

City of Bowling Green

Comprehensive Annual Financial Report

for the

Fiscal Year Ended June 30, 2008



Issued by the
Department of Finance

CITY OF BOWLING GREEN

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December 8, 2008

Honorable Mayor Elaine Walker
Members of the City Commission
Citizens of Bowling Green

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Bowling Green (City) for the fiscal year ended June 30, 2008. The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and the reporting standards of the Governmental Accounting Standards Board (GASB). The CAFR includes all funds of the City and the component units.

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

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

The independent accounting firm of Mountjoy & Bressler, LLP, Certified Public Accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2008 are free of any material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by the City; and evaluating the overall financial statement presentation. The independent auditor rendered an unqualified ("clean") opinion that the City's financial statements for the fiscal year ended June 30, 2008 are fairly presented in conformity with GAAP. Their report is the first component in the Financial Section of this report.

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

PROFILE OF THE CITY

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

The City operates under the City Manager form of government, one of the alternative forms of municipal government established under Kentucky Statutes. Under this form of government, a Mayor, who is elected for a term of four years, and four City Commissioners, who serve two years each, are all voted into office in non-partisan elections. The Mayor and the City Commissioners comprise the Board of Commissioners (Board), in which all legislative and executive authority of the City is vested. As such, the Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring all City staff. The Board appoints a City Manager, who serves as the Chief Administrative Officer of the City and enforces City ordinances and policy as well as carrying out day-to-day operations. The City has 450 authorized full-time positions, with 59% of employees being public safety related.

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

In accordance with GASB Statement No. 39, "*The Financial Reporting Entity*", and based on the foregoing criteria, the City has presented the Bowling Green Police and Firefighters' Retirement Fund, the Convention Center Corporation and the Bowling Green Municipal Projects Corporation as blended component units within the City's basic financial statements because the component unit's governing body is substantially the same as the governing body of the City, or the component unit provides services almost entirely to the City. Bowling Green Municipal Utilities, the Bowling Green Public Library, and the Bowling Green Enterprise Community, Inc. are included as discretely presented component units because the City is financially accountable and is able to impose its will on the organization or the component unit provides specific financial benefits or imposes specific financial burdens on the City. The Bowling Green - Warren County Airport, Bowling Green City School System, Housing Authority of Bowling Green, and other various related organizations providing services within the City do not meet the financial accountability criteria discussed above and, therefore, are not included in this report.

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

FACTORS AFFECTING FINANCIAL CONDITION

The local economy is a well-balanced blend of service, manufacturing, retail and financial industries. With a rich economic, social, and cultural environment, the City consistently scores high in national rankings of preferred business location and favorable environments for the creation and development of businesses. Out of 363 Metropolitan Statistical Areas (MSAs) in the United States, Bowling Green ranked 33rd in employment growth for calendar year 2007 with a 1.9% increase in employment growth from 2006. For the period from April 1, 2000 to March 31, 2008, the Bowling Green MSA ranked 51st (out of 363) for job creation, with a 17% growth rate. There was even a 1.9% increase over 2007 in the first five months of 2008. Bowling Green was also ranked 6th in the nation by Site Selection Magazine.

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

Economic Performance. The local economy continued to grow and expand with a mixture of professional, retail, and industrial development at a pace that exceeded the state and national economy. For the year, all eleven of the major Standard Industry Code (SIC) groups of businesses posted an increase in payroll, which includes the largest group – Services (+8.8%), the second largest SIC group – Manufacturing (+5.3%) and the third largest group – Retail (+11.1%). Overall, payroll in Bowling Green grew by approximately \$78.4 million (+5.4%) this year.

Business profits were down from the previous fiscal year by approximately \$33.2 million, resulting in Net Profit Tax collections being down \$500,000 (-9.9%) from FY07. This reduction comes after three straight years of strong growth in this revenue source. A total of 967 new business licenses were issued this fiscal year, which is down from 1,072 the previous year.

Employment Opportunities. Bowling Green's unemployment rate continues to compare favorably to both the state and nation. The City of Bowling Green began the year in July 2007 with an unemployment rate of 4.6%, versus 5.6% for the state and 4.6% nationally. In June 2008, Bowling Green was at 4.6% versus 5.6% for the state and 5.0 % for the nation.

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

During the fiscal year ending June 30, 2008, approximately \$184,000 in withholding tax credits was awarded to four new or expanding companies. This investment in the future by the City should

result in the creation of 156 new jobs which are expected to generate an additional \$588,000 in occupational taxes to the City over the next five years.

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

SIGNIFICANT EVENTS AND INITIATIVES

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

Occupational Tax Rate Reduction. The City's occupational tax rate was lowered from 2% to 1.85% for wage withholdings and net profits. The rate reduction took effect for payroll periods and business tax years beginning on or after January 1, 2007. The rate decrease was in response to unexpected revenue growth since the 2003 tax rate increase, which led to a surplus of reserves in excess of the minimum requirements. This change in the occupational tax rate was expected to reduce revenues by approximately \$2.5 million once fully implemented, but the +5.4% growth in wage withholdings helped to offset the rate reduction resulting in only a -\$900,000 decrease in occupational taxes for FY08. There may still be a lagging effect with the Net Profit fees that are paid after June 30 due to filing extensions.

Roads and Transportation. The City issued \$14.8 million of general obligation bonds in FY07 and continued to use the proceeds for constructing new roads and improving traffic flow. The City has begun construction on several projects with the funding, including: a street realignment project, traffic signalization upgrades in the downtown area, and the extension of an existing street. In FY09, the City plans to construct a street to a new fire station, begin the rehabilitation of an existing street, study existing intersection signal design, and extend an existing street in the Kentucky TriModal Transpark.

Sidewalks and Greenways. The City completed Phase I of a sidewalk program in the FY08; the program is designed to construct new and improve existing City sidewalks. The program is on-going and over \$1.4 million was funded by the City in FY08 to construct approximately 1.8 miles of new sidewalk. The City has also received funds to construct greenways or shared use paths, the paths are designed to connect and eventually circle the City. During FY08, the construction of eight greenway paths was initiated; five of which were completed and three were still in progress at June 30, 2008.

Downtown Revitalization. A Tax Increment Financing (TIF) district was established during FY08 which is expected to spur over \$200 million in new development spanning from the downtown area to the Western Kentucky University campus. Included in the TIF project will be a minor league baseball stadium, a parking garage, hotel, a performing arts center, and mixed-use development consisting of retail, professional and residential occupants.

Additionally, the Circus Square project located in the heart of downtown was completed in the spring of 2008. The park has hosted a variety of events from summer concerts to a circus. The 2007 general obligation bond issue allocated \$4 million of proceeds toward the acquisition of property and construction for this project.

Other downtown projects that were completed during FY08 include the Kummer Little Community Center facility that houses a two-court gym, indoor track, along with classroom and office space. A portion of the 2007 general obligation bond proceeds was allocated to this project.

Economic Development. The Inter-Modal Transportation Authority, Inc. (ITA) is the agency designated to acquire, construct, maintain, and operate the Kentucky Transpark, an inter-modal commerce and distribution center and industrial park located in northern Warren County. The original financing for the transpark was done with mortgage-backed bonds. The City was asked to refinance this project with General Obligation bonds in the amount of \$28 million. There was a revised inter-local agreement between the City, Warren County, and the ITA, which includes a pledge by the City and County to cover 50% each of any shortfalls for debt service on the outstanding bonds. The bonds were issued in December 2007 and will mature in 2026.

FINANCIAL INFORMATION

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

Cash Management and Investment Policy. The Department of Finance is responsible for the custody, investment and disbursement of all funds of the City in accordance with the procedures adopted by the City Commission. It is the City's policy to invest funds in a manner that will provide the highest investment return with the maximum security of principal, while meeting the City's daily cash flow demands. The City's investments are governed by Kentucky Revised Statute (KRS) 66.480 and an investment policy approved by the City Commission. All funds were invested in either obligations of the United States or its agencies, or collateralized certificates of deposit. Interest income totaling approximately \$2.4 million was earned in all funds during this fiscal year.

Long-term Financial Planning. The City's budget team, which is composed of the City Manager, Assistant City Manager, Comptroller, Citizens Information & Assistance Director, and Chief Financial Officer, is charged with the task of long-term financial planning. A multi-year financial projection (5-year) is prepared each year during the budget process that considers the effects of major policy decisions (i.e. capital projects, issuance of debt, and personnel changes, etc). Revenue projections are matched to anticipated expenditures in order to analyze and monitor fund balance in the General Fund and other major funds of the City. Great emphasis is placed on maintaining the 15% reserve policy in the General Fund.

Self-Insurance and Risk Management. Bowling Green has been self-insured for health insurance since 1992. The Employee Health Insurance Fund is overseen by the City's Department of Human Resources and is administered by a third party. The City reduces its financial risks in providing health insurance by purchasing various types of reinsurance policies. As of June 30, 2008, the Employee Health Insurance Fund had net assets of approximately \$3.9 million. Since the inception of the City's Loss Management Program in 1990, the City has reduced Workers Compensation expenditures dramatically. The City uses various risk control techniques to minimize accident-related losses, with our major emphasis concentrated in injury and accident prevention training.

Pension Trust Funds. All active City employees are covered by the County Employees' Retirement System (CERS), which is a multiple-employer, cost-sharing, defined benefit plan and is administered by the Kentucky Retirement System. The City contributed 16.17% for non-hazardous and 33.87%

for hazardous employees during this fiscal year.

The City of Bowling Green Police and Firefighters' Retirement Fund is a single-employer, defined benefit plan created by ordinance and under state statute. On August 1, 1988, the fund was closed to new entrants. Police officers and firefighters on active duty on that date were given a choice of remaining in the fund or transferring their accounts into the CERS. As of June 30, 2008, there were no active employees, 31 retirees and 22 surviving spouses and children in the plan. The actuarial study conducted as of January 1, 2008, projected the plan's liabilities to exceed the plan's assets by \$1,014,000. The City plans to continue the funding recommended by the actuary each fiscal year to keep the fund solvent and provide for cost-of-living adjustments, if fiscally able.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bowling for the comprehensive annual financial report for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

Jeff Meisel, CPA
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bowling Green
Kentucky

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



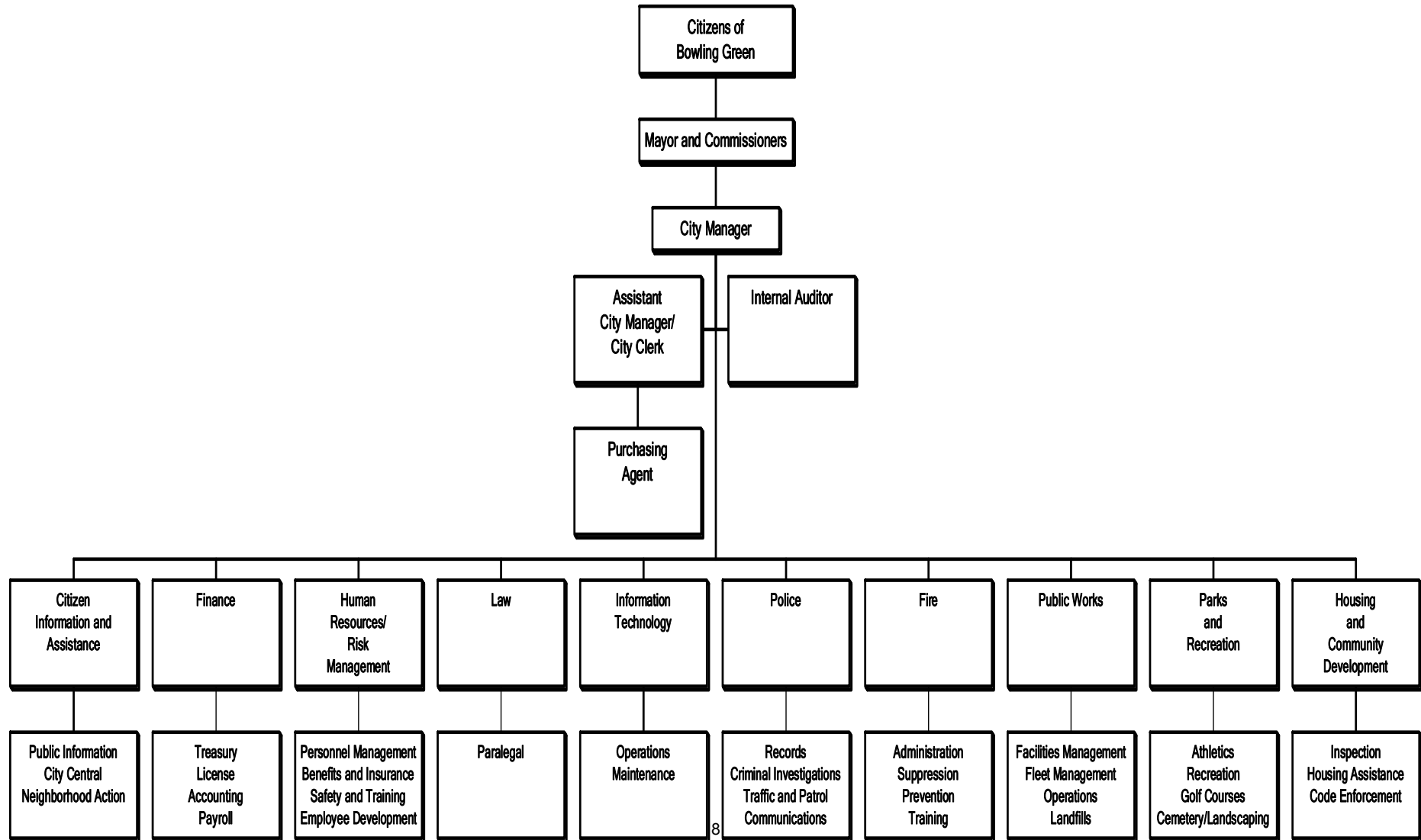
Charles S. Cox

President

Jeffrey R. Emer

Executive Director

CITY OF BOWLING GREEN



CITY OF BOWLING GREEN, KENTUCKY
Directory – Principal Officials

Mayor and Commissioners

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

Mayor
Mayor Pro Tem
Commissioner
Commissioner
Commissioner

Kevin D. DeFebbo – City Manager

Administration:

Katie Schaller

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

Jennifer Portmann
Deborah Jenkins

Citizen Information & Assistance:

J. Michael Grubbs

Director

Finance:

Jeff Meisel, CPA
Wilma Brown

Chief Financial Officer
Comptroller

Human Resources:

Michele Tolbert

Director

Law:

H. Eugene Harmon

City Attorney

Information Technology:

Lynn Hartley

Chief Information Officer

Public Safety:

Doug Hawkins
Greg Johnson

Police Chief
Fire Chief

Public Works:

Emmett Wood, Jr., PE
Jeff Lashlee

Director
City Engineer

Parks and Recreation:

Ernie Gouvas

Director

Housing and Community Development:

Alice Burks

Director

Report of Independent Accountants

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bowling Green, Kentucky (the Government) as of and for the year ended June 30, 2008, which collectively comprise the Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Government's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Policemen and Firemen's Retirement Fund which reflects total assets of \$8,116,773 and total additions of \$270,784 for the year ended June 30, 2008. We did not audit the financial statements of Bowling Green Municipal Utilities and Bowling Green Public Library which represent substantially all of the assets and the revenues as of and for the year ended June 30, 2008 of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Policemen and Firemen's Retirement Fund, Bowling Green Municipal Utilities and Bowling Green Public Library is based solely on the reports of the other auditors.

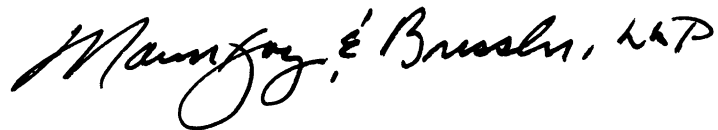
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2008 on our consideration of the Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Government's basic financial statements. The introductory section on pages 1 through 9 combining and individual funds statements and schedules on pages 85 through 139, and the statistical section on pages 140 through 159 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Maunfay & Brunsen, LLP". The signature is written in a cursive, flowing style.

Lexington, Kentucky
December 8, 2008

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, 2008. 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 \$147.6 million (net assets). This amount includes \$13.7 million of resources that are restricted to specific projects by laws, regulations or contractual agreements. A total of \$33.7 million of resources are unrestricted and are available to fund the City’s outstanding obligations and future programs.
- The City’s total net assets increased \$17.5 million this year. Net assets of governmental activities increased \$16.9 million and net assets of business-type activities increased by \$0.6 million.
- As of June 30, 2008, the City’s governmental funds reported combined ending fund balances of \$56.9 million, an increase of \$7.5 million from the prior year. Of this amount, \$5.6 million in the General Fund was unreserved, undesignated, and available for spending. The City has a minimum reserve retention policy of 15% of revenues, which was \$7.6 million for FY08. An additional \$2.2 million was reserved for debt service on the FY08 General Obligation bonds bringing the total to \$9.8 million designated.
- The City’s governmental activities total debt increased by \$24.4 million due to the issuance of new general obligation debt. Business-type activity debt decreased by \$1.2 million due to the payment of principal on outstanding debt.

Overview of Financial Statements

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

The GASB 34 reporting model is designed to provide improved information to the reader. The statements present a financial picture of the City as a whole through the use of a consolidated statement of all funds, eliminating interfund transfers. In addition, the values of fixed assets of governmental-type operations are presented. Under prior

reporting standards, the infrastructure assets for governmental type funds were not reported nor depreciated.

Government-Wide Financial Statements

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

The Statement of Net Assets presents information on all the City's assets and liabilities as of June 30, 2008. Net assets are the difference between assets and liabilities. Over time, increases or decreases in net assets are one indicator of whether financial health is improving or deteriorating. Information on other factors, such as changes in the revenue structure and the condition of the City's assets, is also needed to assess the overall financial situation of the City.

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

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

- Governmental activities - Most of the City's basic services are reported here, including police, fire, public works, parks, community development and general administration. Occupational license fees, property taxes and service charges finance most 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 three separate legal entities as component units: Bowling Green Municipal Utilities, the Bowling Green Public Library and the Bowling Green Enterprise Community, Inc. Although legally separate, component units are important because the City is financially accountable.

Fund Financial Statements

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

Two types of funds are presented in the fund financial statements: governmental funds and proprietary funds.

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

The City as Trustee

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

Government-wide Financial Analysis

Net Assets

The following table summarizes City's financial position as of June 30, 2008. The City as a whole had net assets greater than liabilities by \$147.6 million, an increase of \$17.5 million over last year. The increase in long-term debt was offset by increases in restricted assets and non-depreciable capital assets that were in conjunction with the issuance of the new long-term debt. Of the \$147.6 million, \$100.2 million or 67.8% was invested in capital assets, and \$33.7 million or 22.8% was unrestricted. Net assets of governmental activity funds were \$139.7 million, with \$95.3 million or 68.2% invested in capital assets and \$30.7 million or 21.9% unrestricted. The unrestricted net assets of governmental funds include fund balances of the General Fund and various special

revenue funds. Unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors in the future.

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

**Net Assets
June 30, 2008
(In Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$110.1	\$90.7	\$3.2	\$2.9	\$113.3	\$93.6
Capital assets	<u>146.7</u>	<u>124.9</u>	<u>16.8</u>	<u>17.6</u>	<u>163.5</u>	<u>142.5</u>
Total assets	<u>256.8</u>	<u>215.6</u>	<u>20.0</u>	<u>20.5</u>	<u>276.8</u>	<u>236.1</u>
Long-term liabilities	107.3	82.9	10.5	11.6	117.8	94.5
Other liabilities	<u>9.7</u>	<u>9.8</u>	<u>1.6</u>	<u>1.6</u>	<u>11.3</u>	<u>11.4</u>
Total liabilities	<u>117.0</u>	<u>92.7</u>	<u>12.1</u>	<u>13.2</u>	<u>129.1</u>	<u>105.9</u>
Net assets:						
Invested in capital assets, net of related debt	95.3	70.5	4.9	4.5	100.2	75.0
Restricted for:						
Capital Projects	11.7	15.5	0.0	0.0	11.7	15.5
Debt Service	0.0	0.1	0.0	0.0	0.0	0.1
Community Development	1.3	0.9	0.0	0.0	1.3	0.9
Perpetual Care	0.7	0.0	0.0	0.0	0.7	0.0
Unrestricted	<u>30.7</u>	<u>35.9</u>	<u>3.0</u>	<u>2.7</u>	<u>33.7</u>	<u>38.7</u>
Total net assets	<u>\$139.7</u>	<u>\$122.9</u>	<u>\$7.9</u>	<u>\$7.3</u>	<u>\$147.6</u>	<u>\$130.2</u>

*Numbers may not total due to rounding.

The net assets of the City's business-type activities were \$7.9 million. Of the net assets, \$4.9 million (62%) were invested in capital assets and there was an unrestricted fund balance of \$3.0 million (38%).

Analysis of City Operations

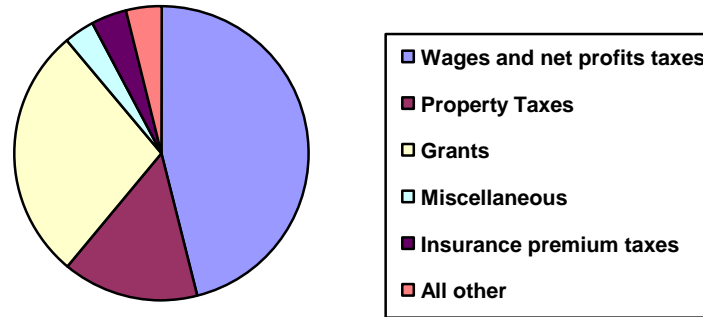
The following table summarizes City operations for the fiscal year ended June 30, 2008. Governmental activities increased the City of Bowling Green's net assets by \$16.8 million, accounting for 96% of the growth in the net assets. Business-type activities increased the City's net assets by \$0.7 million, which was 4% of the total increase.

Statement of Activities
For the Year Ended June 30, 2008
(In millions)

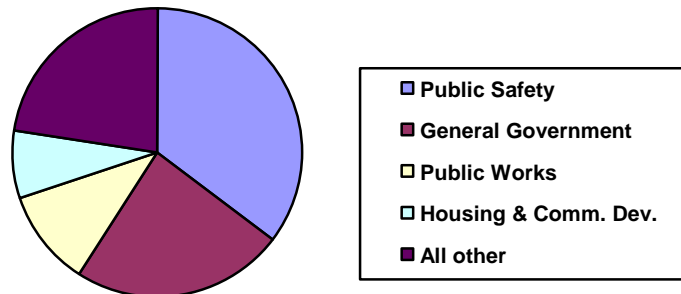
	Governmental Activities		Business- type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues						
Program Revenues:						
Charges for services	\$2.9	\$2.6	\$2.0	\$2.0	\$4.9	\$4.6
Operating grants and contributions	7.5	6.4	0.0	0.0	7.5	6.4
Capital grants and contributions	14.6	17.3	0.0	0.0	14.6	17.3
General revenue:						
Property taxes	11.9	10.8	0.0	0.0	11.9	10.8
Insurance premium taxes	3.2	3.1	0.0	0.0	3.2	3.1
Wages and net profits taxes	36.5	37.2	0.4	0.4	36.9	37.6
Other general revenues	2.7	1.5	0.1	0.0	2.8	1.5
Total revenues	<u>79.3</u>	<u>78.9</u>	<u>2.5</u>	<u>2.4</u>	<u>81.8</u>	<u>81.3</u>
Program expenses						
General government	15.0	11.6	0.0	0.0	15.0	11.6
Public safety	20.9	18.5	0.0	0.0	20.9	18.5
Public works	6.5	8.0	0.0	0.0	6.5	8.0
Parks and recreation	4.6	4.6	0.0	0.0	4.6	4.6
Housing and community development	4.5	5.9	0.0	0.0	4.5	5.9
Community services	4.1	3.0	0.0	0.0	4.1	3.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
Interest on long-term debt	4.4	3.5	0.0	0.0	4.4	3.5
Golf	0.0	0.0	2.2	2.4	2.2	2.4
Aquatics	0.0	0.0	1.2	0.9	1.2	0.9
Convention Center	0.0	0.0	0.9	0.7	0.9	0.7
Total expenses	<u>60.0</u>	<u>55.1</u>	<u>4.3</u>	<u>3.9</u>	<u>64.3</u>	<u>59.0</u>
Increase in net assets before transfers	19.3	23.8	(1.8)	(1.5)	17.5	22.3
Transfers	<u>(2.5)</u>	<u>(2.4)</u>	<u>2.5</u>	<u>2.4</u>	<u>0.0</u>	<u>0.0</u>
Change in net assets	16.8	21.4	0.7	1.0	17.5	22.3
Net assets, beginning of year,	122.9	101.3	7.3	6.3	130.2	107.6
Net assets end of year	<u>\$139.7</u>	<u>\$122.9</u>	<u>\$8.0</u>	<u>\$7.3</u>	<u>\$147.7</u>	<u>\$130.2</u>

*Numbers may not total due to rounding

Total revenues for the City's governmental activities totaled \$79.3 million, compared to \$78.9 million last year. Wage and net profits taxes totaled \$36.5 million or 46.0% of the total and includes occupational license fees. The second largest category of governmental revenues, grants and contributions, accounted for \$22.1 million, or 27.8% of total revenue. Property taxes totaled \$11.9 million and accounted for 15.0% of total revenues. Insurance premium tax revenue totaled \$3.2 million or 4.0% of the total collections. Miscellaneous sources accounted for \$2.7 million, or 3.4%.

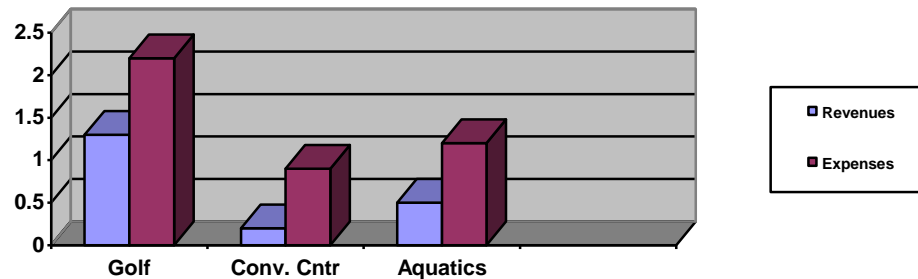


Current year total expenses of the City's governmental activities were \$60.0 million, compared to \$55.1 million last year. The increase is primarily a result of one-time capital project funding. Public safety activities totaled \$20.9 million and accounted for 34.8% of the total. The second largest category of expenses was General Government, which totaled \$15.0 million and accounted for 25% of expenses. Public Works was third and totaled \$6.5 million, or 10.8%. The last major expenditure category was Housing and Community Development, where expenses totaled \$4.5 million, 7.5% of the total.



Business-type Activities

Revenues for business-type activities totaled \$2.5 million this fiscal year compared to \$2.4 million last year. Of this, \$2.0 million, or 80.0% was from charges for services. Expenses for business-type activities totaled \$4.3 million. The largest program in the business type-activity was the operation of three municipal golf courses, which accounted for 51.1% of business-type expenses. The Russell Sims Aquatic Center accounted for 28.0% of business-type expenses and the operation of the Sloan Convention Center accounted for the remaining 20.9% of expenses in business-type activities.



Funds of the City of Bowling Green

The City's governmental funds for the year ended June 30, 2008 reflected a combined ending fund balance of \$56.9 million, an increase of \$7.5 million over the prior year. This increase is due to bond proceeds being held in escrow from a refinancing bond issue. Of the \$56.9 million total fund balance, \$5.6 million was unreserved and available for spending at the City's discretion. The remainder was reserved or designated; this indicates that the funds were not available for spending, but had been committed to pay outstanding contracts or purchase orders, to make future debt service payments, or whose spending was otherwise restricted by state statute or by City ordinance.

At the end of the fiscal year, the total fund balance in the General Fund was \$17.5 million, which represents a decrease of \$3.9 million over the prior year. Of this total, unreserved, undesignated fund balance was \$5.6 million and reflected 10.9% of General Fund revenues. Included in the \$5.6 million was \$1.7 million in project carryovers that will be spent in FY09. Reserved and designated fund balances totaled \$11.9 million, or 23.4% of General Fund revenues. The funds were reserved for debt service, minimum reserve requirements, prepaid expenses and to pay contracts and purchase orders outstanding as of June 30, 2008. The City has a policy of segregating and maintaining reserved fund balance in the General Fund equal to 15% of budgeted revenues.

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

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. Total net assets in the proprietary funds equaled \$7.9 million as of June 30, 2008, compared to \$7.3 million last year.

The Golf Fund had total net assets of \$3.1 million, an increase of \$0.3 million over the prior year. Of the total net assets, \$2.9 million was invested in capital assets, net of related debt. Unrestricted net assets were \$0.2 million.

The Aquatics Fund ended the year with total net assets of \$0.5 million, representing a decrease of \$0.2 million from last year. Of the total net assets, \$(0.2) million was invested in capital assets and unrestricted net assets were \$0.7 million.

The Convention Center Fund had total net assets of \$4.3 million, representing an increase of \$0.5 million from last year. Of the total net assets, \$2.2 million was invested in capital assets and \$2.1 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 in revenue projections and to add projects that were not anticipated when the budget was first adopted. In all, the revenue budget was increased by \$139,000 or 0.03%. The changes can be briefly summarized as follows:

Original revenue estimates were changed by the following:

Grants	\$99,000
Payments in Lieu of Taxes	1,000
Contributions	6,000
Parks and Recreation	14,000
Judgments and Settlements	20,000
Charges for Services	(1,000)

In comparing actual revenue to final amended budget, the significant budgetary variances included employee withholdings (-\$3.1 million), net profits (-\$1.3 million), and interest earnings (+0.4 million). Growth in the employee withholdings and net profits was basically overestimated based on the high growth experienced during the previous three years. Interest income was higher than expected due to some maturities of investments purchased with longer terms and higher rates during the previous year.

The total expenditure budget was increased by \$2.96 million, or 6.1% during the year. The major increases in total expenditures consisted of increases in Housing and Community Development accounts for a property acquisition in the amount \$997,500 and outside legal fees for the Cooper Restitution equaling \$661,000. Other major changes were due to the following:

General Government	\$366,000
Police	21,000
Fire	(52,000)
Parks and Recreation	473,000
Other Housing and Community Development	189,500
Community Services	59,000
Public Works	(61,000)
Other	310,000

In comparing actual expenditures to final amended budget, the significant budgetary variances were all positive and found in General Government \$1.4 million, Police \$1.2 million and Public Works \$0.8 million. The positive variances were mostly a result of projects being carried over as well as disciplined under-spending.

Capital Assets

The City's total investment in capital assets totaled \$163.5 million as of June 30, 2008, which represented an increase of \$22.1 million over last year. This investment included land, buildings, infrastructure, improvements, vehicles, and equipment. For governmental activities, investments totaled \$146.7 million, an increase of \$23.0 million over FY07.

This year's major capital additions included the following:

Kummer Little Recreation Center construction	\$ 4,054,193
Veterans Lane Shared Use Path construction	116,150
Disaster Recovery equipment	192,416
Lost River Shared Use Path construction	319,155
Center Street Loop Trail construction	211,166
Heritage Trail construction	204,804
Circus Square Park construction	2,211,403
College Street Bridge improvements	647,310
Thermal Image equipment	299,268
Convention Center Moisture Remediation project	338,054
Fields Drive extension project	504,350
Westen Drive realignment project	402,028

The following table summarizes the changes in net capital assets.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$16.9	\$15.4	\$2.7	\$2.7	\$19.6	\$18.1
Infrastructure (Streets)	81.4	68.6	0.0	0.0	81.4	68.6
Buildings	25.4	21.3	7.8	7.8	33.2	29.1
Improvements other than buildings	12.2	8.6	5.8	6.5	18.0	15.1
Vehicles, equipment, and furniture	6.6	6.0	0.3	0.3	6.9	6.3
Construction in progress	4.2	3.8	0.0	0.0	4.2	3.8
Property held under capital lease	<u>0.0</u>	<u>0.0</u>	<u>0.2</u>	<u>0.3</u>	<u>0.2</u>	<u>0.3</u>
Total*	<u>\$146.7</u>	<u>\$123.7</u>	<u>\$16.7</u>	<u>\$17.6</u>	<u>\$163.5</u>	<u>\$141.3</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 2008 found that 90% of streets and 95% of sidewalks met or exceeded this goal, which is 5% and 10% higher than FY07, respectfully. The estimated amount needed to maintain City streets at the specified levels for FY09 is \$915,000 and \$100,000 for sidewalks, which is included in the upcoming budget. Additional information on the City's capital assets activity can be found in note 3D.

Debt Administration

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

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

At the end of the Fiscal Year, the City had \$123.7 million in bonds and notes outstanding net of bond discounts and premiums. There was \$28.3 million (including discount on bonds payable) in debt issued during this fiscal year.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General obligation & revenue bonds	\$103.4	\$78.6	\$12.3	\$13.4	\$115.7	\$92.0
Notes & lease purchase agreements	5.6	6.1	0.1	0.2	5.7	6.2
Compensated absences	1.3	1.3	0.0	0.0	1.3	1.3
Landfill post-closure costs	1.6	1.6	0.0	0.0	1.6	1.6
Bond discount and refunding loss	<u>0.1</u>	<u>0.3</u>	<u>(0.7)</u>	<u>(0.8)</u>	<u>(0.7)</u>	<u>(0.5)</u>
Total	<u>\$112.0</u>	<u>\$87.9</u>	<u>\$11.7</u>	<u>\$12.7</u>	<u>\$123.7</u>	<u>\$100.6</u>

*Numbers may not total due to rounding.

The City maintains a bond rating of "Aa3" from Moody's. Despite the relatively recent legal changes that provide for the issuance of G.O. debt discussed on the previous page, legal limits remain on the total amount of G.O. indebtedness that may be incurred. The Kentucky Constitution provides that the total principal amount of City net indebtedness, which excludes self-supporting obligations, revenue bonds, special assessment debt, and non-tax supported debt, cannot exceed 10% of the value of taxable property in the City. Therefore, the City's debt limit is \$321.7 million.

Next Year's Budget

For FY09, the budget for all funds was reduced by 8.4% from the FY08 original budget. During the budget planning, General Fund revenues in FY08 were a big concern and appeared to be on a path to finish below FY07. Therefore, revenue projections for FY09 were adjusted downward to better align with the likely outcome for FY08 and the anticipation of slower growth in FY09. The City is still in the process of adjusting for the impact of the occupational tax rate reduction from 2% to 1.85%. Mid-year cuts to General Fund expenditure budget were made across the board in the latter part of FY08 and continued to be the theme in preparing the FY09 budget.

The FY09 budget includes the utilization of \$0.8 million of reserves in the General Fund, mainly to afford one-time capital items. There is \$18.8 million budgeted for Capital Improvement projects which includes debt service. This is a 26% reduction from the \$25.5 CIP in FY08. Improvements in community livability, traffic and roads, continued investment in technology and fire station renovations/expansions are some of the highlights of the capital budget in FY09. The City plans to increase bonded debt in FY09 by approximately \$6.5 million to fund the construction of a new fire station and the renovation of an existing station. In addition, the City plans to issue \$25 million to be utilized in the state approved Tax Increment Financing (TIF) district for the construction

of a minor league baseball park. The City also plans to continue to honor existing commitments in FY09, including: funding existing programs, providing financial assistance to contract agencies that provide community services, paying debt service, and providing a fair and equitable pay structure to City employees.

Requests for Information

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

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF NET ASSETS

June 30, 2008

	Primary Government			
	Governmental	Business-Type		Component
	Activities	Activities	Total	Units
ASSETS				
Pooled cash and cash equivalents	\$ 12,502,207	\$ -	\$ 12,502,207	\$ -
Non-pooled cash and cash equivalents	1,483,714	2,022,030	3,505,744	13,907,070
Investments	24,069,140	844,795	24,913,935	158,259
Receivables (net):				
Accounts	102,357	64,324	166,681	3,424,981
Loans	628,518	-	628,518	-
Other	359,523	-	359,523	5,881,925
Accrued interest	293,375	-	293,375	603,175
Due from Western Kentucky University	31,500,000	-	31,500,000	-
Due from primary government	-	260,044	260,044	-
Due from other governmental units	1,155,179	-	1,155,179	-
Internal balances	196,900	(196,900)	-	-
Deferred charges	514,956	-	514,956	266,684
Prepaid items	1,555,287	43,840	1,599,127	1,014,834
Prepaid rent	11,388,875	-	11,388,875	-
Inventories	94,923	112,993	207,916	1,133,147
Other assets	6,726	-	6,726	211,726
Restricted assets:				
Non-pooled cash and cash equivalents	24,247,330	596	24,247,926	8,133
Restricted cash - TVA	-	-	-	1,068,981
Investments	-	-	-	5,951,380
Capital assets, net of accumulated depreciation:				
Non-depreciable	90,569,472	2,740,298	93,309,770	11,715,599
Restricted land	1,231,443	-	1,231,443	-
Depreciable	54,901,607	14,072,129	68,973,736	123,510,058
Total assets	256,801,532	19,964,149	276,765,681	168,855,952
Vouchers and accounts payable	1,374,031	72,012	1,446,043	7,334,897
Grants payable	-	-	-	2,418
Accrued payroll	456,052	38,314	494,366	-
Accrued interest payable	532,107	45,976	578,083	1,348,886
Insurance claims payable	586,772	-	586,772	-
Due to component unit	-	260,044	260,044	-
Other current liabilities	-	-	-	1,436,429
Unearned revenue	1,792,941	-	1,792,941	15,021
Deposits	321,762	-	321,762	2,450,868
Noncurrent liabilities:				
Due within one year				
Compensated absences	945,140	31,956	977,096	792,507
Bonds payable	2,643,776	1,110,962	3,754,738	3,717,363
Notes and capital lease obligations	1,034,243	35,855	1,070,098	-
Landfill closure and post closure costs	57,550	-	57,550	-
Due in more than one year				
Bonds payable	100,865,169	10,428,202	111,293,371	37,437,362
Notes and capital lease obligations	4,542,911	62,838	4,605,749	-
Compensated absences	407,695	9,443	417,138	275,835
Landfill closure and post closure costs	1,531,900	-	1,531,900	-
Advances from customers and TVA	-	-	-	113,223
Total liabilities	117,092,049	12,095,602	129,187,651	54,924,809
NET ASSETS				
Invested in capital assets, net of related debt	95,299,980	4,914,526	100,214,506	95,625,704
Restricted for:				
Debt service	47,702	-	47,702	6,059,513
Capital projects	11,668,090	-	11,668,090	-
Community development	1,304,321	-	1,304,321	-
Perpetual care (nonexpendable)	686,476	-	686,476	-
Unrestricted	30,702,914	2,954,021	33,656,935	12,245,926
Total net assets	\$ 139,709,483	\$ 7,868,547	\$ 147,578,030	\$ 113,931,143

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2008

		Program Revenues				Changes in Net Assets			
						Primary Government			
Function/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units	
PRIMARY GOVERNMENT									
Governmental activities:									
General government	\$ 14,963,398	\$ 2,234,584	\$ 2,555,117	\$ 11,743,244	\$ 1,569,547	\$ -	\$ 1,569,547	\$ -	
Public safety	20,888,002	294,866	1,720,815	1,262,168	(17,610,153)	-	(17,610,153)	-	
Public works	6,445,139	-	-	28,045	(6,417,094)	-	(6,417,094)	-	
Parks and recreation	4,643,176	382,818	-	-	(4,260,358)	-	(4,260,358)	-	
Housing and community development	4,533,189	-	3,268,654	1,549,453	284,918	-	284,918	-	
Community services	4,087,698	-	-	-	(4,087,698)	-	(4,087,698)	-	
Interest expense	4,380,214	-	-	-	(4,380,214)	-	(4,380,214)	-	
Total governmental activities	59,940,816	2,912,268	7,544,586	14,582,910	(34,901,052)	-	(34,901,052)	-	
Business-type activities:									
Golf course	2,379,799	1,416,483	-	-	-	(963,316)	(963,316)	-	
Aquatics	1,231,201	475,673	-	-	-	(755,528)	(755,528)	-	
Convention center	850,659	203,324	-	-	-	(647,335)	(647,335)	-	
Total business-type activities	4,461,659	2,095,480	-	-	-	(2,366,179)	(2,366,179)	-	
Total primary government	64,402,475	5,007,748	7,544,586	14,582,910	(34,901,052)	(2,366,179)	(37,267,231)	-	
COMPONENT UNITS									
Bowling Green Municipal Utilities	85,967,491	85,862,518	-	718,118	-	-	-	613,145	
Bowling Green Public Library	2,640,451	58,475	288,632	-	-	-	-	(2,293,344)	
Bowling Green Enterprise Community	106,633	-	73,603	-	-	-	-	(33,030)	
Total component units	\$ 88,714,575	\$ 85,920,993	\$ 362,235	\$ 718,118	-	-	-	(1,713,229)	
General revenues:									
Property taxes					11,871,893	-	11,871,893	2,038,313	
Insurance premium taxes					3,154,521		3,154,521	-	
Transient room taxes					-	398,381	398,381	-	
Wages and net profits taxes					36,502,625	-	36,502,625	-	
Investment income					2,351,828	60,951	2,412,779	1,013,692	
Miscellaneous					327,802	-	327,802	304,951	
Total general revenues					54,208,669	459,332	54,668,001	3,356,956	
Transfers					(2,515,031)	2,515,031	-	-	
					51,693,638	2,974,363	54,668,001	3,356,956	
Change in net assets					16,792,586	608,184	17,400,770	1,643,727	
Net assets, beginning of year					122,916,897	7,260,363	130,177,260	112,287,416	
Net assets, end of year					\$ 139,709,483	\$ 7,868,547	\$ 147,578,030	\$ 113,931,143	

CITY OF BOWLING GREEN, KENTUCKY

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2008

	General	WKU Athletics	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and cash equivalents	\$ 2,643,081	\$ -	\$ 46,986	\$ 8,727,691	\$ 11,417,758
Non-pooled cash and cash equivalents	50,976	-	-	1,432,738	1,483,714
Investments	13,251,966	-	-	6,054,205	19,306,171
Receivables (net of allowances for uncollectibles):					
Accounts	63,660	-	-	31,307	94,967
Loans	-	-	-	628,518	628,518
Western Kentucky University	-	31,500,000	-	-	31,500,000
Interest	222,683	-	-	34,484	257,167
Due from other funds	1,332,000	-	-	-	1,332,000
Due from other governmental units	163,552	-	-	970,837	1,134,389
Prepaid items	982,499	-	-	-	982,499
Restricted assets:					
Non-pooled cash and cash equivalents	2,652	-	716	24,238,962	24,242,330
Other assets	-	-	-	6,726	6,726
Total assets	\$ 18,713,069	\$ 31,500,000	\$ 47,702	\$ 42,125,468	\$ 92,386,239
LIABILITIES AND FUND BALANCES					
Liabilities					
Vouchers and accounts payable	\$ 290,405	\$ -	\$ -	\$ 994,150	\$ 1,284,555
Accrued payroll	442,145	-	-	6,857	449,002
Due to other funds	3,100	-	-	1,132,000	1,135,100
Unearned revenue	164,423	31,500,000	-	628,518	32,292,941
Security deposits	309,096	-	-	12,666	321,762
Total liabilities	1,209,169	31,500,000	-	2,774,191	35,483,360
Fund Balances					
Reserved for encumbrances	1,192,659	-	-	5,579,669	6,772,328
Reserved for perpetual care	-	-	-	618,866	618,866
Reserved for prepaid expenses	982,499	-	-	-	982,499
Unreserved					
Designated	9,756,406	-	-	-	9,756,406
Undesignated, reported in special revenue funds	-	-	-	24,465,839	24,465,839
Undesignated, reported in capital projects funds	-	-	-	8,619,293	8,619,293
Undesignated, reported in permanent funds	-	-	-	67,610	67,610
Undesignated	5,572,336	-	47,702	-	5,620,038
Total fund balances	17,503,900	-	47,702	39,351,277	56,902,879
Total liabilities and fund balances	\$ 18,713,069	\$ 31,500,000	\$ 47,702	\$ 42,125,468	\$ 92,386,239

CITY OF BOWLING GREEN, KENTUCKY

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

June 30, 2008

Fund balances - total governmental funds \$ 56,902,879

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

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

Governmental capital assets	169,083,005	
Less accumulated depreciation	<u>(22,605,650)</u>	146,477,355

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

6,112,220

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

31,859,523

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

11,388,875

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	(103,408,763)	
Issuance discount (to be amortized over the life of debt)	166,243	
Issuance premium (to be amortized over the life of debt)	(266,425)	
Deferred charges for issuance costs (to be amortized over the life of debt)	514,956	
Notes and lease purchase agreements	(5,577,154)	
Deferred revenue	(1,000,000)	
Accrued interest payable	(532,107)	
Accrued compensated absences	(1,338,669)	
Landfill postclosure care	<u>(1,589,450)</u>	<u>(113,031,369)</u>

\$ 139,709,483

CITY OF BOWLING GREEN, KENTUCKY

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

For the Year Ended June 30, 2008

	General	WKU Athletics	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 11,313,169	\$ -	\$ -	\$ 430,000	\$ 11,743,169
Insurance premium taxes	1,415,964	-	-	1,738,557	3,154,521
Wages and net profits taxes	34,262,926	-	-	2,418,818	36,681,744
Licenses and permits	945,383	-	-	-	945,383
Intergovernmental	782,514	1,818,463	-	7,852,885	10,453,862
Investment income	1,126,951	-	1,326	971,452	2,099,729
Charges for services	547,340	-	-	-	547,340
Parks and recreation	372,484	-	-	-	372,484
Miscellaneous	166,037	-	-	425,072	591,109
Total Revenues	50,932,768	1,818,463	1,326	13,836,784	66,589,341
EXPENDITURES					
Current:					
General government	7,203,553	-	-	1,308,818	8,512,371
Public safety	21,175,847	-	-	2,101,146	23,276,993
Public works	6,025,378	-	-	860,605	6,885,983
Parks and recreation	5,565,988	-	-	192,688	5,758,676
Housing and community development	3,014,158	-	-	3,047,852	6,062,010
Community services	3,116,912	-	-	-	3,116,912
Capital Outlay	-	-	-	10,561,509	10,561,509
Debt Service:					
Principal	-	-	4,201,347	-	4,201,347
Interest and fiscal charges	-	-	3,963,561	536,776	4,500,337
Total Expenditures	46,101,836	-	8,164,908	18,609,394	72,876,138
Excess (deficiency) of revenues over (under) expenditures	4,830,932	1,818,463	(8,163,582)	(4,772,610)	(6,286,797)
Other financing sources (uses):					
Transfers in	172,231	-	8,106,674	5,957,409	14,236,314
Transfers out	(9,041,035)	(1,818,463)	-	(5,956,847)	(16,816,345)
Issuance of refunding debt	-	-	-	30,443,095	30,443,095
Payment to refunded debt escrow agent	-	-	-	(13,803,815)	(13,803,815)
Other financing costs	-	-	-	(319,653)	(319,653)
Proceeds from the sale of capital assets	95,100	-	-	-	95,100
Total other financing sources (uses)	(8,773,704)	(1,818,463)	8,106,674	16,320,189	13,834,696
Net change in fund balances	(3,942,772)	-	(56,908)	11,547,579	7,547,899
Fund balances, beginning	21,446,672	-	104,610	27,803,698	49,354,980
Fund balances, ending	\$ 17,503,900	\$ -	\$ 47,702	\$ 39,351,277	\$ 56,902,879

CITY OF BOWLING GREEN, KENTUCKY

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

June 30, 2008

Net change in fund balances - total governmental funds \$ 7,547,899

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

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

Capital asset additions	32,846,780	
Depreciation expense	(2,986,965)	
Sales of capital assets	(8,099,148)	21,760,667

Certain long term receivables are not available for the payment of current expenditures and therefore are not reported in the governmental funds. Payments on these receivables are recorded as revenue in the governmental funds and reduction of the receivable in the statement of net assets (298,447)

The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term and related items: (23,960,857)

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 11,388,875

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. (106,553)

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	(37,256)
Landfill postclosure care	1,750

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.

496,508

Change in net assets of governmental activities \$ 16,792,586

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2008

	Business-Type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Golf	Aquatics	Convention Center	Total	
ASSETS					
Current Assets					
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,084,449
Non-pooled cash and cash equivalents	412,101	432,496	1,177,433	2,022,030	-
Investments	-	289,758	555,037	844,795	4,762,969
Accounts receivable	12,863	-	51,461	64,324	7,390
Interest receivable	-	-	-	-	36,208
Current portion of lease receivable from component unit	-	-	19,235	19,235	-
Due from other governments	-	-	-	-	20,790
Due from other funds	3,100	-	-	3,100	-
Inventories	112,993	-	-	112,993	94,923
Prepaid items	-	-	43,840	43,840	572,788
Total current assets	541,057	722,254	1,847,006	3,110,317	6,579,517
Noncurrent assets					
Restricted assets:					
Non-pooled cash and cash equivalents	-	-	596	596	5,000
Noncurrent portion of lease receivable from component unit	-	-	240,809	240,809	-
Capital assets					
Land	248,543	200,991	2,290,764	2,740,298	-
Buildings	1,734,994	155,062	10,102,182	11,992,238	200,985
Improvements other than buildings	-	5,647,802	-	5,647,802	-
Golf course improvements	4,741,443	-	-	4,741,443	-
Machinery and equipment	915,147	47,349	1,209,067	2,171,563	213,221
Property held under capital lease	306,633	-	-	306,633	-
	7,946,760	6,051,204	13,602,013	27,599,977	414,206
Less accumulated depreciation	(3,371,578)	(2,326,306)	(5,089,666)	(10,787,550)	(189,039)
Capital assets, net	4,575,182	3,724,898	8,512,347	16,812,427	225,167
Total noncurrent assets	4,575,182	3,724,898	8,753,752	17,053,832	230,167
Total assets	\$ 5,116,239	\$ 4,447,152	\$ 10,600,758	\$ 20,164,149	\$ 6,809,684
LIABILITIES					
Current liabilities					
Vouchers and accounts payable	\$ 36,550	\$ 34,838	\$ 624	\$ 72,012	\$ 89,476
Accrued payroll	25,613	12,701	-	38,314	7,050
Accrued interest payable	9,846	17,449	18,681	45,976	-
Insurance claims payable	-	-	-	-	586,772
Due to other funds	200,000	-	-	200,000	-
Current portion of compensated absences	31,956	-	-	31,956	12,965
Current portion of capital lease obligations	35,855	-	-	35,855	-
Current portion of capital lease due to component unit	19,235	-	-	19,235	-
Current portion of bond obligations	385,844	245,118	480,000	1,110,962	-
Total current liabilities	744,899	310,106	499,305	1,554,310	696,263
Noncurrent liabilities					
Noncurrent portion of compensated absences	9,443	-	-	9,443	1,201
Noncurrent portion of capital lease obligations	62,838	-	-	62,838	-
Noncurrent portion of capital lease due to component units	240,809	-	-	240,809	-
Noncurrent portion of bond obligations	982,183	3,673,364	5,772,655	10,428,202	-
Total noncurrent liabilities	1,295,273	3,673,364	5,772,655	10,741,292	1,201
Total liabilities	2,040,172	3,983,470	6,271,960	12,295,602	697,464
NET ASSETS					
Invested in capital assets, net of related debt	2,848,418	(193,584)	2,259,692	4,914,526	225,167
Unrestricted	227,649	657,266	2,069,106	2,954,021	5,887,053
Total net assets	\$ 3,076,067	\$ 463,682	\$ 4,328,798	\$ 7,868,547	\$ 6,112,220

CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Golf	Aquatics	Convention Center	Total
OPERATING REVENUES				
Transient room taxes	\$ -		\$ 398,381	\$ 398,381
Charges for services	1,139,046	369,544	203,324	1,711,914
Sales of merchandise and concessions	277,437	106,129	-	383,566
Insurance premiums	-	-	-	-
Judgements and settlements	-	-	-	-
Miscellaneous	-	-	-	-
Total operating revenues	<u>1,416,483</u>	<u>475,673</u>	<u>601,705</u>	<u>2,493,861</u>
OPERATING EXPENSES				
Cost of sales	194,440	60,036	-	254,476
Personnel services	1,093,079	157,457	-	1,250,536
Contractual services	198,498	8,705	81,597	288,800
Supplies	301,406	69,203	-	370,609
Utilities	75,665	48,927	-	124,592
Repairs and maintenance	124,816	19,235	144,767	288,818
Insurance premiums and claims	-	-	-	-
Depreciation	266,414	294,725	322,007	883,146
Miscellaneous	34,551	522	-	35,073
Total operating expenses	<u>2,288,869</u>	<u>658,810</u>	<u>548,371</u>	<u>3,496,050</u>
Operating income (loss)	(872,386)	(183,137)	53,334	(1,002,189)
NONOPERATING REVENUES (EXPENSES)				
Interest income	10,595	20,273	30,083	60,951
Gain/(loss) on disposal of assets	3,100	(348,301)	-	(345,201)
Interest expense	(76,790)	(220,441)	(233,424)	(530,655)
Amortization	(17,240)	(3,649)	(68,864)	(89,753)
Total nonoperating revenues (expenses)	<u>(80,335)</u>	<u>(552,118)</u>	<u>(272,205)</u>	<u>(904,658)</u>
Income (loss) before transfers	(952,721)	(735,255)	(218,871)	(1,906,847)
Transfers in	1,277,612	467,342	770,077	2,515,031
Transfers out	-	-	-	-
Change in net assets	324,891	(267,913)	551,206	608,184
Net assets, beginning	<u>2,751,176</u>	<u>731,595</u>	<u>3,777,592</u>	<u>7,260,363</u>
Net assets, ending	<u>\$ 3,076,067</u>	<u>\$ 463,682</u>	<u>\$ 4,328,798</u>	<u>\$ 7,868,547</u>

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the year ended June 30, 2008

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Golf	Aquatics	Convention Center		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 1,265,980	\$ 476,647	\$ 235,201	\$ 1,977,828	\$ 6,468,088
Other cash receipts	-	-	398,381	398,381	-
Cash payments to employees	(1,144,389)	(213,881)	-	(1,358,270)	(454,132)
Cash payments to suppliers	(738,225)	(117,662)	(226,005)	(1,081,892)	(1,038,337)
Claims paid	-	-	-	-	(4,659,340)
Net cash provided by (used in) operating activities	(616,634)	145,104	407,577	(63,953)	316,279
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	1,277,612	467,342	770,077	2,515,031	70,000
Transfers out	-	-	-	-	(5,000)
Net cash provided by noncapital financing activities	1,277,612	467,342	770,077	2,515,031	65,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(61,028)	(16,603)	(300,963)	(378,594)	(21,268)
Proceeds from sales of capital assets	3,100	-	-	3,100	-
Principal paid on bond obligations	(375,013)	(232,882)	(490,000)	(1,097,895)	-
Principal paid on component unit lease	(11,541)	-	-	-	-
Principal paid on capital leases	(82,459)	-	-	(82,459)	-
Interest paid on debt obligations	(80,421)	(221,460)	(234,711)	(536,592)	-
Net cash provided by (used in) capital and related financing activities	(607,362)	(470,945)	(1,025,674)	(2,092,440)	(21,268)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	10,595	20,273	30,083	60,951	202,395
Purchase of investments	-	(194,758)	(375,012)	(569,770)	(1,345,683)
Cash received from lease property	-	-	11,541	11,541	-
Net cash provided by (used in) investing activities	10,595	(174,485)	(333,388)	(497,278)	(1,143,288)
Net increase (decrease) in cash and cash equivalents	64,211	(32,984)	(181,408)	(150,181)	(783,277)
Cash and cash equivalents, beginning of year	347,890	465,480	1,359,437	2,172,807	1,872,726
Cash and cash equivalents, end of year	\$ 412,101	\$ 432,496	\$ 1,178,029	\$ 2,022,626	\$ 1,089,449
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (872,386)	\$ (183,137)	\$ 53,334	\$ (1,002,189)	\$ 193,974
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	266,414	294,725	322,007	883,146	30,368
Change in assets and liabilities					
Accounts receivable	(11,116)	974	31,877	21,735	(27,944)
Due from other funds	(3,100)	-	-	(3,100)	-
Inventories	(13,288)	-	-	(13,288)	3,000
Prepaid items	-	-	(265)	(265)	14,957
Accounts payable	9,999	28,930	624	39,553	1,913
Compensated absences	305	(375)	-	(70)	(2,648)
Accrued payroll	6,538	3,987	-	10,525	1,541
Insurance claims payable	-	-	-	-	101,118
Net cash provided by (used in) operating activities	\$ (616,634)	\$ 145,104	\$ 407,577	\$ (63,953)	\$ 316,279

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2008

	Pension Trust - Police & Firemen's Retirement	Agency Funds
ASSETS		
Pooled cash and cash equivalents	\$ -	\$ 175,134
Non-pooled cash and cash equivalents	407,170	174,967
Accrued interest receivable	46,847	-
Accounts receivable	618	-
Investments		
Corporate securities	1,287,485	-
Mutual funds	3,007,096	-
United States government securities	3,367,557	-
Total investments at fair value	<u>7,662,138</u>	<u>-</u>
Total assets	<u>\$ 8,116,773</u>	<u>\$ 350,101</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 7,842	\$ -
Due to other governmental units	-	145,077
Due to employees	-	30,057
Other liabilities	<u>-</u>	<u>174,967</u>
Total liabilities	<u>7,842</u>	<u>\$ 350,101</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 8,108,931</u>	

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the year ended June 30, 2008

	Pension Trust - Police & Firemen's Retirement
ADDITIONS	
Contributions	
Employer	\$ 328,000
Other miscellaneous receipts	(5,174)
Investment income	
Net depreciation in fair value of investments	(363,672)
Interest	230,831
Dividends	80,799
Total investment earnings	(52,042)
Total additions	270,784
DEDUCTIONS	
Benefit payments	987,559
Administrative expenses	20,026
Total deductions	1,007,585
Change in net assets	(736,801)
Net assets, beginning of year	8,845,732
Net assets, end of year	\$ 8,108,931

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF NET ASSETS

COMPONENT UNITS

June 30, 2008

	Bowling Green Municipal Utilities	Bowling Green Public Library	Bowling Green Enterprise Community	Total
ASSETS				
Non-pooled cash and cash equivalents	\$ 13,517,362	\$ 353,529	\$ 36,179	\$ 13,907,070
Investments	100,000	58,259	-	158,259
Receivables (net):				
Accounts	3,424,981	-	-	3,424,981
Other	5,881,925	-	-	5,881,925
Accrued interest	603,175	-	-	603,175
Inventories	1,133,147	-	-	1,133,147
Prepaid items	1,013,066	1,768	-	1,014,834
Deferred charges	266,684	-	-	266,684
Restricted assets:				
Non-pooled cash and cash equivalents	-	8,133	-	8,133
Restricted cash - TVA	1,068,981	-	-	1,068,981
Investments	5,951,380	-	-	5,951,380
Other assets	211,726	-	-	211,726
Capital assets, net of accumulated depreciation:				
Non-depreciable	11,369,825	345,774	-	11,715,599
Depreciable	120,201,335	3,308,723	-	123,510,058
Total assets	164,743,587	4,076,186	36,179	168,855,952
LIABILITIES				
Vouchers and accounts payable	7,325,777	9,120	-	7,334,897
Grants payable	-	-	2,418	2,418
Compensated absences payable	670,644	121,863	-	792,507
Accrued interest payable	1,348,886	-	-	1,348,886
Other current liabilities	1,436,429	-	-	1,436,429
Advances from TVA - conservation program	15,021	-	-	15,021
Customer advances	113,223	-	-	113,223
Security deposits	2,450,868	-	-	2,450,868
Compensated absences payable, noncurrent	275,835	-	-	275,835
Noncurrent liabilities				
Due within one year	2,361,723	1,355,640	-	3,717,363
Due in more than one year	37,437,362	-	-	37,437,362
Total liabilities	53,435,768	1,486,623	2,418	54,924,809
NET ASSETS				
Invested in capital assets, net of related debt	93,326,847	2,298,857	-	95,625,704
Restricted for capital activities and debt service	6,051,380	8,133	-	6,059,513
Unrestricted	11,929,592	282,573	33,761	12,245,926
Total net assets	\$ 111,307,819	\$ 2,589,563	\$ 33,761	\$ 113,931,143

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF ACTIVITIES

COMPONENT UNITS

For the Year Ended June 30, 2008

Function/Programs	Expenses	Program Revenues			Net (expense) Revenue and Changes in Net Assets			
		Charges for	Operating	Capital	Bowling Green	Bowling Green	Bowling Green	Totals
		Services	Contributions	Contributions	Municipal Utilities	Public Library	Enterprise Community	
Bowling Green Municipal Utilities	\$ 85,967,491	\$ 85,862,518	\$ -	\$ 718,118	\$ 613,145	\$ -	\$ -	\$ 613,145
Bowling Green Public Library	2,640,451	58,475	288,632		-	(2,293,344)	-	(2,293,344)
Bowling Green Enterprise Community	106,633	-	73,603	-	-	-	(33,030)	(33,030)
Total component units	<u>\$ 88,714,575</u>	<u>\$ 85,920,993</u>	<u>\$ 362,235</u>	<u>\$ 718,118</u>	<u>613,145</u>	<u>(2,293,344)</u>	<u>(33,030)</u>	<u>(1,713,229)</u>
General revenues:								
Property taxes					-	2,038,313	-	2,038,313
Investment income					994,888	18,804	-	1,013,692
Miscellaneous					298,270	6,681	-	304,951
Total general revenues					<u>1,293,158</u>	<u>2,063,798</u>	<u>-</u>	<u>3,356,956</u>
Change in net assets					1,906,303	(229,546)	(33,030)	1,643,727
Net assets, beginning of year					<u>109,401,516</u>	<u>2,819,109</u>	<u>66,791</u>	<u>112,287,416</u>
Net assets, end of year					<u>\$ 111,307,819</u>	<u>\$ 2,589,563</u>	<u>\$ 33,761</u>	<u>\$ 113,931,143</u>

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

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CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Governmental Fund Type

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

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

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

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

June 30, 2008

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

Proprietary Fund Type

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

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

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

Governmental Fund Type

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

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

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

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

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

Proprietary Fund Type

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

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

June 30, 2008

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

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

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

C. Basic Financial Statements

Government-wide and Fund Financial Statements

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

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

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

Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the City, available means expected to be received within sixty days of year end. Major revenue sources not susceptible to accrual include charges

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

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

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

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

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

D. Basis of Presentation

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

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

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

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

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

The **WKU Athletics Special Revenue Fund** is used to account for revenues received from Western Kentucky University (WKU) consisting of student athletic fees and suite rentals collected by WKU and remitted to the City pursuant to the Memorandum of Agreement between the City, WKU and the Hilltopper Athletic Foundation. The student athletic fees and suite rentals are to be paid to the City each year in sufficient amounts to pay debt services on the City's \$30,115,000 General Obligation and Special Revenue Bonds, Series 2002B and \$1,800,000 General Obligation and Special Revenues Bonds, Series 2002C.

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

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

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

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

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

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

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

Fiduciary Funds are used to account for assets 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 3% hotel, motel transient room tax and payment to the Bowling Green Area Convention and Visitors Bureau.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

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 two or more City funds.

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

E. Budgetary Control and Encumbrances

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

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

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

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

Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances in the governmental funds and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Encumbrances are not recorded in the financial statements for proprietary, internal service and fiduciary fund types. However, the following funds had purchase orders outstanding at June 30, 2008 as follows:

Convention Center	\$	17,534
Golf		8,613
Aquatics		854

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

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

June 30, 2008

appropriate funds based on the ending monthly balance of pooled cash in each fund. Funds that incur a negative balance in pooled cash during the year are not charged interest. No reclassification has been made at year end for negative balances of pooled cash.

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

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

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

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

Interfund Receivables - During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2008, 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 Industrial TransPark Authority project, net of current year amortization of rent expense.

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

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, traffic signals, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-wide financial statements. Expenditures for items having a useful life greater than one year and having a cost greater than \$5,000 are capitalized. Previous to July 1, 2007, the threshold was \$2,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value and recorded as donations at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and improvements	40 years	30 - 50 years
Improvements other than buildings	15 - 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

The City's infrastructure consists of the street and storm sewers systems. The street system consists of streets, right of ways, sidewalks, and curbs. The storm sewers system consists of gutters and storm sewers. The City elected to use the Modified Approach as defined by GASB Statement No. 34 for infrastructure reporting of its street system. Using this approach, the City capitalizes the costs of its street system but does not report depreciation expense for those assets. Instead, the City reports all street system maintenance as expenditures in the period incurred unless those expenditures improve on those streets original condition or add to its capacity. These additions or improvements are not expensed but added to the historical cost of the assets. The City uses an asset management system to provide an up-to-date inventory of its streets, perform condition assessments on the street pavement at least once every three years, and estimate an annual amount needed to maintain the streets at a specified condition level. The asset management system is discussed in the detail in Required Supplemental Information, immediately following these notes. The storm sewers system was previously recorded using the modified approach but during the year ended June 30, 2007, the City determined that the system no longer met the criteria for the modified approach. The City began depreciating these assets during the year ended June 30, 2007 over their remaining useful life.

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

Sick leave for most classified employees is earned on the basis of one working day or eight hours per month of service. Sick leave for Fire Department personnel working 24 hours 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 as of December 31 for days accumulated in excess of 180 days in an amount equal to one-half of the base rate straight-time value. For retiring employees who are participating members of CERS, the City will purchase service credit for up to six months (120 days) of unused sick leave at the time of retirement. Employees who retire with more than 120 accrued sick days may receive cash payment for the number of days over 120 in the amounts of \$25/day.

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

Long-Term Obligations - In the Government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Assets. The discounts, premiums and issuance costs

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

related to bonds and notes issued are deferred and amortized over the life of the bond or note using the straight-line method. Bonds and notes payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

Long-term liabilities include the following:

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

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

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 2008, licenses and permits paid in advance of \$164,423 have been deferred, \$628,518 in accounts and loans receivable have been recorded as deferred revenue as these amounts have not yet been earned and \$1,000,000 of deferred revenue has been recorded in relation to land acquisitions under the City's agreement with SKyPAC.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated by outside parties for a specific future use. Designated fund balances represent plans for future use of financial resources and include approximately \$1.5 million set aside for the 2007 general obligation bonds and \$8.2 million set aside to comply with the City's minimum reserve retention policy. In proprietary funds, reserves are used to indicate the portion of net assets that are restricted for meeting various covenants as may be specified and defined in the revenue bond indentures.

G. Revenues, Expenditures and Expenses

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

Interfund transactions that would be treated as revenues or expenditures/expenses if they involved organizations external to the City are similarly treated when involving funds of the City. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the reimbursed fund. Transfers from funds receiving revenues to

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

June 30, 2008

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.

B. Excess of Expenditures over Appropriations - The following funds that have budgets adopted annually had excess expenditures over appropriations for the fiscal year ended June 30, 2008:

	Excess Expenditures
General	\$3,942,772
Debt Service	56,908
Fire Improvement	81,689
Municipal Aid	232,029
Job Development Incentive	56,055
Technology	29,019
Parks Community Center	1,461,868
SKyPac	911
Downtown Revitalization	2,061,461
Southwest Corridor	15,267
Road Construction	174,319
Downtown Signalization	335,653
Broadway Curve	88,687
Westen Drive	298,375
Field Drive	355,468
Heritage Trail	78,909
Parks Improvement	89,105
Shive Lane Development	1,019,991
Greenwood Fire Station	877,572
Fire Headquarters	66,230

Excess expenditures over appropriations were funded by available fund balances.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

NOTE 3. DETAIL NOTES ON ALL FUNDS

A. Cash and Investments

Primary Government

The Government's bank balances at June 30, 2008 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, 2008 are summarized and categorized below in the following table:

Primary Government (except Fiduciary Funds)		
Investment Type	Fair Value	Weighted Ave Maturity
Certificate of Deposit	\$22,166,445	.57
U.S. Agencies	2,747,490	.18
	<u>\$24,913,935</u>	

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

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, 2008 are summarized and categorized in the following tables:

Bowling Green Municipal Utilities Water-Sewer Division		
Investment Type	Fair Value	Maturities in Years Less than 1
U.S. agencies obligations	\$1,628,467	\$1,628,467
U.S. Treasury mutual fund	3,863,588	3,863,588
Government obligation mutual fund	251,342	251,342
	<u>\$5,743,397</u>	<u>\$5,743,397</u>

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

June 30, 2008

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

Carrying Value	
Deposits	\$ 23,955
Investments	5,743,397
	<u>\$ 5,967,352</u>

Included in the following captions:

Non-pooled cash and cash equivalents	\$ 2,585,791
Investments and restricted funds	3,381,561
	<u>\$ 5,967,352</u>

Bowling Green Municipal Utilities Electric Division		
Investment Type	Fair Value	Maturities in Years Less than 1
Repurchase agreements	\$7,698,865	\$7,698,865
U.S. agencies obligations	1,037,202	1,037,202
U.S. Treasury mutual fund	1,532,617	1,532,617
	<u>\$10,268,684</u>	<u>\$10,268,684</u>

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

Carrying Value	
Deposits	\$3,258,167
Investments	10,268,684
	<u>\$13,526,851</u>

Included in the following captions:

Non-pooled cash and cash equivalents	\$10,857,032
Long-term investments and restricted funds	2,669,819
	<u>\$13,526,851</u>

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

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2008, certain of the Utility's investments in U.S. agencies obligations not directly guaranteed by the U.S. government were rated by Standard & Poor's and by Moody's Investors Services as AAA. The utility's investment in commercial paper not directly guaranteed by the U.S. Government was rated A-1 by Standard & Poor's and P-1 by Moody's Investors Services.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Utility will not be able to recover the value of its investment or collateral securities

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

that are in the possession of an outside party. All of the underlying securities for the Utility's investments in repurchase agreements at June 30, 2008 are held by the counterparties in other than the utility's name.

Concentration of Credit Risk - The Utility places no limit on the amount that may be invested in any one issuer. At June 30, 2008, the Water-Sewer Division's investment in Federal National Mortgage Association obligations constituted approximately 28% of its total investments. At June 30, 2008, the Electric Division's investment in First American Government Obligation Fund constituted 15% of its total investments and its investment in Federal National Mortgage Association obligations constituted 8% of its total investments.

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

<u>Bowling Green Municipal Utilities Water-Sewer Division</u>	
Uninsured and collateral held by pledging financial institution	<u>\$232,154</u>
<u>Bowling Green Municipal Utilities Electric Division</u>	
Uninsured and uncollateralized	\$94,687
Uninsured and collateral held by pledging financial institution	1,486,426
	<u>\$1,581,113</u>
<u>Bowling Green Municipal Utilities General Services Division</u>	
Uninsured and collateral held by pledging financial institution	<u>\$30,308</u>

Policemen and Firefighters' Retirement Fund

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

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

Investment Maturities (In Years)

Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. Government Securities	\$3,367,557	\$ -	\$858,031	\$1,506,987	\$1,002,539
Corporate Securities	1,287,485	49,523	812,116	425,846	-
Mutual Funds	3,007,096	3,007,096	-	-	-
Total	<u>\$7,662,138</u>	<u>\$3,056,619</u>	<u>\$1,670,147</u>	<u>\$1,932,833</u>	<u>\$1,002,539</u>

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

Pension Securities	
Debt Securities Investments at Fair Value	
<u>Quality Ratings</u>	<u>2008</u>
AAA	\$192,849
AA2	49,523
AA3	46,441
A1	46,136
A2	233,444
BAA1	254,958
NR	464,134
Total Credit Risk Debt Securities	1,287,485
U.S. Government Agencies	3,367,557
Total Debt Securities	<u>\$4,655,042</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 the its cash equivalents. At June 30, 2008, the Fund's carrying amounts for cash equivalents exceeded federally insured limits and was uncollateralized by \$307,170.

The Public Library has investments with a fair value of \$58,259 and all cash balances of this component unit were fully insured and collateralized as of June 30, 2008.

B. Restricted Assets

Governmental Activities

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

Parks Community Center – 2004A	\$ 56,694
Parks Community Center – 2004B	410
Debt Service sinking fund – 2004A	120
Debt Service sinking fund – 2004B	22

Section 8 Program - assets totaling \$12,666 are reported in the Community Development Special Revenue Fund and consist of an escrow account restricted to the Federal Section 8 grant program.

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

June 30, 2008

Cemetery Perpetual Fund - assets totaling \$618,866 are reported in the Cemetery Perpetual Fund as these assets are restricted cemetery maintenance.

2007A General Obligation Bonds - for the 2007 bonds, a construction fund account was established for the payment of costs associated with public park improvements, construction of utilities, design and construction on a skate park, Circus Square acquisition and construction, land acquisition, construction of public roads, and installation of downtown signalization upgrades. The balance of these funds at June 30, 2008 is \$8,652,918.

2007B & C - for the 2007B and C bonds, various accounts were established for the payment of outstanding Inter-Model Transportation Authority mortgage-backed bonds as they come due. The balance of these funds at June 20, 2008 is \$14,898,560.

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

Other restricted assets - assets totaling \$2,670 related to previous bond issues are reported as restricted. These are the balances remaining in various debt service accounts.

Component Units

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

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

Sinking Fund	\$ 2,569,819
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Bowling Green Municipal Utilities Water-Sewer Division has the following restricted assets:

Sinking Funds	\$ 1,060,283
Utility Depreciation Fund	1,501,752
Maintenance and Replacement Reserve -	
Water Treatment Plant	819,526

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

C. Loans Receivable

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

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

June 30, 2008

Loans receivable at June 30, 2008 consist of the following:

Houchens Warehousing, Inc. promissory note receivable in 144 monthly installments of \$6,172 including interest at 4%; final installment due June 1, 2013. This note is secured by real estate. \$ 335,159

Clay Street Station, LLC promissory note receivable in 180 installments of \$2,682 including interest at 3.5%; final balloon payment of \$147,364 due June 1, 2014. This note is secured by real estate. 293,359

Total loans receivable \$ 628,518

D. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Primary Government				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 15,376,643	\$ 318,685	\$ (9,500)	\$ 15,685,828
Restricted Land	1,216,370	15,073	-	1,231,443
Infrastructure	59,142,537	11,808,871	(235,539)	70,715,869
Construction in progress	3,789,576	8,175,292	(7,797,093)	4,167,775
Total capital assets, not being depreciated	<u>79,525,126</u>	<u>20,317,921</u>	<u>(8,042,132)</u>	<u>91,800,915</u>
Capital assets, being depreciated:				
Stormwater Infrastructure	9,930,848	1,274,751	-	11,205,599
Buildings	28,954,853	4,812,813	(1,604)	33,766,062
Improvements other than buildings	10,517,439	4,071,887	(23,599)	14,565,727
Furniture and equipment	17,012,310	2,389,845	(1,243,247)	18,158,908
Total capital assets, being depreciated	<u>66,415,450</u>	<u>12,549,296</u>	<u>(1,268,450)</u>	<u>77,696,296</u>
Less accumulated depreciation:				
Stormwater Infrastructure	(422,889)	(133,856)	-	(556,745)
Buildings	(7,632,112)	(731,811)	1,369	(8,362,554)
Improvements	(1,957,740)	(408,774)	11,259	(2,355,255)
Furniture and equipment	(10,976,048)	(1,742,892)	1,198,805	(11,520,135)
Total accumulated depreciation	<u>(20,988,789)</u>	<u>(3,017,333)</u>	<u>1,211,433</u>	<u>(22,794,689)</u>
Total capital assets, being depreciated, net	<u>45,426,661</u>	<u>9,531,963</u>	<u>(57,017)</u>	<u>54,901,607</u>
Governmental activities, capital assets, net	<u>\$ 124,951,787</u>	<u>\$ 29,849,884</u>	<u>\$ (8,099,149)</u>	<u>\$ 146,702,522</u>

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

June 30, 2008

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Business-type assets:				
Capital assets, not being depreciated:				
Land	\$ 2,740,298	\$ -	\$ -	\$ 2,740,298
Construction in progress	45,973	300,961	(346,934)	-
Total capital assets, not being depreciated	2,786,271	300,961	(346,934)	2,740,298
Capital assets, being depreciated:				
Buildings	11,780,903	434,836	(223,501)	11,992,238
Improvements other than buildings	11,112,902	15,144	(738,801)	10,389,245
Furniture and equipment	2,229,224	44,036	(101,697)	2,171,563
Property held under capital lease	333,137	-	(26,504)	306,633
Total capital assets, being depreciated	25,456,166	494,016	(1,090,503)	24,859,679
Less accumulated depreciation:				
Buildings	(3,933,499)	(363,608)	135,992	(4,161,115)
Improvements	(4,585,572)	(426,768)	436,359	(4,575,981)
Furniture and equipment	(1,940,927)	(85,339)	101,697	(1,924,569)
Property held under capital lease	(144,958)	(7,431)	26,504	(125,885)
Total accumulated depreciation	(10,604,956)	(883,146)	700,552	(10,787,550)
Total capital assets, being depreciated, net	14,851,210	(389,130)	(389,951)	14,072,129
Business-type activities, capital assets, net	\$ 17,637,481	\$ (88,169)	\$ (736,885)	\$ 16,812,427

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

Governmental activities	
General government	\$ 383,430
Public safety	1,330,390
Public works	630,376
Parks and recreation	580,999
Housing and community development	92,138
Total depreciation expense - governmental activities	<u>\$ 3,017,333</u>
Business-type activities	
Golf course	\$ 266,414
Aquatics	294,725
Convention Center	322,007
Total depreciation expense - business-type activities	<u>\$ 883,146</u>

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

June 30, 2008

Component unit capital asset activity for the year ended June 30, 2008 was as follows:

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Bowling Green Municipal Utilities				
Capital assets, not being depreciated:				
Construction in progress	\$ 14,129,813	\$ 6,734,982	\$ (9,494,970)	\$ 11,369,825
Capital assets, being depreciated:				
Transmission plant	1,892,199	23,286	(5,906)	1,909,579
Distribution plant	55,845,249	2,106,060	(552,435)	57,398,874
Structures and improvements, nodes	248,285	1,454		249,739
General plant	11,663,600	522,357	(706,322)	11,479,635
Water plant	65,742,393	491,350	2,008,206	68,241,949
Sewer plant	46,168,964	402,012	7,320,785	53,891,761
Equipment	2,726,656	288,171	(3,136)	3,011,691
Overhead conductors and devices	2,992,868	731,543	30,060	3,754,471
Trucks and autos	1,338,479	80,220	(43,169)	1,375,530
Office equipment	1,416,655	100,235	(35,189)	1,481,701
Office additions	65,716	-	-	65,716
Total capital assets, being depreciated	190,101,064	4,746,688	8,012,894	202,860,646
Less accumulated depreciation	(78,237,332)	(5,831,050)	1,409,071	(82,659,311)
 Total capital assets, being depreciated, net	111,863,732	(1,084,362)	9,421,965	120,201,335
 Bowling Green Municipal Utilities, capital assets, net	\$ 125,993,545	\$ 5,650,620	\$ (73,005)	\$ 131,571,160
	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Bowling Green Public Library				
Capital assets, not being depreciated:				
Land	\$ 345,774	\$ -	\$ -	\$ 345,774
Capital assets, being depreciated:				
Buildings	2,762,360	587,234	-	3,349,594
Equipment	1,516,295	334,203	(366,159)	1,484,339
Book collections	1,334,068	180,233	(116,939)	1,397,362
Total capital assets, being depreciated	5,612,723	1,101,670	(483,098)	6,231,295
Less accumulated depreciation	(2,905,285)	(443,281)	425,994	(2,922,572)
 Total capital assets, being depreciated, net	2,707,438	658,389	(57,104)	3,308,723
 Bowling Green Public Library, capital assets, net	\$ 3,053,212	\$ 658,389	\$ (57,104)	\$ 3,654,497

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

June 30, 2008

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from other funds:

Receivable fund	Payable fund	Amount	Purpose
General	Golf	\$ 200,000	Loan to provide operating cash
	Nonmajor Governmental	1,132,000	Advance of funds prior to receipt of bond proceeds and grant money
		<u>\$ 1,332,000</u>	
Golf	General	<u>\$ 3,100</u>	Proceeds from sale of assets deposited in incorrect fund

Interfund transfers:

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

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

Transfers To	Transfers From				
Within the primary government:	General	WKU Fund	Internal Service	Non-Major Government	Total
General	\$ -	\$ -	\$ -	\$ 172,231	\$ 172,231
Debt Service	4,044,871	1,818,463		2,243,340	8,106,674
Golf	823,843	-		453,769	1,277,612
Aquatics	13,000	-		454,342	467,342
Convention Center	-	-		770,077	770,077
Non-major governmental	4,089,321	-	5,000	1,863,088	5,957,409
Internal Service	70,000	-	-	-	70,000
	<u>9,041,035</u>	<u>1,818,463</u>	<u>5,000</u>	<u>5,956,847</u>	<u>\$ 16,821,345</u>
Total within primary government	<u>\$ 9,041,035</u>	<u>\$ 1,818,463</u>	<u>\$ 5,000</u>	<u>\$ 5,956,847</u>	<u>\$ 16,821,345</u>

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

June 30, 2008

F. Long-term Debt

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

Primary Government:

	Purpose of Issue	Original Issue	Interest Rate	Final Maturity	Amount Outstanding
Governmental Activities					
General Obligation and Revenue Bonds					
Lease Revenue Bond, Series 1995	Municipal Soccer Complex/Park	\$ 2,365,000	3.90% - 5.40%	November 1, 2015	\$ 1,230,000
General Obligation Bond, Series 1998A	Northside Fire Station	2,180,000	4.125%	October 1, 2018	1,415,000
General Obligation Bond, Series 2000	Road Construction, Fire Stations, Flood Mitigation, Energy Saving Improvements	12,627,000	5.25% - 5.30%	June 1, 2020	10,441,375
General Obligation Bond, Series 2002A	City Police Headquarters Expansion	6,430,000	1.90% - 4.70%	June 30, 2018	4,400,000
General Obligation Bond, Series 2002B	Western Kentucky University Project	30,115,000	3.50% - 5.00%	June 1, 2026	29,720,000
General Obligation Bond, Series 2002C	Western Kentucky University Project	1,800,000	5.875% - 6.5%	June 1, 2026	1,780,000
General Obligation Bond, Series 2004A	Parks Community Center, Police Dept. Headquarters, Public Works Renovations, Parks & Cemetery Improvements	12,626,000	2.422% - 4.792%	June 30, 2024	10,760,797
General Obligation Bond, Series 2004B	Real Properties	2,025,000	3.8% - 5.050%	June 30, 2024	1,760,000
	Lovers Lane Utilities, Park Community Center Expansion, Circus Square, Downtown Signalization, SkyPAC land acquisition, Shive Lane Extension, Southwest Parkway property acquisition, Broadway Curve Straightening, Fields Drive and Skate Park	14,905,000	4.0% - 5.0%	December 1, 2032	14,350,000
General Obligation Bond, Series 2007A	John Jones Area Water & Sewer Construction	165,954	3.70%	July 1, 2025	136,591
General Obligation Bond, Series 2007B	Inter-Modal Transportation Authority, Inc. refinancing	20,615,000	3.877% - 4.881%	September 1, 2023	20,615,000
General Obligation Bond, Series 2007C	Inter-Modal Transportation Authority, Inc. refinancing	6,800,000	3.877% - 4.881%	September 1, 2023	6,800,000
					103,408,763
Discount on bond obligations					(166,243)
Premium on bond obligations					266,425
Total General Obligation and Revenue Bonds					103,508,945
Notes and Lease Purchase Agreements					
First American National Bank	Traffic signal	227,000	4.94%	May 26, 2009	58,737
Bank One	Various vehicles & equipment	765,000	2.4438%	March 5, 2010	262,377
National City Bank	2004 fire truck ladder	713,000	Prime - 1.67%	December 5, 2013	427,600
KY League of Cities	Pay off various leases & notes	3,253,840	Variable	July 15, 2010	781,211
	Relocation of operations division & realignment of 14th Avenue	1,630,000	10 yr LIBOR	July 2, 2025	1,473,628
BB&T	Purchase fire pumper	387,000	3.59%	July 2, 2015	320,181
US Bank	Depot project	1,000,000	5.649%	June 7, 2018	646,178
Huntington National Bank	Purchase various 2005 Ford vehicles	1,145,857	3.14%	March 22, 2011	588,049
Chase Bank	2008 Fire Pumper and Quint	1,019,193	3.97%	August 1, 2018	1,019,193
Total Notes Payable and Capital Leases					5,577,154
Other Long-Term Liabilities					
Compensated Absences					1,352,835
Landfill					1,589,450
					2,942,285
Total long-term governmental liabilities					\$ 112,028,384
Business-Type Activities					
General Obligation Bonds					
General Obligation Bond, Series 1998B	Crosswinds Municipal Golf Course	3,420,000	3.75%	October 1, 2009	\$ 720,000
General Obligation Bond, Series 2000	Aquatics	4,623,000	5.25% - 5.30%	June 1, 2020	3,958,625
General Obligation Bond, Series 2003	Crosswinds Pro Shop/Conv. Cntr Facility	8,585,000	2.0% - 3.7%	June 30, 2019	6,970,000
General Obligation Bond, Series 2004A	Hobson Golf Pro Shop and maintenance facility	749,000	3.8% - 5.050%	June 30, 2024	639,202
					12,287,827
Premiums, deferred changes and discounts on bond obligations					(748,663)
Total General Obligation Bonds					11,539,164
Notes Payable and Capital Leases					
KY League of Cities	Crosswinds Fence and Golf Equipment	306,160	Variable	July 15, 2010	73,018
BB&T	John Deere tractor	27,800	3.98%	February 1, 2013	25,675
Total Notes Payable and Capital Leases					98,693
Other Long-Term Liabilities					
Compensated Absences					41,399
Total long-term business-type liabilities					\$ 11,679,256

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

June 30, 2008

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008	Amounts Due In One Year
Governmental Activities:					
General obligation and revenue bonds	\$ 78,627,445	\$ 27,415,000	\$ (2,633,682)	\$ 103,408,763	\$ 2,643,776
Notes and lease purchase agreements	6,106,231	1,019,193	(1,548,270)	5,577,154	1,034,243
Adjustments for deferred amounts:					
Discount on bonds payable	(1,397)	(176,709)	11,863	(166,243)	-
Premium on bonds payable	281,340	-	(14,915)	266,425	-
Total bonds, notes, leases payable	85,013,619	28,257,484	(4,185,004)	109,086,099	3,678,019
Compensated absences	1,318,227	920,721	(886,113)	1,352,835	945,140
Landfill postclosure care	1,591,200	-	(1,750)	1,589,450	57,550
Total governmental activities	87,923,046	29,178,205	(5,072,867)	112,028,384	4,680,709
Business Type Activities					
General obligation and revenue bonds	13,385,722	-	(1,097,895)	12,287,827	1,110,962
Notes and lease purchase agreements	153,352	27,800	(82,459)	98,693	35,855
Compensated absences	41,469	26,412	(26,482)	41,399	31,956
Less: unamortized bond discount and deferred amount from refunding	(838,416)	-	89,753	(748,663)	-
Total business-type activities	12,742,127	54,212	(1,117,083)	11,679,256	1,178,773
Total governmental and business-type activities	\$ 100,665,173	\$ 29,232,417	\$ (6,189,950)	\$ 123,707,640	\$ 5,859,482
Component Units					
Bowling Green Municipal Utilities					
Water-Sewer Division					
Notes payable	\$ 22,541,683	\$ 1,453,789	\$ (1,096,961)	\$ 22,898,511	\$ 1,426,723
Electric Division					
Revenue bonds	13,095,000	-	(910,000)	12,185,000	935,000
General Services Division					
Notes payable	5,000,000	-	-	5,000,000	-
Less: unamortized bond discount	(316,339)	-	31,913	(284,426)	-
	40,320,344	1,453,789	(1,975,048)	39,799,085	2,361,723
Bowling Green Public Library	765,000	913,000	(322,360)	1,355,640	1,355,640
Total component units	\$ 41,085,344	\$ 2,366,789	\$ (2,297,408)	\$ 41,154,725	\$ 3,717,363

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, \$14,165 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.

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

June 30, 2008

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
2009	\$ 4,931,037	\$ 2,643,776	\$ 192,310	\$ 1,034,243	\$ 479,126	\$ 1,110,962	\$ 2,591	\$ 35,855
2010	4,608,088	2,912,341	158,832	1,063,408	440,326	1,124,337	1,401	38,161
2011	4,458,997	4,668,090	127,426	634,440	405,333	863,720	502	13,361
2012	4,266,538	5,017,098	107,561	359,970	374,225	868,815	250	5,935
2013	4,074,849	5,297,004	94,145	366,666	339,422	974,938	36	5,381
2014-2018	16,518,052	30,877,890	274,899	1,462,960	1,070,422	5,449,314	-	-
2019-2023	9,026,666	32,575,255	85,774	411,394	128,020	1,841,513	-	-
2024-2028	2,294,119	15,222,309	17,731	244,073	2,541	54,228	-	-
2029-2033	460,592	4,195,000	-	-	-	-	-	-
	<u>\$ 50,638,938</u>	<u>\$ 103,408,763</u>	<u>\$ 1,058,678</u>	<u>\$ 5,577,154</u>	<u>\$ 3,239,415</u>	<u>\$ 12,287,827</u>	<u>\$ 4,780</u>	<u>\$ 98,693</u>

Component Units

Principal requirements for component units' debt are as follows:

Summary of Principal Requirements					
Fiscal Year	Bowling Green Municipal Utilities Water-Sewer Division	Bowling Green Municipal Utilities General Services Division	Bowling Green Municipal Utilities Electric Division	Bowling Green Public Library	Total
2009	\$ 1,426,723	\$ -	\$ 935,000	\$ 1,355,640	\$ 3,717,363
2010	1,472,661	5,000,000	955,000	-	7,427,661
2011	1,520,316	-	985,000	-	2,505,316
2012	1,574,123	-	1,010,000	-	2,584,123
2013	1,629,767	-	1,040,000	-	2,669,767
2014-2018	5,408,322	-	1,400,000	-	6,808,322
2019-2023	6,111,854	-	1,225,000	-	7,336,854
2024-2028	3,754,745	-	1,495,000	-	5,249,745
2029-2033	-	-	1,840,000	-	1,840,000
2034-2038	-	-	1,300,000	-	1,300,000
Total	<u>\$ 22,898,511</u>	<u>\$ 5,000,000</u>	<u>\$ 12,185,000</u>	<u>\$ 1,355,640</u>	<u>\$ 41,439,151</u>

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

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

1. \$2,365,000 of lease revenue bonds, Series 1995, issued to finance acquisition, construction and installation of a new soccer complex/park.
2. \$2,180,000 general obligation bonds, Series 1998A, issued to finance construction of the City's Northside Fire Station.
3. \$3,420,000 general obligation bonds, Series 1998B, serviced by the Golf enterprise fund, issued to finance the Crosswinds Municipal Golf Course.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

4. \$17,250,000 general obligation bonds, Series 2000, portion of proceeds (73.2%) used to finance construction of Dishman Lane/Cave Mill Road project, Southside and Westside Fire Stations, and a flood mitigation project and energy savings improvements to certain City buildings.

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

5. \$6,430,000 general obligation bonds, Series 2002A, issued to advance refund the Series 1994 lease revenue bonds and for the acquisition of land for the City police headquarters expansion.
6. \$30,115,000 general obligation and special revenue bonds, Series 2002B, issued to assist in the financing of the renovation, improvement and equipping of certain Western Kentucky University (WKU) athletic and parking facilities subject to a Memorandum of Agreement between the City and WKU (see Memorandum of Agreement below). This bond is secured by the full faith, credit and taxing power of the City and WKU student athletic fees.
7. \$1,800,000 general obligation and special revenue bonds, Series 2002C, issued to provide funds to assist in the financing of the renovation, improvement and equipping of certain WKU athletic and parking facilities subject to a Memorandum of Agreement between the City and WKU (see Memorandum of Agreement below).
8. \$8,585,000 general obligation bonds, Series 2003, serviced by the Convention Center Enterprise Fund and issued to advance refund \$7,860,000 of outstanding Series 1993 Tourism and Economic Development, Inc. mortgage revenue bonds issued to finance the purchase of real estate for a convention center and trade show facility and for Crosswinds municipal golf course pro shop facilities.
9. \$165,954, which is 45.71% of the 2003 Warren County Water District bond, issued for the John Jones area water and sewer construction by the Warren County Water District. The City entered into a pledge agreement to assist the Water District in repaying this indebtedness.
10. \$13,375,000 general obligation bonds, Series 2004A, portion of proceeds (94.4%) used to provide funds for the demolition and reconstruction of the Parks Community Center, renovation and expansion of the Police Department headquarters, major building improvements for a relocated Public Works operations facility, improvements to parks and cemetery facilities, and various road improvements.

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

11. \$2,025,000 general obligation bonds, Series 2004B, issued to finance the City's cost of acquisition and clearing of real properties in the Historic Bowling Green Revitalization Project Target area.
12. \$14,905,000 general obligation bonds, Series 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.
13. \$27,415,000 general obligation bonds, Series 2007 B & C, issued for the purpose of refinancing the existing mortgage-backed bond issues that were used for acquisition and construction of the

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

Kentucky Transpark. Series B is comprised of \$20,615,000 tax-exempt bonds, and Series C is comprised of \$6,800,000 taxable bonds.

Memorandum of Agreement/WKU Project Financing

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

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

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

Year Ending June 30,	Principal 2002B	Principal 2002C	Interest 2002B	Interest 2002C	Total
2009	\$ 425,000	\$ 20,000	\$ 1,410,675	\$ 111,888	\$ 1,967,563
2010	590,000	30,000	1,393,675	110,712	2,124,387
2011	755,000	40,000	1,370,075	108,950	2,274,025
2012	940,000	50,000	1,339,875	106,600	2,436,475
2013	1,055,000	55,000	1,299,925	103,662	2,513,587
2014-2018	7,280,000	415,000	5,710,426	458,974	13,864,400
2019-2023	10,970,000	670,000	3,621,750	298,348	15,560,098
2024-2026	7,705,000	500,000	785,000	66,624	9,056,624
	<u>\$ 29,720,000</u>	<u>\$ 1,780,000</u>	<u>\$ 16,931,401</u>	<u>\$ 1,365,758</u>	<u>\$ 49,797,159</u>

As of June 30, 2008 the City has recorded a receivable from WKU and deferred revenue of \$31,500,000 in the WKU Athletics Special Revenue Fund applicable to future revenues to be received from WKU related to the above agreement.

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

Fund Depository and Administration Agreement/WKU Project Financing

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

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

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

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, 2008, \$6,660,000 of bonds outstanding is considered defeased.

Derivative Instruments

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

Based on terms of the Bank of America N.A. swap agreement, the City owes interest based on the BMA Municipal Swap Index, plus 1.73% (4.82446% average interest rate for period ending June 1, 2008), subject to a maximum (cap) rate of 6.5% for the period from June 1, 2003 to June 1, 2008. In return, Bank of America N.A. owes the City interest based on fixed rates of 5.28152% to 5.3% during the specified periods of the swap agreement. The swap agreement had a positive fair value of \$148,951 as of June 30, 2008.

Based on terms of the Morgan Stanley swap agreement, the City owes interest based on the BMA Municipal Swap Index (3.0861535% average interest rate for period ending June 1, 2008) and Morgan Stanley owes the City interest based on a floating rate option of 81.45% times the one-month LIBOR rate (3.551919% average interest rate for period ending June 1, 2008). The swap agreement had a positive fair value of \$106,638 as of June 30, 2008.

The City entered into the swap agreements to hedge its interest rate risk with respect to its outstanding City of Bowling Green, Kentucky General Obligation Bonds, Series 2000 to benefit from a favorable interest rate market for variable rate debt. A termination of either swap agreement may result in the City making or receiving a termination payment. Only the net difference in interest payments is actually

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

exchanged with the counterparty. Interest payment dates are June 1 and December 1 commencing June 1, 2003. The Bank of America swap agreement resulted in net interest revenue of \$70,162 as of June 30, 2008. The City received net interest revenue of \$66,967 from the Morgan Stanley swap agreement as of June 30, 2008.

On October 18, 2006, the City entered into a third interest rate swap agreement with BNP Paribas Capital Service, Inc. for \$15,000,000 (initial nominal amount) of its fixed rate 2000 Series general obligation bonds, effective November 1, 2007. Based on terms of the BNP Paribas Capital swap agreement, the City will owe interest based on a floating rate of 81.45% times the one-month LIBOR rate (2.776781% average interest rate for period ending June 1, 2008). BNP Paribas Capital Service will owe the City interest based on a floating rate option of 71.22% of the five-year LIBOR rate. Interest payment dates were monthly commencing December 1, 2007. The total net interest revenue through June 30, 2008 was \$ 3,466. The swap agreement had a negative fair value of -\$5,759 as of June 30, 2008.

A Municipal Order authorizing the termination of all three interest rate swap agreements was approved by the Board of Commissioners on June 17, 2008. As of June 30, 2008, no terminations had been executed and the cash values of the swaps were being monitored daily to achieve maximization of the termination payments.

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, 2008, the cash and investments available totaled \$1,408,091. In August 2005, the City entered into a non-exclusive franchise agreement with Monarch Waste for operation of the City's transfer station on Preston Avenue. Under the terms of the agreement, the City receives an annual franchise fee of \$20,000 per month for three years (2005 to 2007, inclusive). This revenue is used to defray landfill closure costs at all three landfill sites. The Board of Commissioners approved a one-year extension of the transfer station franchise agreement on May 1, 2007 for a total lease sum of \$150,000 at a rate of \$12,500 per month. As of June 30, 2008, this lease has expired.

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

The estimate of present value of remaining closure and post-closure care liabilities for all three landfill sites as of June 30, 2008 is \$1,589,450. 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

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

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.

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

G. Net Assets

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

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

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

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

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

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

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

Changes in the balances of claims liabilities during fiscal years 2008 and 2007 were as follows:

	Health Care	Workers Compensation
Liability at June 30, 2006	\$ 155,883	\$ 192,116
Claims and changes in estimates - FY 2007	3,754,308	256,290
Claims paid FY 2007	(3,606,733)	(266,210)
Liability at June 30, 2007	303,458	182,196
Claims and changes in estimates FY 2008	4,426,643	218,159
Claims paid FY 2008	(4,285,446)	(258,238)
Liability at June 30, 2008	<u>\$ 444,655</u>	<u>\$ 142,117</u>

NOTE 5. COMMITMENTS AND CONTINGENCIES

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

B. Inter-Modal Transportation Authority, Inc. - The City and Warren County entered into an Interlocal Cooperation Agreement on August 17, 2001 to cooperate, on an equal basis, in the development,

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

acquisition, management, operation and/or financing of an inter-modal commerce and distribution center and industrial park located within Warren County, known or identified as the Kentucky Transpark (the "Project"). In October 1998 the Warren County Fiscal Court incorporated the Inter-Modal Transportation Authority, Inc. ("Authority"), a non-stock, non-profit corporation, as the agency and instrumentality for the purpose of acquiring, constructing, maintaining, operating and financing the Project. On February 14, 2001, Fiscal Court authorized and approved the issuance up to \$25,000,000 in Authority first mortgage revenue bonds for project financing and also up to \$25,000,000 of bond anticipation notes for interim financing for the Project, pending issuance of the bonds. The Authority had issued and outstanding five bond issues whose combined principal balances were \$24,700,000 as of June 30, 2007.

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

On November 20, 2007, the Board of Commissioners of the City approved the issuance of General Obligation bonds (Series 2007 B & C) in the amount of \$27,415,000, maturing in 2023, to refinance the mortgage-backed bonds that were outstanding. This refinancing also included bonds issued by the Southern Kentucky Regional Development Authority (the "RDA") on behalf of the Authority. 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 rental payments are expected to be derived from land sale proceeds, wage assessment tax revenue, incremental property taxes, and other revenue sources that can legally be applied towards debt service on the bonds. A revised and restated Interlocal Cooperation agreement was executed between the City, Warren County, the Authority, and the RDA. The City and Warren County have each pledged to evenly share any shortfalls towards payment of debt service on the outstanding bonds.

C. Bowling Green Municipal Utilities - Bowling Green Municipal Utilities has erected various street lighting systems for the City, which represents a total unamortized investment by the Utility at June 30, 2008 of \$3,533,324. In addition, the Utility has installed various lighting systems for the Parks and Recreation Department, with a total unamortized investment of \$70,715. For rental and maintenance of these systems, the City has agreed to pay Bowling Green Municipal Utilities eleven percent per annum on the total street light investments. The City must pay \$396,444 per year on a recurring basis. One-twelfth of the annual charge is billed to the City monthly along with the charge for electric service. Similar arrangements were in effect in prior years.

D. Construction Commitments - The City has active construction projects as of June 30, 2008. At year end, the City had the following commitments on construction contracts:

<u>Project</u>	<u>Remaining Commitment</u>
Sidewalk Improvement Program	\$ 613,507
Kummer Little Center	44,389
Circus Square Development	73,420
Greenwood Fire Station	1,982,207

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

<u>Project</u>	<u>Remaining Commitment</u>
Fire Headquarters Renovation	\$ 57,560
Downtown Intersection Signalization	1,533,323
Broadway Curve	552,138
Field/Patton Way Extension	35,826
Heritage Trail Construction	171,809
Lampkin Park Restroom	36,419
Kereiakes Park Greenways Connector	101,666
Pedestrian Safety Improvements	11,596

E. Contingencies - The City participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the City complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2008 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

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

G. Conduit Debt - The City has issued Industrial Revenue Bonds to provide financial assistance to private sector and nonprofit entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, 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, 2008, there were four series of industrial revenue bonds and six series of special assessment bonds outstanding with an aggregate principal balance of \$94,440,000 and \$1,657,000, respectively.

H. 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, 2008 as follows:

2009	\$ 6,100
2010	6,100
2011	6,100
2012	6,100
2013	6,100
	<u>\$ 30,500</u>

CITY OF BOWLING GREEN, KENTUCKY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2008

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, 2008:

Year Ending June 30,	
2009	\$ 28,044
2010	27,242
2011	30,114
2012	29,121
2013	31,801
Thereafter	<u>187,709</u>
Total	<u>\$ 334,031</u>

I. Southern Kentucky Performing Arts Center, Inc. (SKyPAC) Agreement – The City entered into a property acquisition agreement with SKyPAC whereby the City has purchased various properties for future conveyance to SKyPAC in exchange for SKyPAC committing to construct a performing arts center on the site. In return, SKyPAC has given the City \$1 million for land acquisition with the City responsible for all remaining costs of acquisition and demolition of existing structures. In the government-wide financial statements, the City has recorded both an asset and deferred revenue related to the agreement. As of June 30, 2008, the City maintained the title to the land purchased under the agreement.

NOTE 6. THE SINGLE AUDIT ACT

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

NOTE 7. SUBSEQUENT EVENTS

The City plans to proceed with the issuance of general obligation bonds in an approximate amount of \$32.2 million to fund the construction of a Ballpark for Downtown Bowling Green's TIF District (\$25,000,000) and to construct the new Greenwood fire station and renovate Fire Headquarters (\$7,200,000). Bowling Green's Downtown TIF District will host a public baseball park suitable for use by a Single A minor league professional baseball team and related approved public infrastructure improvements including, but not limited to, a public parking structure and the private development of retail and condominium space.

The City is in the process of terminating interest rate Swap Agreements in connection with the City's General Obligation Bonds, Series 2000 at June 30, 2008. The City first entered into a 'fixed to floating' swap that exchanged a fixed interest rate with a BMA variable interest rate in 2003. Also in 2003, the City

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

June 30, 2008

swapped the tax-exempt BMA rate for a taxable 1-month LIBOR rate. The final swap agreement in 2006 exchanged the 1-month LIBOR for a 5-year LIBOR or a 'Constant Maturity Swap'. The termination resulted in a net of \$426,000 after fees to the City in August 2008.

NOTE 8. DEFINED BENEFIT PENSION PLANS

The Policemen and Firemen's Retirement Fund (PFRF)

A. Plan Descriptions

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

Funding Policy and Annual Pension Cost - The contribution requirements of plan members and the City are established and may be amended by the Board of Trustees. Covered employees were required by statute to contribute eight percent of their annual covered salary. As there are no longer any active members, members made no contributions for the year ended June 30, 2008.

The City only contributes amounts required to fund current service costs and interest on unfunded past service costs as determined by actuarial valuations in compliance with Kentucky Revised Statutes. Administrative costs of the PFRF are financed through investment earnings. The City is not required to make an annual contribution. For 2007-2008 the City made a contribution of \$328,000, which included a 3% cost of living increase and payment towards the unfunded liability. For fiscal year 2008-2009 the City approved a cost of living increase of 3% effective August 1, 2008. For fiscal years subsequent to 2008-2009, the City expects to approve a 3% annual cost of living increase.

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

June 30, 2008

C. Funded Status and Funding Progress

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c)
<i>Assumes no Future Cost of Living Increase</i>						
1/1/08	8,830,002	9,844,299	1,014,297	89.7%	N/A	N/A
<i>Assumes Future Cost-of-Living Increase of 3% per Year</i>						
1/1/08	8,830,002	12,560,821	3,730,819	70.3%	N/A	N/A
<i>Assumes Future Cost-of-Living Increase of 5% per Year</i>						
1/1/08	8,830,002	15,107,046	6,277,044	54.4%	N/A	N/A

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

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

Valuation date	January 1, 2008
Actuarial cost method	Entry Age Normal
Amortization method	N/A - no method has been adopted. Due to this being a closed plan, the City has adopted the minimum statutory requirements
Amortization period	N/A - no period has been adopted. Due to this being a closed plan, the City has adopted the minimum statutory requirements
Asset valuation method	Fair Market Value
Actuarial assumptions:	
Investment rate of return	6.0%
Projected salary increases	N/A - closed plan
Inflation rate	None
Cost of living adjustment	0%, or 3%, or 5.0%
Total minimum City cost	\$88,431 or \$325,270 (at 3%) or \$547,267 (at 5%)

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

June 30, 2008

D. The County Employees' Retirement System

Plan Description - The City, as well as employees for Bowling Green Municipal Utilities Electric, Water-Sewer, and General Services Divisions, and Bowling Green Public Library, are participants in the Commonwealth of Kentucky's County Employees' Retirement System (CERS). CERS is a cost-sharing multi-employer public employee retirement system. Funding for the Plan is provided through payroll withholdings (5% for non-hazardous and 8% for hazardous) and participating employers are required to contribute at an actuarially determined rate. The current rate is 16.17% for non-hazardous and 33.87% 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, 2008, 2007 and 2006 was \$6,583,998, \$5,283,119, and \$4,609,093, respectively. These amounts consisted of \$5,198,653, \$3,998,586 and \$3,363,846 from the City and \$1,385,345, \$1,284,533 and \$1,245,247 from the employees, respectively.

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

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

E. Deferred Compensation Plan

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

Investments are managed by ICMA Retirement Corporation, plan administrator, with various investment options. The choice of the investment option(s) is made by the participants. Participating employees can contribute to the Plan based on either a percentage of compensation or a fixed dollar amount per pay period up to \$15,500 per year for regular contributions and \$5,000 for catch-up contributions. During the fiscal year ended June 30, 2008, employee contributions totaled \$276,030.

On December 5, 1995, the City Commission also adopted Municipal Order 95-269 authorizing participation in the Kentucky Public Employees 401(k) Deferred Compensation Plan. The Plan is administered by the Kentucky Public Employees Deferred Compensation Authority and is offered to all eligible City employees as a voluntary retirement supplement. Participating employees can defer a maximum of \$15,500 for regular contributions and \$5,000 for catch-up contributions. Benefits are available upon termination of employment, retirement, death or for hardship withdrawal. Employee contributions totaled \$423,758 for the fiscal year ended June 30, 2008.

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

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes				
Real estate	\$ 7,228,000	\$ 7,228,000	\$ 7,602,640	\$ 374,640
Personal property	1,393,500	1,393,500	1,510,838	117,338
Insurance premium	1,485,000	1,485,000	1,415,964	(69,036)
Motor vehicle and boat	689,000	689,000	767,578	78,578
Payment in lieu of taxes	188,000	189,000	201,358	12,358
Franchise	1,107,500	1,107,500	1,148,265	40,765
Penalites and Interest	75,000	75,000	82,490	7,490
Total taxes	12,166,000	12,167,000	12,729,133	562,133
Licenses and permits				
Occupational:				
Employees' withholding	31,398,000	31,398,000	28,269,015	(3,128,985)
Net profits	7,333,000	7,333,000	5,993,911	(1,339,089)
Other fees	202,000	202,000	197,360	(4,640)
Special licenses	185,000	185,000	208,570	23,570
Permits	721,000	721,000	539,453	(181,547)
Total licenses and permits	39,839,000	39,839,000	35,208,309	(4,630,691)
Intergovernmental				
Federal grants	708,000	802,495	694,846	(107,649)
State grants	20,000	23,972	10,346	(13,626)
Local grants	77,500	77,500	77,322	(178)
Total intergovernment	805,500	903,967	782,514	(121,453)
Charges for services				
School tax collection fees	155,000	155,000	158,201	3,201
Other general government fees	8,500	8,500	11,348	2,848
Public safety fees	78,000	78,000	92,557	14,557
Cemetery lot sales	90,500	89,500	94,040	4,540
Cemetery fees	144,500	144,500	136,861	(7,639)
Other	48,000	48,000	54,333	6,333
Total charges for services	524,500	523,500	547,340	23,840
Parks and recreation	355,000	369,200	372,484	3,284
Miscellaneous				
Interest income	710,500	710,500	1,126,951	416,451
ABC and parking violations fees	27,000	27,000	19,490	(7,510)
Contributions and donations	9,500	15,515	12,112	(3,403)
Judgements and settlements	52,000	72,000	53,726	(18,274)
Other	57,500	57,500	80,709	23,209
Total miscellaneous	856,500	882,515	1,292,988	410,473
Total revenues	\$ 54,546,500	\$ 54,685,182	\$ 50,932,768	\$ (3,752,414)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
General government				
Legislative	\$ 202,019	\$ 214,065	\$ 170,663	\$ 43,402
Executive	714,055	678,317	632,834	45,483
Citizens information assistance	643,907	632,572	598,049	34,523
Finance	1,340,725	1,335,523	1,219,768	115,755
Human resources	1,940,725	1,903,229	1,689,466	213,763
Law	321,351	982,024	365,428	616,596
Information technology	1,457,902	1,719,434	1,556,598	162,836
Administrative services	959,000	1,141,226	970,747	170,479
Total general government	7,579,684	8,606,390	7,203,553	1,402,837
Public safety				
Police	12,672,965	12,693,997	11,477,242	1,216,755
Fire	10,196,936	10,145,075	9,698,605	446,470
Total public safety	22,869,901	22,839,072	21,175,847	1,663,225
Public works				
Public works administration	2,063,248	2,068,798	1,707,243	361,555
Highway and streets	2,313,632	2,247,510	1,997,997	249,513
Building and plant	1,826,387	1,819,466	1,634,569	184,897
Transportation	679,561	685,569	685,569	-
Total public works	6,882,828	6,821,343	6,025,378	795,965
Parks and recreation				
Parks	1,899,346	1,971,324	1,881,765	89,559
Recreation	615,981	619,934	540,022	79,912
Athletics	819,747	1,130,344	961,997	168,347
Community centers	1,026,171	1,029,663	838,292	191,371
Other parks	1,387,837	1,470,591	1,343,912	126,679
Total parks and recreation	5,749,082	6,221,856	5,565,988	655,868
Housing and community development	2,054,087	3,241,486	3,014,158	227,328
Community services				
Community services	2,963,097	3,021,762	2,963,096	58,666
Intergovernmental	153,490	153,816	153,816	-
Total community services	3,116,587	3,175,578	3,116,912	58,666
Miscellaneous	287,000	597,467	-	597,467
Total Expenditures	48,539,169	51,503,192	46,101,836	5,401,356
Excess of revenues over expenditures	6,007,331	3,181,990	4,830,932	1,648,942
Other financing sources (uses):				
Transfers in	-	166,000	172,231	6,231
Transfers out	(8,730,793)	(9,295,238)	(9,041,035)	254,203
Bond proceeds	-	-	-	-
Net premium on proceeds	-	-	-	-
Capital lease proceeds	-	-	-	-
Proceeds from sale of capital assets	160,000	160,000	95,100	(64,900)
Total other financing sources (uses)	(8,570,793)	(8,969,238)	(8,773,704)	195,534
Net change in fund balances	(2,563,462)	(5,787,248)	(3,942,772)	1,844,476
Fund balances, beginning	21,446,672	21,446,672	21,446,672	-
Fund balances, ending	\$ 18,883,210	\$ 15,659,424	\$ 17,503,900	\$ 1,844,476

CITY OF BOWLING GREEN, KENTUCKY

BUDGET COMPARISON SCHEDULE

WKU ATHLETICS SPECIAL REVENUE FUND

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,818,500	\$ 1,818,500	\$ 1,818,463	\$ (37)
EXPENDITURES				
	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,818,500	1,818,500	1,818,463	(37)
Other financing sources (uses):				
Transfers out	(1,818,500)	(1,818,500)	(1,818,463)	37
Total other financing sources (uses)	(1,818,500)	(1,818,500)	(1,818,463)	37
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

CITY OF BOWLING GREEN, KENTUCKY

POLICE AND FIREMEN'S RETIREMENT FUND

FOR THE YEAR ENDED JUNE 30, 2008

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c)
<i>Assumes no Future Cost of Living Increase</i>						
1/1/08	8,830,002	9,844,299	1,014,297	89.7%	N/A	N/A
7/1/06	8,594,619	9,709,433	1,114,814	88.5%	N/A	N/A
7/1/04	9,137,159	9,760,162	623,003	93.6%	N/A	N/A
<i>Assumes Future Cost-of-Living Increase of 3% per Year</i>						
1/1/08	8,830,002	12,560,821	3,730,819	70.3%	N/A	N/A
7/1/06	8,594,619	12,578,314	3,983,695	68.3%	N/A	N/A
7/1/04	9,137,159	12,825,827	3,688,668	71.2%	N/A	N/A
<i>Assumes Future Cost-of-Living Increase of 5% per Year</i>						
1/1/08	8,830,002	15,107,046	6,277,044	54.4%	N/A	N/A
7/1/06	8,594,619	15,448,181	6,853,562	55.6%	N/A	N/A
7/1/04	9,137,159	15,950,597	6,813,438	57.3%	N/A	N/A

P&F Pension Fund

Year Ended June 30	Annual Required Contribution	Amount Contributed
1997	0	63,629
1998	0	63,629
1999	0	63,629
2000	0	48,781
2001	0	48,781
2002	0	88,514
2003	0	108,000
2004	0	108,000
2005	0	209,000
2006	0	209,000
2007	0	328,000
2008	0	328,000

CITY OF BOWLING GREEN, KENTUCKY

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

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

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

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

Roads

The City began using its computerized pavement management system in 1997. Surface distress and ride comfort assessments are conducted on all segments, with deflection/strength testing performed on streets with a functional class of major collector and above. These assessments are conducted on one-half of the street network during the first year of a three-year cycle. The second half of the network is assessed in the second year. In the third year, deflection/strength testing is performed on the entire network. The most recent assessment was conducted in December, 2007.

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>PQI 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.

Assessed Conditions

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

<u>Year</u>	<u>Percentage</u>
2008	90%
2007	85%
2006	85%
2005	82%

Budgeted and Estimated Costs to Maintain

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

<u>Fiscal Year</u>	<u>Estimated Spending</u>	<u>Actual Spending</u>
2008-2009	\$ 915	\$ 0
2007-2008	\$ 842	\$835
2006-2007	\$1,192	\$842
2005-2006	\$ 842	\$842
2004-2005	\$ 875	\$920

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

Sidewalks

The City has recently purchased a computerized sidewalk management system. Condition assessments are visually performed on all sidewalks segments, rating are based on the presence of cracking, heaving, holes, settling and spalling. These assessments were conducted on the entire sidewalk network based on a three year cycle. The most recent assessment was completed in January, 2007.

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

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

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

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

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

Assessed Conditions

The initial assessment of all City maintained sidewalks, conducted in January of 2007, was integrated into the asset management system. Results of this assessment show that 95% of city maintained sidewalks have an OCI value greater than or equal to the minimum rating of 76.0. The next assessment is scheduled for winter 2008.

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 four fiscal years (in thousands):

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

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Community Development Fund

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

Fire Improvement Fund

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

Municipal Aid Fund

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

Parks Development Fund

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

Job Development Incentive Fund

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

Landfill Closure Fund

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

Local Law Enforcement Block Grant Fund

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

Trunking Operation Fund

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

Neighborhood Grant Fund

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

Technology Fund

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

Homeland Security Fund

This fund is used to account for expenditures funded indirectly through the U.S. Department of Homeland Security. The City of Bowling Green acts as the lead agency for a regional project to purchase mobile data terminals for seventeen agencies and has received \$512,365 for the equipment. Additionally, the City has received \$206,135 from the same grant to purchase mobile data terminals and the associated hardware and software for the Bowling Green Police and Fire Departments.

Police Improvement Fund

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

ITA Bond Fund

This fund is used to account for revenues and expenditures related to the refinancing of the existing ITA mortgage-backed bond issues that were used for acquisition and construction of the Kentucky Transpark.

Lampkin Park Trust Fund

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

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

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

Parks Community Center Fund

This fund is used to account for the costs associated with the renovation and expansion of the Parks Community Center on Third Avenue. Financing for this \$4,135,000 project has been included in the issuance of the \$13,375,000 City of Bowling Green, Kentucky General Obligation Bonds, Series 2004A as well as the recent issuance of \$14,905,000 City of Bowling Green General Obligation Bonds, Series 2007.

SKyPAC Development Fund

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

Downtown Development Fund

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

Riverfront Development Fund

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

Equipment Replacement Fund

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

Southwest Corridor Fund

This fund is used to account for costs associated with the purchase of land for a future road to connect Russellville Road with Nashville Road. Financing for this \$300,000 project has been included in the issuance of the \$13,375,000 City of Bowling Green, Kentucky General Obligation Bonds, Series 2004A as well as the more recent issuance of \$14,905,000 City of Bowling Green General Obligation Bonds, Series 2007.

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 currently will track expenditures related to the Kawanishi Way extension project and the Cavemill/Smallhouse Road Intersection design project. Funding for the new projects has been made available through the redirection of bond money from the Shive Lane Development Fund, which was rescinded in June 2008.

Downtown Signalization

This fund tracks the expenditures associated with the Downtown Signalization project that will revitalize intersection signals. Funding has been provided from a General Fund subsidy totaling \$297,000, a Liquid Fuel Tax subsidy in the amount of \$675,000 and \$1,218,000 from the \$14,905,000 issuance of City of Bowling Green General Obligation Bonds, Series 2007.

Broadway Curve Realignment Fund

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

Westen Drive Realignment Fund

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

Field Drive Extension Fund

This fund tracks expenditures associated with the Fields Drive extension construction project. Funding has been provided through the \$14,905,000 City of Bowling Green General Obligation Bonds, Series 2007, totaling \$569,000.

Old Morgantown Road Rehab Fund

This fund is used to account for the costs of the rehabilitation of Old Morgantown Road. Funding has been made available through General Fund subsidies totaling \$170,000 and funds from the \$14,905,000 City of Bowling Green General Obligation Bonds, Series 2007, redirected from the Shive Lane Development Project in the amount of \$350,000.

Heritage Trail Construction Fund

This fund is used to account for the revenue and expenditures associated with the construction of the Heritage Trail. The trail will ultimately run from Fountain Square Park to Riverfront Park; phase II (Spring Alley to 8th Avenue) is currently underway. Funding has been provided by donations of \$29,500 and subsidies from the General Fund totaling \$202,000 and the Renaissance Alliance Fund in the amount of \$25,900.

Parks Improvement Fund

This fund is used to account for several capital projects for the parks department, including improvements at Kereiakes Park, relighting at Lampkin Park baseball fields, the construction of a Skate Park and improvements at Fairview Cemetery. Financing for these projects in the amount of \$850,000 has been included in the \$14,905,000 City of Bowling Green General Obligation Bonds, Series 2007.

Shive Lane Development Fund

This fund was used to account for financing and construction costs associated with the widening and expansion of Shive Lane. Funding for this project was provided by a \$100,000 subsidy from the General Fund and \$4,000,000 from the \$14,905,000 issuance of City of Bowling Green General Obligation Bonds, Series 2007. In June of 2008, the project was rescinded and bond money totaling \$1,348,000 was redirected to the following projects: Kawanishi Way extension, Cavemill/Smallhouse Road Intersection design, Old Morgantown Road rehabilitation design and Greenwood Lane realignment project. The remaining bond money will be utilized for public projects as necessary.

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 in the amount of \$1,450,000.

Greenwood Fire Station Construction Fund

This fund tracks the costs associated with the design and construction of the new Greenwood Fire Station. Funding estimated at \$3,086,000 will be provided through an upcoming 2008 General Obligation bond issue.

Fire Headquarters Expansion Fund

This fund tracks the professional services and construction costs associated with the renovation of the Headquarters Fire Station. Funding estimated at \$2,351,000 will be made available through an upcoming 2008 General Obligation Bond Issue.

Greenwood Lane Construction Fund

This fund is used to monitor costs associated with the design and construction of Greenwood Lane. Bond funding from the \$14,905,000 City of Bowling Green General Obligation Bonds, Series 2007, redirected from the Shive Lane Development Project in the amount of \$885,000.

Stormwater Infrastructure Improvement Fund

This fund tracks expenditures related to the improvement of existing storm drainage pipes located through the City of Bowling Green. Funding has been provided through a General Fund subsidy in the amount of \$100,000.

Municipal Facilities Fund

This fund is used to monitor costs associated with the study and renovation of City buildings. Funding for this project has been made available from General Fund subsidies totaling \$375,000.

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, 2008

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund - Cemetery Perpetual	Total Nonmajor Governmental Funds
ASSETS				
Pooled cash and cash equivalents	\$ 4,296,236	\$ 4,370,571	\$ 60,884	\$ 8,727,691
Non-pooled cash and cash equivalents	1,432,738	-	-	1,432,738
Investments	6,054,205	-	-	6,054,205
Receivables (net of allowances for uncollectibles):				
Accounts	31,307	-	-	31,307
Loans	628,518	-	-	628,518
Interest	34,484	-	-	34,484
Due from other governmental units	689,221	281,616	-	970,837
Restricted assets:				
Non-pooled cash and cash equivalents	14,911,226	8,708,870	618,866	24,238,962
Other assets	-	-	6,726	6,726
Total assets	<u>\$ 28,077,935</u>	<u>\$ 13,361,057</u>	<u>\$ 686,476</u>	<u>\$ 42,125,468</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Vouchers and accounts payable	\$ 268,183	\$ 725,967	\$ -	\$ 994,150
Accrued payroll	6,857	-	-	6,857
Due to other funds	165,000	967,000	-	1,132,000
Deferred revenue	628,518	-	-	628,518
Security deposits	12,666	-	-	12,666
Total liabilities	<u>1,081,224</u>	<u>1,692,967</u>	<u>-</u>	<u>2,774,191</u>
Fund Balances				
Reserved for encumbrances	2,530,872	3,048,797	-	5,579,669
Reserved for perpetual care	-	-	618,866	618,866
Unreserved, undesignated	24,465,839	8,619,293	67,610	33,152,742
Total fund balances	<u>26,996,711</u>	<u>11,668,090</u>	<u>686,476</u>	<u>39,351,277</u>
Total liabilities and fund balances	<u>\$ 28,077,935</u>	<u>\$ 13,361,057</u>	<u>\$ 686,476</u>	<u>\$ 42,125,468</u>

CITY OF BOWLING GREEN, KENTUCKY

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2008

	Community Development	Fire Improvement	Municipal Aid	Parks Development	Job Development	Landfill Closure	Local Law Enforcement Block Grant	Trunking Operation
ASSETS								
Pooled cash and cash equivalents	\$ -	\$ 714,838	\$ 1,965,340	\$ -	\$ 233,669	\$ 232,026	\$ 54,312	\$ 92,470
Non-pooled cash and cash equivalents	1,388,528	44,210	-	-	-	-	-	-
Investments	-	2,468,747	684,226	-	1,725,168	1,176,064	-	-
Receivables (net of allowances for uncollectibles)								
Accounts	28,817	-	2,490	-	-	-	-	-
Loans	628,518	-	-	-	-	-	-	-
Interest	-	34,484	-	-	-	-	-	-
Due from other governmental units	67,766	-	190,148	-	-	-	-	-
Restricted assets:								
Non-pooled cash and cash equivalents	12,666	-	-	-	-	-	-	-
Total assets	\$ 2,126,295	\$ 3,262,279	\$ 2,842,204	\$ -	\$ 1,958,837	\$ 1,408,090	\$ 54,312	\$ 92,470
LIABILITIES AND FUND BALANCES								
Liabilities								
Vouchers and accounts payable	\$ 12,633	\$ 14,629	\$ 13,012	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	3,157	-	3,700	-	-	-	-	-
Due to other funds	165,000	-	-	-	-	-	-	-
Deferred revenue	628,518	-	-	-	-	-	-	-
Security deposits	12,666	-	-	-	-	-	-	-
Total liabilities	821,974	14,629	16,712	-	-	-	-	-
Fund Balances								
Reserved for encumbrances	911,870	763,178	642,399	-	-	5,416	26,225	-
Unreserved, undesignated	392,451	2,484,472	2,183,093	-	1,958,837	1,402,674	28,087	92,470
Total fund balances	1,304,321	3,247,650	2,825,492	-	1,958,837	1,408,090	54,312	92,470
Total liabilities and fund balances	\$ 2,126,295	\$ 3,262,279	\$ 2,842,204	\$ -	\$ 1,958,837	\$ 1,408,090	\$ 54,312	\$ 92,470

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2008

	Neighborhood Grant	Technology	Homeland Security	Police Improvement	ITA Bond Fund	Lampkin Park Trust	Total Nonmajor Special Revenue Funds
ASSETS							
Pooled cash and cash equivalents	\$ 7,104	\$ 1,107,709	\$ (293,285)	\$ 161,896	\$ -	\$ 20,157	\$ 4,296,236
Non-pooled cash and cash equivalents	-	-	-	-	-	-	1,432,738
Investments	-	-	-	-	-	-	6,054,205
Receivables (net of allowances for uncollectibles)							
Accounts	-	-	-	-	-	-	31,307
Loans	-	-	-	-	-	-	628,518
Interest	-	-	-	-	-	-	34,484
Due from other governmental units	-	-	407,693	23,614	-	-	689,221
Restricted assets:							
Non-pooled cash and cash equivalents	-	-	-	-	14,898,560	-	14,911,226
Total assets	\$ 7,104	\$ 1,107,709	\$ 114,408	\$ 185,510	\$ 14,898,560	\$ 20,157	\$ 28,077,935
LIABILITIES AND FUND BALANCES							
Liabilities							
Vouchers and accounts payable	\$ -	\$ 113,501	\$ 114,408	\$ -	\$ -	\$ -	\$ 268,183
Accrued payroll	-	-	-	-	-	-	6,857
Due to other funds	-	-	-	-	-	-	165,000
Deferred revenue	-	-	-	-	-	-	628,518
Security deposits	-	-	-	-	-	-	12,666
Total liabilities	-	113,501	114,408	-	-	-	1,081,224
Fund Balances							
Reserved for encumbrances	-	136,784	-	45,000	-	-	2,530,872
Unreserved, undesignated	7,104	857,424	-	140,510	14,898,560	20,157	24,465,839
Total fund balances	7,104	994,208	-	185,510	14,898,560	20,157	26,996,711
Total liabilities and fund balances	\$ 7,104	\$ 1,107,709	\$ 114,408	\$ 185,510	\$ 14,898,560	\$ 20,157	\$ 28,077,935

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

June 30, 2008

	Parks Community Center	Skypac Development Fund	Downtown Revitalization Project	Riverfront Development	Equipment Replacement	Southwest Corridor	Road Construction	Downtown Signalization Fund	Broadway Curve Realignment	Westen Drive Realignment	Field Drive Extension
ASSETS											
Pooled cash and cash equivalents	\$ -	\$ 305,097	\$ 314,835	\$ 325,772	\$ 230,310	\$ -	\$ 2	\$ 972,000	\$ -	\$ -	\$ -
Due from other governmental units	-	-	-	281,616	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:											
Non-pooled cash and cash equivalents	<u>557,104</u>	<u>1,587,485</u>	<u>100,540</u>	<u>-</u>	<u>-</u>	<u>252,212</u>	<u>113,000</u>	<u>810,767</u>	<u>985,321</u>	<u>-</u>	<u>67,025</u>
Total assets	<u>\$ 557,104</u>	<u>\$ 1,892,582</u>	<u>\$ 415,375</u>	<u>\$ 607,388</u>	<u>\$ 230,310</u>	<u>\$ 252,212</u>	<u>\$ 113,002</u>	<u>\$ 1,782,767</u>	<u>\$ 985,321</u>	<u>\$ -</u>	<u>\$ 67,025</u>
LIABILITIES AND FUND BALANCES											
Liabilities											
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
Vouchers and accounts payable	<u>65,514</u>	<u>-</u>	<u>11,380</u>	<u>145,512</u>	<u>5,114</u>	<u>-</u>	<u>-</u>	<u>77,471</u>	<u>17,820</u>	<u>-</u>	<u>17,300</u>
Total liabilities	<u>65,514</u>	<u>-</u>	<u>11,380</u>	<u>145,512</u>	<u>5,114</u>	<u>-</u>	<u>-</u>	<u>77,471</u>	<u>17,820</u>	<u>-</u>	<u>17,300</u>
Fund Balances											
Reserved for encumbrances	41,392	-	73,422	115,973	-	-	-	1,533,324	552,140	-	37,823
Unreserved, undesignated	<u>450,198</u>	<u>1,892,582</u>	<u>330,573</u>	<u>345,903</u>	<u>225,196</u>	<u>252,212</u>	<u>113,002</u>	<u>171,972</u>	<u>415,361</u>	<u>-</u>	<u>11,902</u>
Total fund balances	<u>491,590</u>	<u>1,892,582</u>	<u>403,995</u>	<u>461,876</u>	<u>225,196</u>	<u>252,212</u>	<u>113,002</u>	<u>1,705,296</u>	<u>967,501</u>	<u>-</u>	<u>49,725</u>
Total liabilities and fund balances	<u>\$ 557,104</u>	<u>\$ 1,892,582</u>	<u>\$ 415,375</u>	<u>\$ 607,388</u>	<u>\$ 230,310</u>	<u>\$ 252,212</u>	<u>\$ 113,002</u>	<u>\$ 1,782,767</u>	<u>\$ 985,321</u>	<u>\$ -</u>	<u>\$ 67,025</u>

CITY OF BOWLING GREEN, KENTUCKY

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

June 30, 2008

	Old Morgantown Road Rehab	Heritage Trail Construction	Parks Improvements	Shive Lane Development	Sidewalk Improvement	Greenwood Fire Station	Fire Headquarters Expansion	Greenwood Lane Road	Stormwater Infrastructure Improvement	Municipal Facilities	Total Nonmajor Capital Project Funds
ASSETS											
Pooled cash and cash equivalents	\$ 90,000	\$ 80,034	\$ 58,053	\$ 85,926	\$ 1,101,803	\$ 339,789	\$ 770	\$ -	\$ 100,000	\$ 366,180	\$ 4,370,571
Due from other governmental units	-	-	-	-	-	-	-	-	-	-	281,616
Investments	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:											
Non-pooled cash and cash equivalents	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>3,000,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>885,000</u>	<u>-</u>	<u>-</u>	<u>8,708,870</u>
Total assets	<u>\$ 440,000</u>	<u>\$ 80,034</u>	<u>\$ 58,053</u>	<u>\$ 3,086,342</u>	<u>\$ 1,101,803</u>	<u>\$ 339,789</u>	<u>\$ 770</u>	<u>\$ 885,000</u>	<u>\$ 100,000</u>	<u>\$ 366,180</u>	<u>\$ 13,361,057</u>
LIABILITIES AND FUND BALANCES											
Liabilities											
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 900,000	\$ 67,000	\$ -	\$ -	\$ -	\$ 967,000
Vouchers and accounts payable	<u>-</u>	<u>-</u>	<u>1,661</u>	<u>-</u>	<u>66,834</u>	<u>317,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>725,967</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,661</u>	<u>-</u>	<u>66,834</u>	<u>1,217,361</u>	<u>67,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,692,967</u>
Fund Balances											
Reserved for encumbrances	-	41,809	36,422	-	613,512	-	-	-	-	2,980	3,048,797
Unreserved, undesignated	<u>440,000</u>	<u>38,225</u>	<u>19,970</u>	<u>3,086,342</u>	<u>421,457</u>	<u>(877,572)</u>	<u>(66,230)</u>	<u>885,000</u>	<u>100,000</u>	<u>363,200</u>	<u>8,619,293</u>
Total fund balances	<u>440,000</u>	<u>80,034</u>	<u>56,392</u>	<u>3,086,342</u>	<u>1,034,969</u>	<u>(877,572)</u>	<u>(66,230)</u>	<u>885,000</u>	<u>100,000</u>	<u>366,180</u>	<u>11,668,090</u>
Total liabilities and fund balances	<u>\$ 440,000</u>	<u>\$ 80,034</u>	<u>\$ 58,053</u>	<u>\$ 3,086,342</u>	<u>\$ 1,101,803</u>	<u>\$ 339,789</u>	<u>\$ 770</u>	<u>\$ 885,000</u>	<u>\$ 100,000</u>	<u>\$ 366,180</u>	<u>\$ 13,361,057</u>

CITY OF BOWLING GREEN, KENTUCKY

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2008

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund - Cemetery Perpetual	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ 430,000	\$ -	\$ -	\$ 430,000
Insurance premium taxes	1,738,557	-	-	1,738,557
Wages and net profits taxes	2,418,818	-	-	2,418,818
Judgements and settlements	14,006	-	-	14,006
Intergovernmental	6,562,001	1,290,884	-	7,852,885
Investment income	539,634	393,960	37,858	971,452
Contributions and donations	9,220	34,217	-	43,437
Miscellaneous	330,414	14,967	22,248	367,629
Total Revenues	<u>12,042,650</u>	<u>1,734,028</u>	<u>60,106</u>	<u>13,836,784</u>
EXPENDITURES				
Current:				
General government	1,308,818	-	-	1,308,818
Public safety	2,101,146	-	-	2,101,146
Public works	538,568	322,037	-	860,605
Parks and recreation	-	192,688	-	192,688
Housing and community development	3,038,960	8,892	-	3,047,852
Capital Outlay	2,614,975	7,946,534	-	10,561,509
Debt service:				
Interest	536,776	-	-	536,776
Total Expenditures	<u>10,139,243</u>	<u>8,470,151</u>	<u>-</u>	<u>18,609,394</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,903,407</u>	<u>(6,736,123)</u>	<u>60,106</u>	<u>(4,772,610)</u>
Other financing sources (uses):				
Transfers in	1,426,621	4,530,788	-	5,957,409
Transfers out	(4,321,528)	(1,635,319)	-	(5,956,847)
Issuance of refunding debt	30,443,095	-	-	30,443,095
Payment to refunded debt escrow agent	(13,803,815)	-	-	(13,803,815)
Other financing costs	(319,653)	-	-	(319,653)
Total other financing sources (uses)	<u>13,424,720</u>	<u>2,895,469</u>	<u>-</u>	<u>16,320,189</u>
Net change in fund balances	15,328,127	(3,840,654)	60,106	11,547,579
Fund balances, beginning	<u>11,668,584</u>	<u>15,508,744</u>	<u>626,370</u>	<u>27,803,698</u>
Fund balances, ending	<u>\$ 26,996,711</u>	<u>\$ 11,668,090</u>	<u>\$ 686,476</u>	<u>\$ 39,351,277</u>

CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2008

	Community Development	Fire Improvement	Municipal Aid	Parks Development	Job Development	Landfill Closure	Local Law Enforcement Block Grant	Trunking Operation
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ 430,000	\$ -	\$ -	\$ -	\$ -
Insurance premium taxes	-	1,738,557	-	-	-	-	-	-
Wages and net profits taxes	-	-	-	793,846	1,445,852	-	-	-
Judgments and settlements	-	14,006	-	-	-	-	-	-
Intergovernmental	3,527,223	-	2,295,580	-	-	-	52,913	23,750
Investment income	16,330	143,412	86,553	-	105,799	47,346	-	2,312
Contributions and donations	-	2,992	-	-	-	-	-	6,228
Miscellaneous	144,179	-	23,190	-	-	157,500	-	-
Total Revenues	3,687,732	1,898,967	2,405,323	1,223,846	1,551,651	204,846	52,913	32,290
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	160,289	1,238,160	-	-	-	32,866	-
Public works	-	-	500,000	-	-	36,763	-	1,805
Housing and community development	3,038,960	-	-	-	-	-	-	-
Capital outlay	246,481	1,399,584	894,868	-	-	-	-	34,790
Debt service:								
Interest	-	-	-	-	-	-	-	-
Total Expenditures	3,285,441	1,559,873	2,633,028	-	-	36,763	32,866	36,595
Excess (deficiency) of revenues over (under) expenditures	402,291	339,094	(227,705)	1,223,846	1,551,651	168,083	20,047	(4,305)
Other financing sources (uses):								
Transfers in	44,245	-	45,676	-	-	-	-	21,700
Transfers out	-	(1,439,976)	(50,000)	(1,223,846)	(1,607,706)	-	-	-
Issuance of refunding debt	-	1,019,193	-	-	-	-	-	-
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	-
Other financing costs	-	-	-	-	-	-	-	-
Total other financing sources (uses)	44,245	(420,783)	(4,324)	(1,223,846)	(1,607,706)	-	-	21,700
Net change in fund balances	446,536	(81,689)	(232,029)	-	(56,055)	168,083	20,047	17,395
Fund balances, beginning	857,785	3,329,339	3,057,521	-	2,014,892	1,240,007	34,265	75,075
Fund balances, ending	\$ 1,304,321	\$ 3,247,650	\$ 2,825,492	\$ -	\$ 1,958,837	\$ 1,408,090	\$ 54,312	\$ 92,470

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2008

	Neighborhood Grant	Technology	Homeland Security	Police Improvement	ITA Bond Fund	Lampkin Park	Total Special Revenue Funds
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 430,000
Insurance premium taxes	-	-	-	-	-	-	1,738,557
Wages and net profits taxes	-	-	-	179,120	-	-	2,418,818
Judgments and settlements	-	-	-	-	-	-	14,006
Intergovernmental	-	-	662,535	-	-	-	6,562,001
Investment income	-	-	-	2,230	134,902	750	539,634
Contributions and donations	-	-	-	-	-	-	9,220
Miscellaneous	-	-	-	-	-	5,545	330,414
Total Revenues	<u>-</u>	<u>-</u>	<u>662,535</u>	<u>181,350</u>	<u>134,902</u>	<u>6,295</u>	<u>12,042,650</u>
EXPENDITURES							
Current:							
General government	55,697	1,253,121	-	-	-	-	1,308,818
Public safety	-	-	649,181	20,650	-	-	2,101,146
Public works	-	-	-	-	-	-	538,568
Housing and community development	-	-	-	-	-	-	3,038,960
Capital outlay	-	25,898	13,354	-	-	-	2,614,975
Debt service:							
Interest	-	-	-	-	536,776	-	536,776
Total Expenditures	<u>55,697</u>	<u>1,279,019</u>	<u>662,535</u>	<u>20,650</u>	<u>536,776</u>	<u>-</u>	<u>10,139,243</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(55,697)</u>	<u>(1,279,019)</u>	<u>-</u>	<u>160,700</u>	<u>(401,874)</u>	<u>6,295</u>	<u>1,903,407</u>
Other financing sources (uses):							
Transfers in	60,000	1,250,000	-	5,000	-	-	1,426,621
Transfers out	-	-	-	-	-	-	(4,321,528)
Issuance of refunding debt	-	-	-	-	29,423,902	-	30,443,095
Payment to refunded debt escrow agent	-	-	-	-	(13,803,815)	-	(13,803,815)
Other financing costs	-	-	-	-	(319,653)	-	(319,653)
Total other financing sources (uses)	<u>60,000</u>	<u>1,250,000</u>	<u>-</u>	<u>5,000</u>	<u>15,300,434</u>	<u>-</u>	<u>13,424,720</u>
Net change in fund balances	<u>4,303</u>	<u>(29,019)</u>	<u>-</u>	<u>165,700</u>	<u>14,898,560</u>	<u>6,295</u>	<u>15,328,127</u>
Fund balances, beginning	<u>2,801</u>	<u>1,023,227</u>	<u>-</u>	<u>19,810</u>	<u>-</u>	<u>13,862</u>	<u>11,668,584</u>
Fund balances, ending	<u>\$ 7,104</u>	<u>\$ 994,208</u>	<u>\$ -</u>	<u>\$ 185,510</u>	<u>\$ 14,898,560</u>	<u>\$ 20,157</u>	<u>\$ 26,996,711</u>

See accompanying independent auditor's report

CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2008

	Parks Community Center	Skypac Development Fund	Downtown Revitalization Project	Riverfront Development	Equipment Replacement	Southwest Corridor	Road Construction	Downtown Signalization Fund	Broadway Curve Realignment	Westen Drive Realignment	Field Drive Extension
REVENUES											
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,290,884	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	42,108	-	-	-	-	-	-	-	-	-	-
Contributions and donations	-	-	-	5,000	-	-	-	-	-	-	-
Miscellaneous	-	14,583	-	-	-	-	-	-	-	-	-
Total Revenues	42,108	14,583	-	1,295,884	-	-	-	-	-	-	-
EXPENDITURES											
Current:											
Public works	-	-	10,558	-	-	-	-	3,763	-	51,822	24,425
Parks and recreation	192,688	-	-	-	-	-	-	-	-	-	-
Housing and community development	-	-	-	8,892	-	-	-	-	-	-	-
Capital outlay	1,311,288	15,494	2,050,903	1,502,865	520,304	15,267	-	331,890	88,687	361,641	331,043
Total Expenditures	1,503,976	15,494	2,061,461	1,511,757	520,304	15,267	-	335,653	88,687	413,463	355,468
Excess (deficiency) of revenues over (under) expenditures	(1,461,868)	(911)	(2,061,461)	(215,873)	(520,304)	(15,267)	-	(335,653)	(88,687)	(413,463)	(355,468)
Other financing sources (uses):											
Transfers in	-	-	-	317,200	745,500	-	113,000	-	-	115,088	-
Transfers out	-	-	-	-	-	-	(287,319)	-	-	-	-
Total other financing sources (uses)	-	-	-	317,200	745,500	-	(174,319)	-	-	115,088	-
Net change in fund balances	(1,461,868)	(911)	(2,061,461)	101,327	225,196	(15,267)	(174,319)	(335,653)	(88,687)	(298,375)	(355,468)
Fund balances, beginning	1,953,458	1,893,493	2,465,456	360,549	-	267,479	287,321	2,040,949	1,056,188	298,375	405,193
Fund balances, ending	\$ 491,590	\$ 1,892,582	\$ 403,995	\$ 461,876	\$ 225,196	\$ 252,212	\$ 113,002	\$ 1,705,296	\$ 967,501	\$ -	\$ 49,725

CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2008

	Old Morgntown Rd Rehab	Heritage Trail Construction	Parks Improvements	Shive Lane Development	Sidewalk Improvement	Greenwood Fire Station	Fire Headquarters Expansion	Greenwood Lane Road	Stormwater Infrastructure Improvement	Municipal Facilities	Total Nonmajor Capital Project Funds
REVENUES											
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,290,884
Investment income	-	-	-	351,852	-	-	-	-	-	-	393,960
Contributions and donations	-	29,167	50	-	-	-	-	-	-	-	34,217
Miscellaneous	-	-	384	-	-	-	-	-	-	-	14,967
Total Revenues	-	29,167	434	351,852	-	-	-	-	-	-	1,734,028
EXPENDITURES											
Current:											
Public works	59,510	-	-	800	-	171,159	-	-	-	-	322,037
Parks and recreation	-	-	-	-	-	-	-	-	-	-	192,688
Housing and community development	-	-	-	-	-	-	-	-	-	-	8,892
Capital outlay	-	108,076	89,539	23,043	415,031	706,413	66,230	-	-	8,820	7,946,534
Total Expenditures	59,510	108,076	89,539	23,843	415,031	877,572	66,230	-	-	8,820	8,470,151
Excess (deficiency) of revenues over (under) expenditures	(59,510)	(78,909)	(89,105)	328,009	(415,031)	(877,572)	(66,230)	-	-	(8,820)	(6,736,123)
Other financing sources (uses):											
Transfers in	430,000	-	-	-	1,450,000	-	-	885,000	100,000	375,000	4,530,788
Transfers out	-	-	-	(1,348,000)	-	-	-	-	-	-	(1,635,319)
Total other financing sources (uses)	430,000	-	-	(1,348,000)	1,450,000	-	-	885,000	100,000	375,000	2,895,469
Net change in fund balances	370,490	(78,909)	(89,105)	(1,019,991)	1,034,969	(877,572)	(66,230)	885,000	100,000	366,180	(3,840,654)
Fund balances, beginning	69,510	158,943	145,497	4,106,333	-	-	-	-	-	-	15,508,744
Fund balances, ending	\$ 440,000	\$ 80,034	\$ 56,392	\$ 3,086,342	\$ 1,034,969	\$ (877,572)	\$ (66,230)	\$ 885,000	\$ 100,000	\$ 366,180	\$ 11,668,090

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 3,255,337	\$ 4,800,682	\$ 3,527,223	\$ (1,273,459)
Investment income	16,500	16,500	16,330	(170)
Miscellaneous	119,239	119,239	144,179	24,940
Total revenues	3,391,076	4,936,421	3,687,732	(1,248,689)
EXPENDITURES				
Current:				
Housing and community development	3,543,275	3,776,146	3,038,960	737,186
Capital outlay	-	483,966	246,481	237,485
Total expenditures	3,543,275	4,260,112	3,285,441	974,671
Excess (deficiency) of revenues over (under) expenditures	(152,199)	676,309	402,291	(274,018)
Other financing sources (uses):				
Transfers in	-	44,245	44,245	-
Total other financing sources (uses)	-	44,245	44,245	-
Net change in fund balances	(152,199)	720,554	446,536	(274,018)
Fund balances, beginning	857,785	857,785	857,785	-
Fund balances, ending	\$ 705,586	\$ 1,578,339	\$ 1,304,321	\$ (274,018)

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

FIRE IMPROVEMENT SPECIAL REVENUE FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Insurance premium taxes	\$ 1,768,000	\$ 1,768,000	\$ 1,738,557	\$ (29,443)
Judgments and settlements	16,000	16,000	14,006	(1,994)
Investment income	100,500	100,500	143,412	42,912
Contributions and donations	-	-	2,992	2,992
Total revenues	1,884,500	1,884,500	1,898,967	14,467
EXPENDITURES				
Current:				
Public safety	145,000	180,814	160,289	20,525
Capital outlay	1,287,000	1,617,882	1,399,584	218,298
Total expenditures	1,432,000	1,798,696	1,559,873	238,823
Excess (deficiency) of revenues over (under) expenditures	452,500	85,804	339,094	253,290
Other financing sources (uses):				
Transfers out	(1,588,500)	(1,588,500)	(1,439,976)	148,524
Sale of capital assets	1,000	1,000	-	(1,000)
Issuance of debt	140,000	124,000	1,019,193	895,193
Total other financing sources (uses)	(1,447,500)	(1,463,500)	(420,783)	1,042,717
Net change in fund balances	(995,000)	(1,377,696)	(81,689)	1,296,007
Fund balances, beginning	3,329,339	3,329,339	3,329,339	-
Fund balances, ending	\$ 2,334,339	\$ 1,951,643	\$ 3,247,650	\$ 1,296,007

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

MUNICIPAL AID SPECIAL REVENUE FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 2,133,697	\$ 2,136,849	\$ 2,295,580	\$ 158,731
Investment income	91,000	91,000	86,553	(4,447)
Miscellaneous	35,000	35,000	23,190	(11,810)
Total revenues	2,259,697	2,262,849	2,405,323	142,474
EXPENDITURES				
Current:				
Public safety	1,366,481	1,381,231	1,238,160	143,071
Public works	942,000	500,000	500,000	-
Capital outlay	115,000	1,084,763	894,868	189,895
Total expenditures	2,423,481	2,965,994	2,633,028	332,966
Excess (deficiency) of revenues over (under) expenditures	(163,784)	(703,145)	(227,705)	475,440
Other financing sources (uses):				
Transfers in	30,650	30,650	45,676	15,026
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	(19,350)	(19,350)	(4,324)	15,026
Net change in fund balances	(183,134)	(722,495)	(232,029)	490,466
Fund balances, beginning	3,057,521	3,057,521	3,057,521	-
Fund balances, ending	\$ 2,874,387	\$ 2,335,026	\$ 2,825,492	\$ 490,466

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

PARKS DEVELOPMENT SPECIAL REVENUE FUND

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 430,000	\$ 430,000	\$ 430,000	\$ -
Wages and net profits taxes	777,000	794,000	793,846	(154)
Total revenues	1,207,000	1,224,000	1,223,846	(154)
Other financing sources (uses):				
Transfers out	(1,207,000)	(1,224,000)	(1,223,846)	154
Total other financing sources (uses)	(1,207,000)	(1,224,000)	(1,223,846)	154
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

JOB DEVELOPMENT INCENTIVE SPECIAL REVENUE FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Wages and net profits taxes	\$ 1,339,000	\$ 1,339,000	\$ 1,445,852	\$ 106,852
Investment income	82,000	82,000	105,799	23,799
Total revenues	1,421,000	1,421,000	1,551,651	130,651
Other financing sources (uses):				
Transfers out	(1,615,900)	(1,615,900)	(1,607,706)	8,194
Total other financing sources (uses)	(1,615,900)	(1,615,900)	(1,607,706)	8,194
Net change in fund balances	(194,900)	(194,900)	(56,055)	138,845
Fund balances, beginning	2,014,892	2,014,892	2,014,892	-
Fund balances, ending	<u>\$ 1,819,992</u>	<u>\$ 1,819,992</u>	<u>\$ 1,958,837</u>	<u>\$ 138,845</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

LANDFILL CLOSURE SPECIAL REVENUE FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Interest income	\$ 40,000	\$ 40,000	\$ 47,346	\$ 7,346
Miscellaneous	240,000	240,000	157,500	(82,500)
Total revenues	280,000	280,000	204,846	(75,154)
EXPENDITURES				
Current:				
Public works	123,159	117,743	36,763	80,980
Total expenditures	123,159	117,743	36,763	80,980
Net change in fund balances	156,841	162,257	168,083	5,826
Fund balances, beginning	1,240,007	1,240,007	1,240,007	-
Fund balances, ending	\$ 1,396,848	\$ 1,402,264	\$ 1,408,090	\$ 5,826

CITY OF BOWLING GREEN, KENTUCKY**BUDGETARY COMPARISON SCHEDULE****LOCAL LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND**

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 21,000	\$ 74,013	\$ 52,913	\$ (21,100)
EXPENDITURES				
Current:				
Public safety	20,000	85,668	32,866	52,802
Total expenditures	20,000	85,668	32,866	52,802
Net change in fund balances	1,000	(11,655)	20,047	31,702
Fund balances, beginning	34,265	34,265	34,265	-
Fund balances, ending	\$ 35,265	\$ 22,610	\$ 54,312	\$ 31,702

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

TRUNKING OPERATION SPECIAL REVENUE FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 23,750	\$ 23,750	\$ 23,750	\$ -
Investment Income	3,000	3,000	2,312	(688)
Contributions and donations	4,800	4,800	6,228	1,428
Total revenues	31,550	31,550	32,290	740
EXPENDITURES				
Current:				
Public works	15,000	15,000	1,805	13,195
Capital outlay	35,000	35,000	34,790	210
Total expenditures	50,000	50,000	36,595	13,405
Excess (deficiency) of revenues over (under) expenditures	(18,450)	(18,450)	(4,305)	14,145
Other financing sources (uses):				
Transfers in	21,700	21,700	21,700	-
Total other financing sources (uses)	21,700	21,700	21,700	-
Net change in fund balances	3,250	3,250	17,395	14,145
Fund balances, beginning	75,075	75,075	75,075	-
Fund balances, ending	<u>\$ 78,325</u>	<u>\$ 78,325</u>	<u>\$ 92,470</u>	<u>\$ 14,145</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

NEIGHBORHOOD GRANT SPECIAL REVENUE FUND

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
General government	\$ 60,000	\$ 60,000	\$ 55,697	\$ 4,303
Total expenditures	60,000	60,000	55,697	4,303
Deficiency of revenues under expenditures	(60,000)	(60,000)	(55,697)	4,303
Other financing sources (uses):				
Transfers in	60,000	60,000	60,000	-
Total other financing sources (uses)	60,000	60,000	60,000	-
Net change in fund balances	-	-	4,303	4,303
Fund balances, beginning	2,801	2,801	2,801	-
Fund balances, ending	\$ 2,801	\$ 2,801	\$ 7,104	\$ 4,303

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

TECHNOLOGY SPECIAL REVENUE FUND

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
General government	\$ 744,000	\$ 1,498,576	\$ 1,253,121	\$ 245,455
Capital outlay	54,000	28,289	25,898	2,391
Deficiency of revenues under expenditures	(798,000)	(1,526,865)	(1,279,019)	(247,846)
Other financing sources (uses):				
Transfers in	1,250,000	1,250,000	1,250,000	-
Transfers out	-	(5,000)	-	(5,000)
Net change in fund balances	452,000	(281,865)	(29,019)	(252,846)
Fund balances, beginning	1,023,227	1,023,227	1,023,227	-
Fund balances, ending	<u>\$ 1,475,227</u>	<u>\$ 741,362</u>	<u>\$ 994,208</u>	<u>\$ (252,846)</u>

CITY OF BOWLING GREEN, KENTUCKY**BUDGETARY COMPARISON SCHEDULE****HOMELAND SECURITY SPECIAL REVENUE FUND**

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 746,297	\$ 662,535	\$ (83,762)
EXPENDITURES				
Current:				
Public safety	-	732,943	649,181	83,762
Capital outlay	-	13,354	13,354	-
Total expenditures	-	746,297	662,535	83,762
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

POLICE IMPROVEMENT SPECIAL REVENUE FUND

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Wages and net profits taxes	60,000	60,000	179,120	119,120
Investment income	1,000	1,000	2,230	1,230
Total revenues	61,000	61,000	181,350	120,350
EXPENDITURES				
Public safety	20,650	20,650	20,650	-
Capital outlay	40,000	45,000	-	45,000
Excess (deficiency) of revenues over (under) expenditures	350	(4,650)	160,700	165,350
Other financing sources (uses): Transfers in	-	5,000	5,000	-
Total other financing sources (uses)	-	5,000	5,000	-
Net change in fund balances	350	350	165,700	165,350
Fund balances, beginning	19,810	19,810	19,810	-
Fund balances, ending	\$ 20,160	\$ 20,160	\$ 185,510	\$ 165,350

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

ITA BOND SPECIAL REVENUE FUND

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 134,902	\$ 134,902
Total revenues	-	-	134,902	134,902
EXPENDITURES				
Debt Service:				
Interest	-	536,500	536,776	(276)
Total expenditures	-	536,500	536,776	(276)
Excess (deficiency) of revenues over (under) expenditures	-	(536,500)	(401,874)	134,626
Other financing sources (uses):				
Issuance of refunding debt	-	29,558,709	29,423,902	(134,807)
Payment to refunded debt escrow agent	-	(13,804,000)	(13,803,815)	185
Other costs	-	(319,709)	(319,653)	56
Total other financing sources (uses)	-	15,435,000	15,300,434	(134,566)
Net change in fund balances	-	14,898,500	14,898,560	60
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ 14,898,500	\$ 14,898,560	\$ 60

CITY OF BOWLING GREEN, KENTUCKY**BUDGETARY COMPARISON SCHEDULE****LAMPKIN PARK TRUST**

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ -	\$ 7,000	\$ 750	\$ (6,250)
Miscellaneous	-	4,000	5,545	1,545
Total revenues	-	11,000	6,295	(4,705)
Net change in fund balances	-	11,000	6,295	(4,705)
Fund balances, beginning	13,862	13,862	13,862	-
Fund balances, ending	<u>\$ 13,862</u>	<u>\$ 24,862</u>	<u>\$ 20,157</u>	<u>\$ (4,705)</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

PARKS COMMUNITY CENTER CAPITAL PROJECTS FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	\$ -	\$ -	\$ 42,108	\$ 42,108
Total revenues	-	-	42,108	42,108
EXPENDITURES				
Current:				
Parks and recreation	-	232,687	192,688	39,999
Capital outlay	-	1,344,880	1,311,288	33,592
Total expenditures	-	1,577,567	1,503,976	73,591
Deficiency of revenues under expenditures	-	(1,577,567)	(1,461,868)	115,699
Other financing sources (uses):				
Bond proceeds	-	-	-	-
Transfers out	-	(377,600)	-	-
Net premium on proceeds	-	-	-	-
Total other financing sources (uses)	-	(377,600)	-	-
Net change in fund balances	-	(1,955,167)	(1,461,868)	115,699
Fund balances, beginning	1,953,458	1,953,458	1,953,458	-
Fund balances, ending	\$ 1,953,458	\$ (1,709)	\$ 491,590	\$ 115,699

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

SKYPAC DEVELOPMENT FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 14,583	\$ 14,583
EXPENDITURES				
Capital outlay	-	1,872,515	15,494	1,857,021
Net change in fund balances	-	(1,872,515)	(911)	1,871,604
Fund balances, beginning	1,893,493	1,893,493	1,893,493	-
Fund balances, ending	<u>\$ 1,893,493</u>	<u>\$ 20,978</u>	<u>\$ 1,892,582</u>	<u>\$ 1,871,604</u>

CITY OF BOWLING GREEN, KENTUCKY**BUDGETARY COMPARISON SCHEDULE****DOWNTOWN REVITALIZATION CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Public works	\$ -	\$ 10,558	\$ 10,558	\$ -
Capital outlay	-	2,336,919	2,050,903	286,016
Total expenditures	-	2,347,477	2,061,461	286,016
Net change in fund balances	-	(2,347,477)	(2,061,461)	286,016
Fund balances, beginning	2,465,456	2,465,456	2,465,456	-
Fund balances, ending	<u>\$ 2,465,456</u>	<u>\$ 117,979</u>	<u>\$ 403,995</u>	<u>\$ 286,016</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

RIVERFRONT DEVELOPMENT CAPITAL PROJECTS FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ -	\$ 3,103,642	\$ 1,290,884	\$ (1,812,758)
Contributions and donations	-	36,000	5,000	(31,000)
Total revenues	-	3,139,642	1,295,884	(1,843,758)
EXPENDITURES				
Current:				
Public works	-	4,000	-	4,000
Housing and community development	-	142,216	8,892	133,324
Capital outlay	310,000	3,544,878	1,502,865	2,042,013
Total expenditures	310,000	3,691,094	1,511,757	2,179,337
Deficiency of revenues under expenditures	(310,000)	(551,452)	(215,873)	335,579
Other financing sources (uses):				
Transfers in	310,000	317,200	317,200	-
Total other financing sources (uses)	310,000	317,200	317,200	-
Net change in fund balances	-	(234,252)	101,327	335,579
Fund balances, beginning	360,549	360,549	360,549	-
Fund balances, ending	\$ 360,549	\$ 126,297	\$ 461,876	\$ 335,579

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

EQUIPMENT REPLACEMENT CAPITAL PROJECTS FUND

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Capital outlay	\$ 535,500	\$ 535,500	\$ 520,304	\$ 15,196
Deficiency of revenues under expenditures	(535,500)	(535,500)	(520,304)	15,196
Other financing sources (uses):				
Transfers in	745,500	745,500	745,500	-
Transfers out	(10,000)	(10,000)	-	10,000
Total other financing sources (uses)	735,500	735,500	745,500	10,000
Net change in fund balances	200,000	200,000	225,196	25,196
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ 200,000	\$ 200,000	\$ 225,196	\$ 25,196

CITY OF BOWLING GREEN, KENTUCKY**BUDGETARY COMPARISON SCHEDULE****SOUTHWEST CORRIDOR CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Capital outlay	\$ -	\$ 261,750	\$ 15,267	\$ 246,483
Total expenditures	-	261,750	15,267	246,483
Net change in fund balances	-	(261,750)	(15,267)	246,483
Fund balances, beginning	267,479	267,479	267,479	-
Fund balances, ending	<u>\$ 267,479</u>	<u>\$ 5,729</u>	<u>\$ 252,212</u>	<u>\$ 246,483</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

ROAD CONSTRUCTION CAPITAL PROJECTS FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Capital outlay	\$ -	\$ 113,002	\$ -	\$ 113,002
Deficiency of revenues under expenditures	-	(113,002)	-	113,002
Other financing sources (uses):				
Transfers in	-	113,000	113,000	-
Transfers out	-	(287,319)	(287,319)	-
Total other financing sources (uses)	-	(174,319)	(174,319)	-
Net change in fund balances	-	(287,321)	(174,319)	113,002
Fund balances, beginning	287,321	287,321	287,321	-
Fund balances, ending	\$ 287,321	\$ -	\$ 113,002	\$ 113,002

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

DOWNTOWN SIGNALIZATION CAPITAL PROJECTS FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Public Works	\$ -	\$ 37,750	\$ 3,763	\$ 33,987
Capital outlay	-	462,076	331,890	130,186
Total expenditures	-	499,826	335,653	164,173
Net change in fund balances	-	(499,826)	(335,653)	164,173
Fund balances, beginning	2,040,949	2,040,949	2,040,949	-
Fund balances, ending	<u>\$ 2,040,949</u>	<u>\$ 1,541,123</u>	<u>\$ 1,705,296</u>	<u>\$ 164,173</u>

CITY OF BOWLING GREEN, KENTUCKY**BUDGETARY COMPARISON SCHEDULE****BROADWAY CURVE REALIGNMENT CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Capital outlay	\$ -	\$ 497,470	\$ 88,687	\$ 408,783
Total expenditures	-	497,470	88,687	408,783
Net change in fund balances	-	(497,470)	(88,687)	408,783
Fund balances, beginning	1,056,188	1,056,188	1,056,188	-
Fund balances, ending	<u>\$ 1,056,188</u>	<u>\$ 558,718</u>	<u>\$ 967,501</u>	<u>\$ 408,783</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

WESTEN DRIVE REALIGNMENT CAPITAL PROJECTS FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Current:				
Public works	\$ -	\$ 51,900	\$ 51,822	\$ 78
Capital outlay	-	367,975	361,641	6,334
Total expenditures	-	419,875	413,463	6,412
Deficiency of revenues under expenditures	-	(419,875)	(413,463)	6,412
Other financing sources (uses):				
Transfers in	-	121,500	115,088	(6,412)
Total other financing sources (uses)	-	121,500	115,088	(6,412)
Net change in fund balances	-	(298,375)	(298,375)	-
Fund balances, beginning	298,375	298,375	298,375	-
Fund balances, ending	\$ 298,375	\$ -	\$ -	\$ -

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

FIELD DRIVE EXTENSION CAPITAL PROJECTS FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Current:				
Public works	\$ -	\$ 24,518	\$ 24,425	\$ 93
Capital outlay	-	343,392	331,043	12,349
Total expenditures	-	367,910	355,468	12,442
Net change in fund balances	-	(367,910)	(355,468)	(12,442)
Fund balances, beginning	405,193	405,193	405,193	-
Fund balances, ending	\$ 405,193	\$ 37,283	\$ 49,725	\$ (12,442)

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

OLD MORGANTOWN RD REHAB CAPITAL PROJECTS FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Current:				
Public works	\$ 80,000	\$ 499,510	\$ 59,510	\$ 440,000
Total expenditures	80,000	499,510	59,510	440,000
Deficiency of revenues under expenditures	(80,000)	(499,510)	(59,510)	440,000
Other financing sources (uses):				
Transfers in	80,000	430,000	430,000	-
Total other financing sources (uses)	80,000	430,000	430,000	-
Net change in fund balances	-	(69,510)	370,490	440,000
Fund balances, beginning	69,510	69,510	69,510	-
Fund balances, ending	\$ 69,510	\$ -	\$ 440,000	\$ 440,000

CITY OF BOWLING GREEN, KENTUCKY**BUDGETARY COMPARISON SCHEDULE****HERITAGE TRAIL CONSTRUCTION CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Contributions and donations	\$ -	\$ -	\$ 29,167	\$ 29,167
EXPENDITURES				
Capital outlay	-	114,297	108,076	6,221
Net change in fund balances	-	(114,297)	(78,909)	35,388
Fund balances, beginning	158,943	158,943	158,943	-
Fund balances, ending	<u>\$ 158,943</u>	<u>\$ 44,646</u>	<u>\$ 80,034</u>	<u>\$ 35,388</u>

CITY OF BOWLING GREEN, KENTUCKY**BUDGETARY COMPARISON SCHEDULE****PARKS IMPROVEMENT CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Contributions and donations	\$ -	\$ -	\$ 50	\$ 50
Miscellaneous	-	-	384	384
Total revenues	-	-	434	434
EXPENDITURES				
Capital outlay	-	103,508	89,539	13,969
Net change in fund balances	-	(103,508)	(89,105)	14,403
Fund balances, beginning	145,497	145,497	145,497	-
Fund balances, ending	\$ 145,497	\$ 41,989	\$ 56,392	\$ 14,403

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

SHIVE LANE DEVELOPMENT CAPITAL PROJECTS FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	\$ -	\$ -	\$ 351,852	\$ 351,852
EXPENDITURES				
Current:				
Public works	-	2,480	800	1,680
Capital outlay	-	2,606,882	23,043	2,583,839
Total expenditures	-	2,609,362	23,843	2,585,519
Excess (deficiency) of revenues over (under) expenditures	-	(2,609,362)	328,009	2,937,371
Other financing sources (uses):				
Transfers out	-	(1,348,000)	(1,348,000)	-
Total other financing sources (uses)	-	(1,348,000)	(1,348,000)	-
Net change in fund balances	-	(3,957,362)	(1,019,991)	2,937,371
Fund balances, beginning	4,106,333	4,106,333	4,106,333	-
Fund balances, ending	<u>\$ 4,106,333</u>	<u>\$ 148,971</u>	<u>\$ 3,086,342</u>	<u>\$ 2,937,371</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

SIDEWALK IMPROVEMENT CAPITAL PROJECTS FUND

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Public works	\$ -	\$ 50,000	\$ -	\$ 50,000
Capital outlay	1,250,000	996,488	415,031	581,457
Total expenditures	1,250,000	1,046,488	415,031	631,457
Deficiency of revenues under expenditures	(1,250,000)	(1,046,488)	(415,031)	631,457
Other financing sources (uses):				
Transfers in	1,250,000	1,660,000	1,450,000	(210,000)
Total other financing sources (uses)	1,250,000	1,660,000	1,450,000	(210,000)
Net change in fund balances	-	613,512	1,034,969	421,457
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ 613,512	\$ 1,034,969	\$ 421,457

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

GREENWOOD FIRE STATION CAPITAL PROJECTS FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Current:				
Public works	\$ 130,000	\$ 198,783	\$ 171,159	\$ 27,624
Capital outlay	2,956,000	905,004	706,413	198,591
Total expenditures	3,086,000	1,103,787	877,572	226,215
Excess (deficiency) of revenues over (under) expenditures	(3,086,000)	(1,103,787)	(877,572)	(226,215)
Other financing sources (uses):				
Bond proceeds	3,086,000	3,086,000	-	(3,086,000)
Total other financing sources (uses)	3,086,000	3,086,000	-	(3,086,000)
Net change in fund balances	-	1,982,213	(877,572)	(3,312,215)
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ 1,982,213	\$ (877,572)	\$ (3,312,215)

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

FIRE HEADQUARTERS CAPITAL PROJECTS FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Capital outlay	\$ 2,351,000	\$ 2,293,440	\$ 66,230	\$ 2,227,210
Total expenditures	2,351,000	2,293,440	66,230	2,227,210
Excess (deficiency) of revenues over (under) expenditures	(2,351,000)	(2,293,440)	(66,230)	2,227,210
Other financing sources (uses):				
Bond proceeds	2,351,000	2,351,000	-	(2,351,000)
Total other financing sources (uses)	2,351,000	2,351,000	-	(2,351,000)
Net change in fund balances	-	57,560	(66,230)	(123,790)
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ 57,560	\$ (66,230)	\$ (123,790)

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

GREENWOOD LANE CAPITAL PROJECTS FUND

For the Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Capital Outlay	\$ 300,000	\$ 885,000	\$ -	\$ 885,000
Deficiency of revenues under expenditures	(300,000)	(885,000)	-	885,000
Other financing sources (uses):				
Transfers in	300,000	885,000	885,000	-
Net change in fund balances	-	-	885,000	885,000
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ 885,000	\$ 885,000

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

STORMWATER INFRASTRUCTURE IMPROVEMENT CAPITAL PROJECTS FUND

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Capital Outlay	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Deficiency of revenues under expenditures	(100,000)	(100,000)	-	100,000
Other financing sources (uses):				
Transfers in	100,000	100,000	100,000	-
Net change in fund balances	-	-	100,000	100,000
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

MUNICIPAL FACILITIES CAPITAL PROJECTS FUND

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Capital outlay	\$ 75,000	\$ 372,020	\$ 8,820	\$ 363,200
Deficiency of revenues under expenditures	(75,000)	(372,020)	(8,820)	363,200
Other financing sources (uses):				
Transfers in	75,000	375,000	375,000	-
Net change in fund balances	-	2,980	366,180	363,200
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ 2,980	\$ 366,180	\$ 363,200

CITY OF BOWLING GREEN, KENTUCKY

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest income	\$ -	\$ -	\$ 1,326	\$ 1,326
EXPENDITURES				
Principal retirement	4,326,500	4,321,694	4,201,347	120,347
Interest and fiscal charges	3,996,000	4,000,806	3,963,561	37,245
Total expenditures	8,322,500	8,322,500	8,164,908	157,592
Excess (deficiency) of revenues over (under) expenditures	(8,322,500)	(8,322,500)	(8,163,582)	158,918
Other financing sources (uses):				
Transfers in	8,322,500	8,322,500	8,106,674	(215,826)
Net change in fund balances	-	-	(56,908)	(56,908)
Fund balances, beginning	104,610	104,610	104,610	-
Fund balances, ending	\$ 104,610	\$ 104,610	\$ 47,702	\$ (56,908)

NONMAJOR GOVERNMENTAL FUNDS

INTERNAL SERVICE FUNDS

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

Fleet Maintenance Fund

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

Employee Health Care Fund

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

Workers Compensation Fund

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

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS

June 30, 2008

	Fleet Maintenance	Employee Health Care	Workers Compensation	Total
ASSETS				
Current assets				
Pooled cash and cash equivalents	\$ 279,129	\$ 673,454	\$ 131,866	\$ 1,084,449
Investments	-	3,329,773	1,433,196	4,762,969
Accounts receivable	-	2,218	5,172	7,390
Due from other governments	20,790	-	-	20,790
Interest receivable	-	36,208	-	36,208
Inventories	94,923	-	-	94,923
Prepaid items	-	323,000	249,788	572,788
Total current assets	<u>394,842</u>	<u>4,364,653</u>	<u>1,820,022</u>	<u>6,579,517</u>
Noncurrent assets				
Non-pooled cash and cash equivalents	-	5,000	-	5,000
Capital assets				
Building	200,985	-	-	200,985
Machinery and equipment	<u>172,876</u>	<u>-</u>	<u>40,345</u>	<u>213,221</u>
	373,861	-	40,345	414,206
Less accumulated depreciation	<u>(170,712)</u>	<u>-</u>	<u>(18,327)</u>	<u>(189,039)</u>
Total capital assets, net of accumulated depreciation	<u>203,149</u>	<u>-</u>	<u>22,018</u>	<u>225,167</u>
Total noncurrent assets	<u>203,149</u>	<u>5,000</u>	<u>22,018</u>	<u>230,167</u>
Total assets	<u>\$ 597,991</u>	<u>\$ 4,369,653</u>	<u>\$ 1,842,040</u>	<u>\$ 6,809,684</u>
LIABILITIES				
Current liabilities				
Vouchers and accounts payable	\$ 72,339	\$ -	\$ 17,137	\$ 89,476
Accrued payroll	7,050	-	-	7,050
Insurance claims payable	-	444,655	142,117	586,772
Current portion of compensated absences payable	<u>12,965</u>	<u>-</u>	<u>-</u>	<u>12,965</u>
Total current liabilities	<u>92,354</u>	<u>444,655</u>	<u>159,254</u>	<u>696,263</u>
Noncurrent liabilities				
Compensated absences payable, net of current portion	<u>1,201</u>	<u>-</u>	<u>-</u>	<u>1,201</u>
Total liabilities	<u>93,555</u>	<u>444,655</u>	<u>159,254</u>	<u>697,464</u>
NET ASSETS				
Invested in capital assets, net of related debt	203,149	-	22,018	225,167
Unrestricted	<u>301,287</u>	<u>3,924,998</u>	<u>1,660,768</u>	<u>5,887,053</u>
Total net assets	<u>\$ 504,436</u>	<u>\$ 3,924,998</u>	<u>\$ 1,682,786</u>	<u>\$ 6,112,220</u>

CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2008

	Fleet Maintenance	Employee Health Care	Workers Compensation	Total
OPERATING REVENUES				
Charges for services	\$ 1,478,546	\$ -	\$ -	\$ 1,478,546
Insurance premiums	-	4,205,513	783,692	4,989,205
Judgments and settlements	22,587	-	-	22,587
Miscellaneous	5,694	-	-	5,694
Total operating revenues	1,506,827	4,205,513	783,692	6,496,032
OPERATING EXPENSES				
Personnel services	453,025	-	-	453,025
Contractual services	1,159	3,312	-	4,471
Supplies	919,645	2,277	-	921,922
Utilities	28,833	-	-	28,833
Repairs and maintenance	95,552	-	7,242	102,794
Insurance premiums and claims	-	4,285,446	475,012	4,760,458
Depreciation	25,534	-	4,834	30,368
Miscellaneous	187	-	-	187
Total operating expenses	1,523,935	4,291,035	487,088	6,302,058
Operating income (loss)	(17,108)	(85,522)	296,604	193,974
NONOPERATING REVENUES (EXPENSES)				
Interest income	6,121	156,794	74,619	237,534
Gain on disposal of capital assets	-	-	-	-
Total nonoperating revenues	6,121	156,794	74,619	237,534
Income (loss) before transfers	(10,987)	71,272	371,223	431,508
Transfers in	70,000	-	-	70,000
Transfers out	-	-	(5,000)	(5,000)
Change in net assets	59,013	71,272	366,223	496,508
Net assets, beginning	445,423	3,853,726	1,316,563	5,615,712
Net assets, ending	\$ 504,436	\$ 3,924,998	\$ 1,682,786	\$ 6,112,220

CITY OF BOWLING GREEN, KENTUCKY

STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

For the year ended June 30, 2008

	Fleet Maintenance	Employee Health Care	Workers Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,486,273	\$ 4,203,295	\$ 778,520	\$ 6,468,088
Payments to employees	(454,132)	-	-	(454,132)
Payments to suppliers	(1,021,075)	(5,589)	(11,673)	(1,038,337)
Insurance premiums and claims paid	-	(4,144,249)	(515,091)	(4,659,340)
Net cash provided by operating activities	<u>11,066</u>	<u>53,457</u>	<u>251,756</u>	<u>316,279</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	70,000	-	-	70,000
Transfers out	-	-	(5,000)	(5,000)
Net cash provided by (used in) noncapital financing activities	<u>70,000</u>	<u>-</u>	<u>(5,000)</u>	<u>65,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sales of capital assets	-	-	-	-
Purchase of capital assets	(14,158)	-	(7,110)	(21,268)
Net cash used in capital and related financing activities	<u>(14,158)</u>	<u>-</u>	<u>(7,110)</u>	<u>(21,268)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	6,121	121,655	74,619	202,395
Purchase of investments	-	(805,020)	(540,663)	(1,345,683)
Net cash provided by (used in) investing activities	<u>6,121</u>	<u>(683,365)</u>	<u>(466,044)</u>	<u>(1,143,288)</u>
Net increase (decrease) in cash and cash equivalents	<u>73,029</u>	<u>(629,908)</u>	<u>(226,398)</u>	<u>(783,277)</u>
Cash and cash equivalents, beginning of year	<u>206,100</u>	<u>1,308,362</u>	<u>358,264</u>	<u>1,872,726</u>
Cash and cash equivalents, end of year	<u>\$ 279,129</u>	<u>\$ 678,454</u>	<u>\$ 131,866</u>	<u>\$ 1,089,449</u>
Reconciliation of operating income (loss)				
to net cash provided by operating activities				
Operating (loss) income	\$ (17,108)	\$ (85,522)	\$ 296,604	\$ 193,974
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	25,534	-	4,834	30,368
Change in assets and liabilities				
Accounts receivable	(20,554)	(2,218)	(5,172)	(27,944)
Inventories	3,000	-	-	3,000
Prepaid items	-	-	14,957	14,957
Accounts payable	21,301	-	(19,388)	1,913
Compensated absences	(2,648)	-	-	(2,648)
Accrued payroll	1,541	-	-	1,541
Insurance claims payable	-	141,197	(40,079)	101,118
Net cash provided by operating activities	<u>\$ 11,066</u>	<u>\$ 53,457</u>	<u>\$ 251,756</u>	<u>\$ 316,279</u>

NONMAJOR GOVERNMENTAL FUNDS

AGENCY FUNDS

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

Claims Fund

Imprest vendor paying agent for all government funds.

Payroll Fund

Imprest paying agent for City payroll.

Tourist & Convention Fund

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

Tax Distribution Fund

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

Treasurer's Distribution Fund

This fund is used to account for collection of miscellaneous receipts requiring disbursement to two or more City funds.

Special Employee/Explorer Fund

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

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

For the year ended June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<u>CLAIMS FUND</u>				
Assets				
Non-pooled cash and cash equivalents	\$ 150,000	\$ 105,650,726	\$ 105,650,726	\$ 150,000
Liabilities				
Other liabilities	\$ 150,000	\$ 105,650,726	\$ 105,650,726	\$ 150,000
<u>PAYROLL FUND</u>				
Assets				
Non-pooled cash and cash equivalents	\$ 19,606	\$ 31,707,582	\$ 31,702,221	\$ 24,967
Prepays	5,321	-	5,321	-
Total assets	\$ 24,927	\$ 31,707,582	\$ 31,707,542	\$ 24,967
Liabilities				
Other liabilities	\$ 24,927	\$ 31,707,582	\$ 31,707,542	\$ 24,967
<u>TOURIST & CONVENTION FUND</u>				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 1,252,315	\$ 1,252,315	\$ -
Liabilities				
Due to Tourist Commission	\$ -	\$ 313,079	\$ 313,079	\$ -
Due to Convention Center Corp.	-	939,236	939,236	-
Total liabilities	\$ -	\$ 1,252,315	\$ 1,252,315	\$ -
<u>TAX DISTRIBUTION FUND</u>				
Assets				
Pooled cash and cash equivalents	\$ -	\$ 18,241,307	\$ 18,241,307	\$ -
Liabilities				
Due to other funds	\$ -	\$ 9,925,234	\$ 9,925,234	\$ -
Due to other taxing units - School Board	-	8,149,141	8,149,141	-
Other liabilities	-	166,932	166,932	-
Total liabilities	\$ -	\$ 18,241,307	\$ 18,241,307	\$ -

CITY OF BOWLING GREEN, KENTUCKY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

For the year ended June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<u>TREASURER'S DISTRIBUTION FUND</u>				
Assets				
Pooled cash and cash equivalents	\$ 145,077	\$ -	\$ -	\$ 145,077
Liabilities				
Due to other governmental units	\$ 145,077	\$ -	\$ -	\$ 145,077
<u>SPECIAL EMPLOYEE/EXPLORER FUND</u>				
Assets				
Pooled cash and equivalents	\$ 26,464	\$ 34,964	\$ 31,371	\$ 30,057
Liabilities				
Due to employees	\$ 26,464	\$ 34,964	\$ 31,371	\$ 30,057
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets				
Pooled cash and cash equivalents	\$ 171,541	\$ 19,528,586	\$ 19,524,993	\$ 175,134
Non-pooled cash and cash equivalents	169,606	137,358,308	137,352,947	174,967
Total assets	\$ 341,147	\$ 156,886,894	\$ 156,877,940	\$ 350,101
Liabilities				
Due to other funds	\$ -	\$ 9,925,234	\$ 9,925,234	\$ -
Due to Tourist Commission	-	313,079	313,079	-
Due to Convention Center Corp.	-	939,236	939,236	-
Due to other taxing units - School Board	-	8,149,141	8,149,141	-
Due to other governmental units	145,077	-	-	145,077
Due to employees	26,464	34,964	31,371	30,057
Other liabilities	174,927	137,525,240	137,525,200	174,967
Total liabilities	\$ 346,468	\$ 156,886,894	\$ 156,883,261	\$ 350,101

CITY OF BOWLING GREEN, KENTUCKY

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

June 30, 2008

	Bowling Green Municipal Utilities			
	Electric Division	Water-Sewer Division	General Services Division	Total
ASSETS				
Non-pooled cash and cash equivalents	\$ 10,857,032	\$ 2,585,791	\$ 74,539	\$ 13,517,362
Receivables (net):				
Accounts	2,956,527	459,224	9,230	3,424,981
Other	453,023	428,902	-	881,925
Accrued interest	-	603,175	-	603,175
Inventories	970,193	162,954	-	1,133,147
Prepaid items	575,947	434,014	3,105	1,013,066
Long-term investments	100,000	-	-	100,000
Restricted cash - TVA	1,068,981	-	-	1,068,981
Investments and restricted funds	2,569,819	3,381,561	-	5,951,380
Due from component units, noncurrent	-	5,000,000	-	5,000,000
Capital assets, net of accumulated depreciation:				
Non-depreciable	9,877,477	1,492,348	-	11,369,825
Depreciable	38,367,307	78,341,802	3,492,226	120,201,335
Deferred charges	-	266,684	-	266,684
Other assets	211,726	-	-	211,726
Total assets	68,008,032	93,156,455	3,579,100	164,743,587
LIABILITIES				
Vouchers and accounts payable	6,364,799	917,844	43,134	7,325,777
Compensated absences payable	431,438	239,206	-	670,644
Accrued interest payable	1,288,744	60,142	-	1,348,886
Due to component unit	-	-	861,835	861,835
Security deposits	2,450,868	-	-	2,450,868
Other current liabilities	487,038	87,556	-	574,594
Compensated absences payable, noncurrent	162,649	113,186	-	275,835
Advances from TVA - conservation program	15,021	-	-	15,021
Customer advances	113,223	-	-	113,223
Noncurrent liabilities:	-	-	-	-
Due within one year	935,000	1,426,723	-	2,361,723
Due in more than one year	10,965,574	21,471,788	-	32,437,362
Due to component unit	-	-	5,000,000	5,000,000
Total liabilities	23,214,354	24,316,445	5,904,969	53,435,768
NET ASSETS				
Invested in capital assets, net of related debt	36,344,210	56,982,637	-	93,326,847
Restricted for capital activity and debt service	2,669,819	3,381,561	-	6,051,380
Unrestricted	5,779,649	8,475,812	(2,325,869)	11,929,592
Total net assets	\$ 44,793,678	\$ 68,840,010	\$ (2,325,869)	\$ 111,307,819

CITY OF BOWLING GREEN, KENTUCKY

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

For the year ended June 30, 2008

Bowling Green Municipal Utilities	Expenses	Program Revenues			Net (expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Contributions	Capital Contributions	Electric System	Water and Sewer System	Fiber Optic System	Totals
Electric Division	\$ 71,597,346	\$ 72,456,550	\$ -	\$ -	\$ 859,204	\$ -	\$ -	\$ 859,204
Water-Sewer Division	13,264,281	12,140,928	-	718,118	-	(405,235)	-	(405,235)
General Services Division	1,105,864	1,265,040	-	-	-	-	159,176	159,176
Total component units	<u>\$ 85,967,491</u>	<u>\$ 85,862,518</u>	<u>\$ -</u>	<u>\$ 718,118</u>	<u>859,204</u>	<u>(405,235)</u>	<u>159,176</u>	<u>613,145</u>
General revenues:								
Investment income					499,144	495,744	-	994,888
Merchandising revenues, net					(1,833)	-	1,680	(153)
Miscellaneous					-	298,423	-	298,423
Total general revenues and transfers					<u>497,311</u>	<u>794,167</u>	<u>1,680</u>	<u>1,293,158</u>
Change in net assets					1,356,515	388,932	160,856	1,906,303
Net assets, beginning of year					<u>43,437,163</u>	<u>68,451,078</u>	<u>(2,486,725)</u>	<u>109,401,516</u>
Net assets, end of year					<u>\$ 44,793,678</u>	<u>\$ 68,840,010</u>	<u>\$ (2,325,869)</u>	<u>\$ 111,307,819</u>

STATISTICAL SECTION

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

Financial Trends: Tables 1 - 4

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

Revenue Capacity: Tables 5 - 7

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

Debt Capacity: Tables 8 - 12

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

Demographic and Economic Information Tables 13 - 14

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

Operating Information: Tables 15 - 17

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

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

	Fiscal Year					
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities						
Invested in capital assets, net of related debt	\$95,299,980	\$70,506,798	\$61,920,839	\$48,982,175	\$47,421,777	\$39,857,501
Restricted	13,706,589	16,471,139	7,114,135	8,614,231	2,697,480	2,487,100
Unrestricted	30,702,914	35,938,960	32,220,951	24,642,192	14,287,360	12,004,217
Total governmental activities net assets	<u>\$139,709,483</u>	<u>\$122,916,897</u>	<u>\$101,255,925</u>	<u>\$82,238,598</u>	<u>\$64,406,617</u>	<u>\$54,348,818</u>
Business-type activities						
Invested in capital assets, net of related debt	\$4,914,526	\$4,536,514	\$4,391,188	\$4,007,468	\$4,148,183	\$4,189,200
Restricted	-	-	-	533	16,967	996
Unrestricted	2,954,021	2,723,849	1,908,071	1,503,788	1,618,039	1,827,602
Total business-type activities net assets	<u>\$7,868,547</u>	<u>\$7,260,363</u>	<u>\$6,299,259</u>	<u>\$5,511,789</u>	<u>\$5,783,189</u>	<u>\$6,017,798</u>
Primary government						
Invested in capital assets, net of related debt	\$100,214,506	\$75,043,312	\$66,312,027	\$52,989,643	\$51,569,960	\$44,046,701
Restricted	13,706,589	16,471,139	7,114,135	8,614,764	2,714,447	2,488,096
Unrestricted	33,656,935	38,662,809	34,129,022	26,145,980	15,905,399	13,831,819
Total primary government net assets	<u>\$147,578,030</u>	<u>\$130,177,260</u>	<u>\$107,555,184</u>	<u>\$87,750,387</u>	<u>\$70,189,806</u>	<u>\$60,366,616</u>

Note: Only 6 years of data are shown above due to accrual basis figures being unattainable before FY03.

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

	Fiscal Year					
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses						
Governmental activities:						
General government	\$14,963,398	\$11,585,397	\$10,620,708	\$9,839,358	\$5,895,705	\$5,032,369
Public safety	20,888,002	18,477,954	17,028,198	16,864,958	16,260,982	14,807,559
Public works	6,445,139	8,024,218	6,407,082	6,126,248	5,144,685	4,579,303
Parks and recreation	4,643,176	4,579,136	4,318,574	4,056,394	3,989,799	3,985,463
Housing and community development	4,533,189	5,891,219	5,221,716	4,170,122	3,716,744	3,194,764
Community services	4,087,698	3,016,601	2,585,297	2,445,889	2,406,986	811,445
Miscellaneous	0	0	0	5,595	280,874	112,656
Interest expense	4,380,214	3,501,788	3,478,617	3,470,870	2,991,536	2,899,766
Total governmental activities expenses	59,940,816	55,076,313	49,660,192	46,979,434	40,687,311	35,423,325
Business-type activities:						
Golf course	2,243,512	2,375,208	2,316,855	2,251,191	2,116,158	2,026,116
Aquatics	1,231,201	862,409	877,479	1,039,779	991,237	947,862
Convention center	850,659	682,734	897,524	1,087,721	1,136,688	1,381,268
Total business-type activities expenses	4,325,372	3,920,351	4,091,858	4,378,691	4,244,083	4,355,246
Total primary government expenses	\$64,266,188	\$58,996,664	\$53,752,050	\$51,358,125	\$44,931,394	\$39,778,571
Program Revenues						
Governmental activities						
Charges for services:						
General government	\$2,234,584	\$2,124,151	\$1,072,180	\$1,248,536	\$603,853	\$551,996
Public safety	294,866	191,964	199,137	572,295	113,112	122,074
Public works	0	0	0	0	668,347	443,695
Parks and recreation	382,818	323,999	361,444	351,497	591,871	539,792
Operating grants and contributions	7,544,586	6,445,180	5,614,030	5,242,315	5,570,258	4,075,055
Capital grants and contributions	14,582,910	17,335,681	7,856,470	4,185,783	2,847,325	1,692,749
Total governmental activities program revenues	25,039,764	26,420,975	15,103,261	11,600,426	10,394,766	7,425,361
Business-type activities:						
Charges for services:						
Golf course	1,280,196	1,430,200	1,369,313	1,326,003	1,388,009	1,337,477
Aquatics	475,673	421,185	461,381	460,480	490,405	466,250
Convention center	203,324	194,675	312,682	570,517	287,876	227,416
Operating grants and contributions	0	0	0	0	0	0
Capital grants and contributions	0	0	0	0	0	0
Total business-type activities	1,959,193	2,046,060	2,143,376	2,357,000	2,166,290	2,031,143
Total primary government program revenues	\$26,998,957	\$28,467,035	\$17,246,637	\$13,957,426	\$12,561,056	\$9,456,504
Net (Expense)/Revenue						
Governmental activities	(\$34,901,052)	(\$28,655,338)	(\$34,556,931)	(\$35,379,008)	(\$30,292,545)	(\$27,997,964)
Business-type activities	(2,366,179)	(1,874,291)	(1,948,482)	(2,021,691)	(2,077,793)	(2,324,103)
Total primary government net expense	(\$37,267,231)	(\$30,529,629)	(\$36,505,413)	(\$37,400,699)	(\$32,370,338)	(\$30,322,067)

Note: Only 6 years of data are shown above due to accrual basis figures being unattainable before FY03.

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

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	\$11,871,893	\$10,835,879	\$13,163,115	\$10,797,549	\$10,401,190	\$9,590,687
Insurance premium taxes ^a	3,154,521	3,097,857	-	-	-	-
Wages and net profits taxes	36,502,625	37,247,653	37,285,158	35,711,658	29,965,370	22,315,645
Gain (loss) on sale of capital assets	-	(872,410)	44,519	6,107	(226,900)	47,927
Judgements and settlements	-	-	730,458	427,363	-	-
Investment income	2,351,828	2,253,732	1,787,940	957,679	588,707	160,956
Miscellaneous	327,802	159,972	148,603	1,302,587	1,235,134	609,723
Transfers	(2,515,031)	(2,406,373)	(2,318,501)	(1,651,859)	(1,613,157)	(3,312,325)
Total governmental activities	51,693,638	50,316,310	50,841,292	47,551,084	40,350,344	29,412,613
Business-type activities:						
Taxes						
Property taxes	-	-	-	-	512,710	415,371
Transient room taxes	398,381	369,162	373,236	379,571	-	-
Gain (loss) on sale of capital assets	-	-	(10,854)	10,386	(777)	-
Judgements and settlements	-	-	-	-	16,162	608,757
Investment income	60,951	59,860	55,069	39,089	11,987	10,486
Miscellaneous	-	-	-	17,542	-	-
Transfers	2,515,031	2,406,373	2,318,501	1,651,859	1,613,157	1,558,213
Total business-type activities	2,974,363	2,835,395	2,735,952	2,098,447	2,153,239	2,592,827
Total primary government	\$54,668,001	\$53,151,705	\$53,577,244	\$49,649,531	\$42,503,583	\$32,005,440
Changes in Net Assets						
Governmental activities	\$16,792,586	\$21,660,972	\$16,284,361	\$12,172,076	\$10,057,799	\$1,414,649
Business-type activities	608,184	961,104	787,470	76,756	75,446	268,724
Total primary government	\$17,400,770	\$22,622,076	\$17,071,831	\$12,248,832	\$10,133,245	\$1,683,373

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

Only 6 years of data are shown above due to accrual basis figures being unattainable before FY03.

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

	Fiscal Year									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General Fund										
Reserved	\$ 2,175,158	\$ 853,653	\$ 681,409	\$ 573,802	\$ 991,825	\$ 218,439	\$ 81,981	\$ 312,049	\$ 650,543	\$ 443,056
Unreserved	<u>15,328,742</u>	<u>20,593,019</u>	<u>21,042,696</u>	<u>16,742,378</u>	<u>10,721,868</u>	<u>6,356,566</u>	<u>5,296,729</u>	<u>4,967,068</u>	<u>6,528,991</u>	<u>6,471,511</u>
Total General Fund	<u>\$ 17,503,900</u>	<u>\$ 21,446,672</u>	<u>\$ 21,724,105</u>	<u>\$ 17,316,180</u>	<u>\$ 11,713,693</u>	<u>\$ 6,575,005</u>	<u>\$ 5,378,710</u>	<u>\$ 5,279,117</u>	<u>\$ 7,179,534</u>	<u>\$ 6,914,567</u>
All Other Governmental Funds										
Reserved	\$ 6,198,535	\$ 6,364,120	\$ 4,340,670	\$ 3,348,334	\$ 5,115,715	\$ 2,918,016	\$ 3,148,326	\$ 977,306	\$ 5,850,697	\$ 2,638,904
Unreserved, reported in:										
Special Revenue funds	24,465,839	7,658,317	8,367,593	7,091,740	5,305,482	4,666,800	4,935,865	4,745,790	5,344,930	4,795,362
Capital Projects funds	8,619,293	13,733,273	2,747,696	4,887,593	6,722,685	(1,005,211)	1,163,437	3,154,485	3,675,732	(1,055,760)
Debt Service funds	47,702	104,610	105,116	104,949 ^a	-	-	-	-	-	-
Permanent fund	<u>67,610</u>	<u>47,988</u>	<u>32,288</u>	<u>541,276</u>	<u>104,014</u>	<u>97,430</u>	-	-	-	-
Total all other governmental funds	<u>\$ 39,398,979</u>	<u>\$ 27,908,308</u>	<u>\$ 15,593,363</u>	<u>\$ 15,973,892</u>	<u>\$ 17,247,896</u>	<u>\$ 6,677,035</u>	<u>\$ 9,247,628</u>	<u>\$ 8,877,581</u>	<u>\$ 14,871,359</u>	<u>\$ 6,378,506</u>

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

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

	Fiscal Year									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Revenues										
Taxes	\$ 11,743,169 ^a	\$ 10,835,879 ^a	\$ 13,163,115	\$ 10,797,549	\$ 10,401,190	\$ 9,590,687	\$ 9,182,285	\$ 8,532,853	\$ 8,040,906	\$ 8,764,666
Insurance premium taxes	3,154,521 ^a	3,097,857 ^a	-	-	-	-	-	-	-	-
Wage and net profit taxes	36,681,744 ^b	37,406,227 ^b	37,285,157	35,711,658	31,085,066	23,100,389	21,700,035	20,372,698	20,145,980	18,063,553
Licenses and permits	945,383 ^b	735,949 ^b	-	-	-	-	-	-	-	-
Intergovernmental	10,453,862	11,392,786	9,868,433	9,428,098	8,417,583	5,767,804	5,421,909	5,023,739	4,877,776	4,333,273
Investment income	2,099,729 ^c	2,017,219 ^c	-	-	-	-	-	-	-	-
Charges for services	547,340	595,021	571,009	572,295	451,453	510,395	399,777	394,218	418,548	399,650
Parks and recreation	372,484	323,999	361,444	351,497	383,879	340,043	324,083	279,206	368,710	355,779
Miscellaneous	<u>591,109</u>	<u>965,356</u>	<u>3,050,865</u>	<u>2,188,073</u>	<u>1,813,668</u>	<u>754,555</u>	<u>1,094,389</u>	<u>1,955,883</u>	<u>1,999,519</u>	<u>1,517,791</u>
Total revenues	<u>66,589,341</u>	<u>67,370,293</u>	<u>64,300,023</u>	<u>59,049,170</u>	<u>52,552,839</u>	<u>40,063,873</u>	<u>38,122,478</u>	<u>36,558,597</u>	<u>35,851,439</u>	<u>33,434,712</u>
Expenditures										
General government	8,512,371	7,018,903	6,490,388	6,034,350	5,721,598	4,858,711	6,591,301	5,829,413	5,426,425	5,373,088
Public safety	23,276,993	21,382,962	19,849,913	17,481,667	15,716,344	14,079,630	12,068,648	12,772,406	12,964,877	11,257,640
Public works	6,885,983	7,369,126	7,518,741	6,504,418	5,204,488	4,935,979	4,716,384	6,541,610	7,267,295	5,105,235
Parks and recreation	5,758,676	5,107,121	4,274,028	3,913,462	3,722,246	3,698,588	3,281,851	4,544,635	4,142,750	3,397,841
Housing and community development	6,062,010	6,652,290	5,298,730	4,253,515	3,784,107	3,199,980	32,917,328	3,934,528	3,120,044	3,149,569
Community services	3,116,912	3,016,601	2,576,613	2,437,205	2,373,892	778,323	1,336,663	1,316,248	1,049,825	918,526
Miscellaneous	-	-	-	5,595	285,827	111,458	111,095	182,859	20,528	20,363
Capital outlay	10,561,509	9,324,923	6,254,064	9,846,885	10,198,474	3,547,072	2,936,024	7,945,496	6,753,576	3,792,979
Debt service:										
Principal	4,201,347	4,757,074	3,506,898	2,648,501	2,172,095	4,912,967	2,063,834	1,962,333	8,256,630	1,980,036
Interest and fiscal charges	<u>4,500,337</u>	<u>3,403,076</u>	<u>3,403,726</u>	<u>3,576,060</u>	<u>3,206,406</u>	<u>2,866,115</u>	<u>1,931,663</u>	<u>1,550,308</u>	<u>1,055,204</u>	<u>921,869</u>
Total Expenditures	<u>72,876,138</u>	<u>68,032,076</u>	<u>59,173,101</u>	<u>56,701,658</u>	<u>52,385,477</u>	<u>42,988,823</u>	<u>67,954,791</u>	<u>46,579,836</u>	<u>50,057,154</u>	<u>35,917,146</u>
Excess (deficiency) of revenues over (under) expenditures	(6,286,797)	(661,783)	5,126,922	2,347,512	167,362	(2,924,950)	(29,832,313)	(10,021,239)	(14,205,715)	(2,482,434)
Other Financing Sources (Uses)										
Transfers in	14,236,314	12,653,038	9,202,125	9,336,999	6,640,294	7,448,127	6,130,470	4,060,584	10,826,049	3,225,700
Transfers out	(16,816,345)	(15,186,551)	(11,448,126)	(10,893,858)	(8,148,010)	(10,360,452)	(8,429,858)	(6,277,790)	(12,375,641)	(4,623,242)
Debt issuance	-	-	-	1,630,000	14,658,705	-	-	-	-	-
Premium on general obligation bonds	-	83,038	-	-	237,204	-	-	-	-	-

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

	Fiscal Year									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Discount on general obligation bonds	-	-	-	-	(1,643)	-	-	-	-	-
Capital lease proceeds	-	-	-	1,708,594	212,000	3,253,128	-	3,580,000	855,000	375,000
General Obligation note proceeds	-	-	-	-	1,730,000	386,000	164,500	630,000	6,531,396	2,073,973
General Obligation bond proceeds	-	14,682,962	-	-	-	-	32,436,841	-	16,991,280	2,169,100
Proceeds of refunding bonds	30,443,095	-	-	-	-	-	5,542,079	-	-	-
Payments to refunding bonds escrow	(13,803,815)	-	-	-	-	-	(5,542,079)	-	-	-
Other financing costs	(319,653)	-	-	-	-	-	-	-	-	-
Sale of capital assets	<u>95,100</u>	<u>466,807</u>	<u>1,146,475</u>	<u>199,236</u>	<u>213,637</u>	<u>110,366</u>	<u>-</u>	<u>134,250</u>	<u>135,451</u>	<u>1,000,000</u>
Total other financing sources (uses)	<u>13,834,696</u>	<u>12,699,294</u>	<u>(1,099,526)</u>	<u>1,980,971</u>	<u>15,542,187</u>	<u>837,169</u>	<u>30,301,953</u>	<u>2,127,044</u>	<u>22,963,535</u>	<u>4,220,531</u>
Net Change in fund balances	<u>\$ 7,547,899</u>	<u>\$ 12,037,511</u>	<u>\$ 4,027,396</u>	<u>\$ 4,328,483</u>	<u>\$ 15,709,549</u>	<u>\$ (2,087,781)</u>	<u>\$ 469,640</u>	<u>\$ (7,894,195)</u>	<u>\$ 8,757,820</u>	<u>\$ 1,738,097</u>
Debt service as a percentage of noncapital expenditures	17.02%	16.68%	13.41%	12.75%	12.04%	18.76%	6.15%	9.09%	21.50%	9.03%

Note: (a) Insurance Premium Taxes were previously reported as Property Tax Revenue.
(b) Licenses and Permits were previously reported under Wage and Net Profit Taxes.
(c) Investment Income was previously reported as Miscellaneous Revenue.

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

Fiscal Year Ended June 30,	Total Gross Wages	Occupational Withholding Fees	Total Direct Tax Rate
1999	\$ 941,237,333	\$ 14,118,560	1.50%
2000	992,675,867	14,890,138	1.50%
2001	1,010,869,933	15,163,049	1.50%
2002	1,074,751,800	16,121,277	1.50%
2003	1,105,090,333	16,576,355	1.50%
2004	1,128,756,300	22,575,126	2.00%
2005	1,271,473,750	25,429,475	2.00%
2006	1,369,273,450	27,385,469	2.00%
2007	1,437,833,982	28,103,464	1.85% ¹
2008	1,528,058,865	28,269,089	1.85%

Source: City of Bowling Green, Department of Finance

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

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

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

<u>Fiscal Year</u>	<u>City of Bowling Green Direct Rate</u>	<u>Total Direct</u>
1999	1.50%	1.50%
2000	1.50%	1.50%
2001	1.50%	1.50%
2002	1.50%	1.50%
2003	1.50%	1.50%
2004	2.00%	2.00%
2005	2.00%	2.00%
2006	2.00%	2.00%
2007	1.85%	1.85%
2008	1.85%	1.85%

Source: City of Bowling Green, Department of Finance

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

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

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

Taxpayer	
<u>2008</u>	<u>1999</u>
Bowling Green Metalforming LLC	Bowling Green Independent Schools
Bowling Green Independent Schools	Commonwealth Health Corp
Commonwealth of Kentucky	Commonwealth of Kentucky
Houchens Food Group Inc.	Desa International Inc.
Huish Detergents Inc.	NAO Comp Oper-North America Oper
NAO Comp Oper-North America Oper	The Medical Center at BG
The Medical Center at BG	Union Underwear Co. LLC
Union Underwear Co. LLC	US Bank
Warren County Board of Education	Warren County Board of Education
Western Kentucky University	Western Kentucky University

Source: City of Bowling Green, Department of Finance.

Note: Taxpayer information is listed alphabetically only.

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

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income (b)	Per Capita (b)
	General	Lease	Special	Notes	General	Lease	Notes				
	Obligation Bonds	Revenue Bonds	Assessment Bonds (a)	Payable and Capital Leases	Obligation Bonds	Revenue Bonds	Payable and Capital Leases				
1999	\$ 2,465,000	\$11,414,384	\$ -	\$ 4,527,454	\$ 3,198,399	\$ 60,616	\$ 244,949	\$ 21,910,802	1.09%	452	
2000	19,480,000	10,713,984	-	5,124,620	2,971,640	41,016	478,450	38,809,710	1.85%	800	
2001	14,577,000	9,989,284	-	8,256,987	7,290,376	20,716	454,450	40,588,813	1.79%	812	
2002	52,762,000	4,050,000	-	7,286,937	7,043,394	-	367,541	71,509,872	3.18%	1,430	
2003	52,317,000	3,660,000	-	6,847,891	14,736,250	-	987,263	78,548,404	3.34%	1,511	
2004	66,537,320	3,240,000	160,241	7,542,796	15,969,295	-	405,894	93,855,546	3.77%	1,805	
2005	65,738,223	2,805,000	153,331	9,630,041	14,408,408	-	318,668	93,053,671	3.52%	1,789	
2006	64,175,565	2,350,000	148,250	8,129,023	13,427,668	-	233,686	88,464,192	3.25%	1,701	
2007	77,134,277	1,350,000	143,167	6,106,234	13,385,722	-	153,352	98,272,752	3.34%	1,890	
2008	102,042,174	1,230,000	136,590	5,577,154	12,287,828	-	98,893	121,372,639	3.98%	2,248	

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

(a) Warren County Water District bonds.

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

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

	Fiscal Year									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General bonded debt outstanding										
General obligation bonds	102,042,174	\$ 77,134,277	\$ 64,175,565	\$ 65,738,223	\$ 66,537,320	\$ 52,317,000	\$ 52,762,000	\$ 14,577,000	\$ 19,480,000	\$ 2,465,000
Lease revenue bonds	1,230,000	1,350,000	2,350,000	2,805,000	3,240,000	3,660,000	4,050,000	9,989,284	10,713,984	11,414,384
Special Assessment bonds	136,590	136,590	148,250	153,331	160,241	-	-	-	-	-
Total	<u>103,408,764</u>	<u>78,620,867</u>	<u>66,673,815</u>	<u>68,696,554</u>	<u>69,937,561</u>	<u>55,977,000</u>	<u>56,812,000</u>	<u>24,566,284</u>	<u>30,193,984</u>	<u>13,879,384</u>
Less: Amounts set aside to repay general debt	<u>(47,702)</u>	<u>(104,610)</u>	<u>(105,116)</u>	<u>(105,482)</u>	<u>(106,397)</u>	<u>(100,325)</u>	<u>(1,475,212)</u>	<u>(47,606)</u>	<u>(82,685)</u>	<u>(51,623)</u>
Net general bonded debt	<u>\$ 103,361,062</u>	<u>\$ 78,516,257</u>	<u>\$ 66,568,699</u>	<u>\$ 68,591,072</u>	<u>\$ 69,831,164</u>	<u>\$ 55,876,675</u>	<u>\$ 55,336,788</u>	<u>\$ 24,518,678</u>	<u>\$ 30,111,299</u>	<u>\$ 13,827,761</u>
Property Values	\$ 4,394,868,241	\$ 4,094,335,746	\$ 3,394,130,088	\$ 3,117,333,952	\$ 2,942,526,746	\$ 2,841,283,564	\$ 2,769,203,146	\$ 2,608,629,648	\$ 2,466,046,490	\$ 2,322,516,306
Percentage of estimated actual taxable value of property	2.35%	1.92%	1.96%	2.20%	2.37%	1.97%	2.00%	0.94%	1.22%	0.60%
Per capita (a)	1,914	1,510	1,280	1,319	1,343	1,075	1,107	490	621	285

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

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

Schedule 10
City of Bowling Green
Direct and Overlapping Governmental Activities Debt
As of June 30, 2008

Governmental Unit	Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Overlapping Debt
Bowling Green Independent Schools	\$ 21,315,000	100.00%	\$ 21,315,000
Warren County	47,884,000	58.24%	27,886,830
Warren County Schools	115,954,403	50.17%	58,175,795
Bowling Green Municipal Utilities	40,083,511	100.00%	<u>40,083,511</u>
Subtotal, overlapping debt			147,461,136
City direct debt			<u>117,768,696</u>
Total direct and overlapping debt			<u>\$ 265,229,832</u>

Notes:

(1) Gross debt, less reserves.

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

Sources:

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

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

Legal Debt Margin Calculation for Fiscal Year 2008	
Assessed value	\$ 4,394,868,241
Debt Limit (10% of assessed value) ^(a)	439,486,824
Debt applicable to limit:	
General Obligation bonds	115,696,592
Notes and Capital Leases payable	5,676,047
Less: Amount set aside for repayment of general obligation debt	(47,702)
Less: Non tax-supported debt	(3,556,241)
Total net debt applicable to limit	117,768,696
Legal debt margin	<u>\$ 321,718,128</u>

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Debt Limit	\$ 439,486,824	\$ 409,433,575	\$ 339,413,009	\$ 311,733,395	\$ 321,124,611	\$ 306,400,447	\$ 303,272,181	\$ 285,902,804	\$ 269,972,326	\$ 254,913,274
Total net debt applicable to limit	<u>117,768,696</u>	<u>94,166,847</u>	<u>80,217,030</u>	<u>85,646,789</u>	<u>93,892,441</u>	<u>81,334,054</u>	<u>70,875,508</u>	<u>41,548,886</u>	<u>39,639,040</u>	<u>25,158,608</u>
Legal Debt Margin	<u>\$ 321,718,128</u>	<u>\$ 315,266,728</u>	<u>\$ 259,195,979</u>	<u>\$ 226,086,606</u>	<u>\$ 227,232,170</u>	<u>\$ 225,066,393</u>	<u>\$ 232,396,673</u>	<u>\$ 244,353,918</u>	<u>\$ 230,333,286</u>	<u>\$ 229,754,666</u>
Total net debt applicable to limit as a percentage of debt limit	26.80%	23.00%	23.63%	27.47%	29.24%	26.55%	23.37%	14.53%	14.68%	9.87%

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

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

	Stonehenge Sections I-V (a)				Cedar Grove Section IX (a)				Lovers Lane (b)					
	Special	Debt Service				Special	Debt Service				Special	Debt Service		
Fiscal	Assessment				Assessment					Assessment				
Year	Collections	Principal	Interest	Coverage	Collections	Principal	Interest	Coverage	Collections	Principal	Interest	Coverage		
1999	\$ 26,013	\$ 5,000	\$ 19,013	1.08	\$ 28,263	\$ 5,000	\$ 21,263	1.08						
2000	42,969	6,000	35,000	1.05	27,625	5,000	20,925	1.07						
2001	65,774	10,000	50,805	1.08	27,588	5,000	20,588	1.08						
2002	93,659	15,000	73,691	1.06	27,250	5,000	20,250	1.08						
2003	93,540	16,000	72,571	1.06	26,913	5,000	19,913	1.08						
2004	92,565	16,000	71,596	1.06	26,575	5,000	19,575	1.08						
2005	115,120	24,000	86,151	1.05	26,238	5,000	19,238	1.08						
2006	114,776	25,000	84,808	1.05	25,900	5,000	18,900	1.08						
2007	112,572	29,000	81,468	1.02	29,997	10,000	18,563	1.05						
2008	111,571	29,000	83,125	1.00	29,513	10,000	17,888	1.06	16,150	6,273	9,877	1.00		

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>
1999	48,500	2,004,328,000	22,062	29	17,122	3.1%
2000	48,500	2,100,645,000	22,945	29	16,933	2.9%
2001	50,000	2,270,047,000	24,463	29	17,410	3.8%
2002	50,000	2,252,222,000	24,133	29	20,257	4.5%
2003	52,000	2,350,211,000	24,957	29	15,514	4.5%
2004	52,000	2,489,642,000	26,056	29	15,944	4.3%
2005	52,000	2,644,620,000	27,218	29	15,469	5.5%
2006	52,000	2,723,959,000	28,035	29	15,791	5.2%
2007	52,000	2,941,885,397	29,737	29	16,502	4.6%
2008	54,000	3,051,745,000	29,849	29	16,251	4.6%

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

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

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

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

(e) For public schools use www.schooldatairect.org and for private schools use www.privateschoolreview.com. Bowling Green Board of Education, Warren County Board of Education, and all privateschools. Western Kentucky University is not included.

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

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

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

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

<u>Employer</u>	2008			1999		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Western Kentucky University	3,125	1	13.85%	2,633	1	11.72%
The Medical Center at BG	1,912	2	8.48%	1469	3	6.54%
Union Underwear Co. LLC	1,126	3	4.99%	1017	4	4.53%
NAO Comp Oper-North America Oper	872	4	3.87%	1,042	2	4.64%
Wal-Mart Associates Inc.	1,070	5	4.74%	----	----	----
Bowling Green Metalforming LLC	1,015	6	4.50%	---	----	---
Warren County Board of Education	966	7	4.28%	1,284	5	5.71%
Huish Detergents Inc.	881	8	3.91%	---	----	---
City of Bowling Green	647	9	2.87%	---	---	---
Houchens Food Group Inc.	600	10	2.66%	----	----	----
Bowling Green Independent Schools	----	----	----	440	6	1.96%
Desa International Inc.	---	----	---	640	7	2.85%
US Bank	---	----	---	168	8	0.75%
Commonwealth of Kentucky	----	----	----	654	9	2.91%
Commonwealth Health Corp	----	----	---	229	10	1.02%
Total	<u>12,214</u>		<u>54.14%</u>	<u>9,576</u>		<u>42.61%</u>

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

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>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General government	45	44	44	46	46	41	43	42	39	38
Administration	6	6	4	4	4	4	4	4	11	11
Citizen's Assistance	7	7	9	9	9	7	9	9	-	-
Finance	17	17	17	19	20	20	20	20	23	22
Human Resources	6	6	6	6	6	5	5	5	5	5
Legal	2	2	2	2	2	-	-	-	-	-
Information Technology	7	6	6	6	5	5	5	4	-	-
Public Safety	265	260	257	247	239	234	224	220	213	217
Police										
Officers	111	107	103	97	95	90	90	88	85	87
Civilians	38	35	35	34	31	34	33	31	27	29
Fire										
Firefighters and officers	112	115	115	112	109	106	97	97	97	97
Civilians	4	3	4	4	4	4	4	4	4	4
Public Works	58	60	60	57	58	53	49	59	53	47
Parks and Recreation	60	58	60	60	58	57	57	60	56	52
Community Development	22	26	24	22	23	21	20	20	19	18
Total	450	448	445	432	424	406	393	401	380	372

Source: City of Bowling Green Department of Finance.

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

Function/Program	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Citizen's Information										
Anti-Litter presentations/events	28	50	23	10 ^a	-	-	-	-	-	-
Neighborhood Meetings conducted	97	84	91	70	65	65	47	60	51	25
Finance										
Tax bills sent	20,946	20,444	20,330	19,714	19,555	19,453	19,465	18,921	18,530	18,178
Business registrations received	967	1,072	1,134	1,351	1,193	1,141	1,083	1,204	1,308	1,413
Human Resources										
Job applicants	1,567	2,505	1,386	942	611	1,631	873	942	640	772
Position filled	224	147	185	132	122	111	116	130	145	137
Police										
911 Service calls	59,041	54,294	55,730	53,226	50,789	49,138	46,510 ^b	29,776	26,010	25,622
Animal control calls	3,615	3,990	4,900	4,867 ^c	524	501	451	198	-	-
Traffic stops	13,021	14,066	3,237	3,367	3,281	3,568	3,575	3,607	3,216	3,287
Fire										
Fire runs	4,552	2,475	2,292	2,741	3,161	4,231	4,223	4,032	3,653	4,559
Accident runs	499	534	405	578	648	497	404	607	727	803
Inspections	2,761	937	134	2,183	1,136	1,219	811	1,627	906	1,105
Public Works										
Street resurfacing (miles)	5	18	17	14	14	11	8	9	12	11
Potholes repaired	408	294	349	625	567	755	521	748	198	147
Parks and Recreation										
Fitness & Athletic participants	842,043	845,618	821,759	729,967	705,271	636,122	620,339	573,774	554,756	559,859
Visits to Community Center	176,998	298,315	110,929	109,599	120,000	126,998 ^d	192,383	174,669	205,631	197,280
Community Development										
Households receiving asst	688	579	663	616	628	602	600	569	540	541
Bldg/Electrical & Code inspections*	13,038	15,460	16,001	13,935	9,032	7,561	7,670	5,933	-	-

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

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

Source: Various City of Bowling Green Departments.

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Police										
Police Stations	1	1	1	1	3	3	3	7	7	7
Substations	2	2	2	2	-	-	-	-	-	-
Fire										
Fire stations	5	5	5	5	5	5	5	5	5	5
Training centers	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	242	241	235	230	221	408	307	221	297	217
Sidewalks (miles)	90	88	106	106	207	207	207	64	64	64
Alleys (miles)	15	4	4	4	3	8	8	3	3	17
Parks and recreation										
Number of Parks	25	25	25	24	24	24	24	23	23	21
Acreage	970	970	944	886	886	886	881	881	881	809
Playgrounds	22	19	19	17	17	17	17	17	17	15
Baseball/Softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer fields	13	13	13	13	13	13	13	13	13	13
Community Centers	2	2	2	2	2	2	2	2	2	2
Community Development										
Building Permits Issued	2,082	2,400	2,787	2,765	2,488	2,331	2,061	2,252	1,056	1,054

Source: Various City of Bowling Green Departments.