	1.00
2010	126,701	34,000	83,840	34,000	83,840	29,632	1.08	18,538	10,000	29,632	10,000	18,538	1.04	15,581	6,896	9,255	0.96	0.96
2011	107,345	40,000	82,560	40,000	82,560	28,003	0.88	17,863	10,000	28,003	10,000	17,863	1.01	15,385	7,229	8,921	0.95	0.95
2012	131,031	42,000	74,643	42,000	74,643	27,112	1.12	17,188	10,000	27,112	10,000	17,188	1.00	16,247	7,579	8,571	1.01	1.01
2013	122,336	42,000	77,580	42,000	77,580	26,210	1.02	16,513	10,000	26,210	10,000	16,513	0.99	15,387	7,946	8,204	0.95	0.95
2014	125,020	46,000	75,143	46,000	75,143	28,924	1.03	15,838	15,000	28,924	15,000	15,838	0.94	17,385	8,331	7,820	1.08	1.08

Notes: (a) The Stonehenge Sections I-V and Cedar Grove Section IX Special Assessment revenues

are collected from property owners in each district to fund the development of the subdivisions and to provide amenities such as sidewalk infrastructure.

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



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

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Median Age (d)</u>	<u>School Enrollment (e)</u>	<u>Percentage of Workforce Unemployed (f)</u>
2005	52,000	\$ 2,644,620,000	\$ 27,218	29	15,469	5.5%
2006	52,000	2,723,959,000	28,035	29	15,791	5.2%
2007	52,000	2,941,885,397	29,737	29	16,502	4.6%
2008	54,000	3,051,745,000	29,849	29	16,251	4.6%
2009	55,000	3,195,505,000	30,802	29	16,107	8.0%
2010	57,000	3,410,173,000	31,993	29	17,917	9.9%
2011	58,000	3,438,236,000	31,640	28	18,157	9.0%
2012	59,000	3,359,422,000	29,426	28	18,128	7.9%
2013	60,600	3,699,388,000	32,025	28	18,957	7.2%
2014	61,500	3,921,515,000	33,486	27	18,981	6.8%

Sources: (a) Estimated population statistics obtained from the U.S Census Bureau  
(<http://quickfacts.census.gov/qfd/states/21/2108902.html>).

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

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

(d) U.S. Department of the Census American FactFinder (2012 Census Est)  
(<http://factfinder2.census.gov>).

(e) Refer to [www.education.ky.gov](http://www.education.ky.gov) for public school information and [www.greatschools.org](http://www.greatschools.org) for private school information. Schools included are Bowling Green Board of Education, Warren County Board of Education, and private schools. Western Kentucky University is excluded.

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

Note: (1) Personal and Per Capita Income correspond to the full calendar year prior to fiscal year end. Vaules are derived from Warren County population statistics.

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

<u>Employer</u>	<b>2014</b>			<b>2005</b>		
	<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	4,705	1	7.21%	3,988	1	6.77%
The Medical Center at BG	2,054	2	3.15%	1,674	2	2.84%
Union Underwear Co. LLC	1,462	3	2.24%	960	3	1.63%
Sun Products	998	4	1.53%	801	6	1.36%
Express Services Inc	998	4	1.53%	757	7	1.29%
Warren County Board of Education	980	6	1.50%	721	8	1.22%
General Motors Corporation	829	7	1.27%	---	---	---
Houchens Food Group Inc.	814	8	1.25%	859	5	1.46%
BG Metalforming LLC	797	9	1.22%	---	---	---
Commonwealth of Kentucky	719	10	1.10%	---	---	---
Wal-Mart Associates Inc.	---	---	---	902	4	1.53%
Desa International Inc.	---	---	---	686	9	1.16%
Eagle Industries LLC & Subs	---	---	---	592	10	1.01%
Total	<u>14,356</u>		<u>22.00%</u>	<u>11,940</u>		<u>20.27%</u>

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

**Schedule 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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>General government</b>										
Administration	42	41	41	42	41	45	45	44	44	46
Citizen's Assistance	8	7	7	7	7	6	6	6	4	4
Finance	-	-	-	-	-	6	7	7	9	9
Human Resources	17	17	18	18	18	18	17	17	17	19
Legal	6	6	5	6	6	5	6	6	6	6
Information Technology	2	2	2	2	2	2	2	2	2	2
	9	9	9	9	8	8	7	6	6	6
<b>Public Safety</b>	<b>265</b>	<b>267</b>	<b>266</b>	<b>269</b>	<b>263</b>	<b>276</b>	<b>265</b>	<b>260</b>	<b>257</b>	<b>247</b>
Police										
Officers	108	110	109	110	104	114	111	107	103	97
Civilians	37	37	35	38	38	40	38	35	35	34
Fire										
Firefighters and officers	117	117	118	117	117	118	112	115	115	112
Civilians	3	3	4	4	4	4	4	3	4	4
<b>Public Works</b>	<b>53</b>	<b>53</b>	<b>52</b>	<b>50</b>	<b>51</b>	<b>57</b>	<b>58</b>	<b>60</b>	<b>60</b>	<b>57</b>
<b>Parks and Recreation</b>	<b>54</b>	<b>57</b>	<b>58</b>	<b>57</b>	<b>61</b>	<b>60</b>	<b>60</b>	<b>58</b>	<b>60</b>	<b>60</b>
<b>Neighborhood &amp; Community Services</b>	<b>24</b>	<b>23</b>	<b>23</b>	<b>21</b>	<b>21</b>	<b>22</b>	<b>22</b>	<b>26</b>	<b>24</b>	<b>22</b>
<b>Total</b>	<b>438</b>	<b>441</b>	<b>440</b>	<b>439</b>	<b>437</b>	<b>460</b>	<b>450</b>	<b>448</b>	<b>445</b>	<b>432</b>

Source: City of Bowling Green Department of Finance

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

See accompanying independent auditor's report

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

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Citizen's Information</b>										
Anti-Litter presentations/events	-	-	2	7	8	7	28	50	23	10 <sup>d</sup>
Neighborhood Meetings conducted	61	63	71	71	72	91	97	84	91	70
<b>Finance</b>										
Tax bills sent	21,864	21,703	21,495	21,405	21,372	21,238	20,946	20,444	20,330	19,714
Business registrations received	1,025	923	801	835	819	776	967	1,072	1,134	1,351
<b>Human Resources</b>										
Job applicants	1,011	1,299	1,394	1,346	1,137	1,938	1,567	2,505	1,386	942
Position filled	248	234	216	216	178	204	224	147	185	132
<b>Police</b>										
911 Service calls	75,800	61,859 <sup>a</sup>	67,842	65,440	54,754	60,013	59,041	54,294	55,730	53,226
Animal control calls	2,788	2,027	3,203	3,176	3,202	3,283	3,615	3,990	4,900	4,867 <sup>e</sup>
Traffic stops	13,189	11,897	13,476	15,650	15,777	17,356	13,021	14,066	3,237	3,367
<b>Fire</b>										
Accident runs	5,634	5,523	5,049	4,836	4,517	4,586	4,552	2,475	2,292	2,741
Fire runs	212	278	300	285	258	294	499	534	405	578
Fires investigated	17	61 <sup>b</sup>	71	2,845	3,373	3,838	2,761	937	134	2,183
<b>Public Works</b>										
Street resurfacing (miles)	4	7	12	5	5	4	5	18	17	14
Potholes repaired	426	772	392	478	466	385	408	294	349	625
<b>Parks and Recreation</b>										
Fitness & Athletic participants	970,174	859,614	927,403	765,462	878,035	871,724	842,043	845,618	821,759	729,967
Visits to Community Center	272,470	267,813	269,596	271,722	214,184	223,628	176,998	298,315	110,929	109,599 <sup>f</sup>
<b>Neighborhood &amp; Community Services</b>										
Households receiving asst	719	725	726	723	765	791	688	579	663	616
Bldg/Electrical & Code inspections	12,264	12,170	9,912	8,804	15,631	12,302	13,038	15,460	16,001	13,935

Notes: (a) Beginning in 2012, Public Safety became the answering point for both landline and cell phone 911 calls in Warren County.  
(b) Effective in 2012, the Fire Department began tracking fires investigations rather than fire inspections.  
(c) Neighborhood & Community Services was previously Community Development  
(d) The Anti-Litter program was established in 2005.  
(e) Animal Control Program was developed in 2005, calls had previously been forwarded to the Sheriffs Department.  
(f) Community Action volume is no longer tracked at the Bowling Green Community Center.

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

See accompanying independent auditor's report

**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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Substations	2	2	2	2	2	2	2	2	2	2
Fire										
Fire stations	7	7	7	7	7	6	5	5	5	5
Training centers	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	264	258	266	265	257	247	242	241	235	230
Sidewalks (miles)	112	112	109	104	95	94	90	88	106	106
Alleys (miles)	15 <sup>b</sup>	19	19	17	17	17	15	4	4	4
Parks and recreation										
Number of Parks	20	20	25	25	25	25	25	25	25	24
Number of Facilities	7	7 <sup>a</sup>	-	-	-	-	-	-	-	-
Acreage	972	972	972	970	970	970	970	970	944	886
Playgrounds	21	22	22	22	22	22	22	19	19	17
Baseball/Softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer fields	13	13	13	13	13	13	13	13	13	13
Community Centers	3	3	3	3	3	3	2	2	2	2
Community Development										
Building Permits Issued	1,824	1,868	1,609	1,515	1,571	1,523	2,082	2,400	2,787	2,765

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

Source: Various City of Bowling Green Departments

See accompanying independent auditor's report